



ORIGINAL

**BEFORE THE ARIZONA CORPORATION COMMISSION
RECEIVED**

2008 JUL 11 P 2:09

AZ CORP COMMISSION
DOCKET CONTROL

- 2 MIKE GLEASON
CHAIRMAN
- 3 WILLIAM A. MUNDELL
COMMISSIONER
- 4 JEFF HATCH-MILLER
COMMISSIONER
- 5 KRISTIN K. MAYES
COMMISSIONER
- 6 GARY PIERCE
COMMISSIONER

7

8 IN THE MATTER OF THE APPLICATION OF
9 TUCSON ELECTRIC POWER COMPANY
10 FOR THE ESTABLISHMENT OF JUST AND
11 REASONABLE RATES AND CHARGES
12 DESIGNED TO REALIZE A REASONABLE
13 RATE OF RETURN ON THE FAIR VALUE
14 OF ITS OPERATIONS THROUGHOUT THE
15 STATE OF ARIZONA

Docket No. E-01933A-07-0402

12

13 IN THE MATTER OF THE FILING BY
14 TUCSON ELECTRIC POWER COMPANY
15 TO AMEND DECISION NO. 62103.

Docket No. E-01933A-05-0650

**NOTICE OF FILING
TESTIMONY SUMMARY**

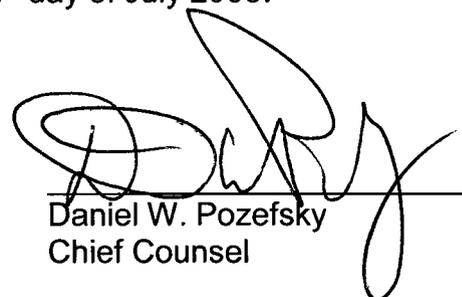
The Residential Utility Consumer Office ("RUCO") hereby provides notice of filing the
Testimony Summary of William A. Rigsby, CRRA, in the above-referenced matter.

RESPECTFULLY SUBMITTED this 11th day of July 2008.

Arizona Corporation Commission

DOCKETED

JUL 11 2008



Daniel W. Pozefsky
Chief Counsel

DOCKETED BY	
-------------	--

1 AN ORIGINAL AND FIFTEEN COPIES
of the foregoing filed this 11th day
2 of July 2008 with:

3 Docket Control
Arizona Corporation Commission
4 1200 West Washington
Phoenix, Arizona 85007

5 COPIES of the foregoing hand delivered/
6 Mailed/*emailed this 11th day of July 2008 to:

7 *Jane L. Rodda
Administrative Law Judge
8 Arizona Corporation Commission
JRodda@azcc.gov

9 *Lyn Farmer
10 Chief Administrative Law Judge
Hearing Division
11 Arizona Corporation Commission
lfarmer@azcc.gov

12 Janice Alward, Chief Counsel
13 Legal Division
Arizona Corporation Commission
14 JAlward@azcc.gov
jwagner@azcc.gov
15 rmitchell@azcc.gov
nscott@azcc.gov
16 rosorio@azcc.gov
mfinical@azcc.gov
17 aigwe@azcc.gov
cbuck@azcc.gov
18 tford@azcc.gov
bkeene@azcc.gov

19 *Ernest Johnson, Director
20 Utilities Division
Arizona Corporation Commission
21 EJohnson@azcc.gov

22 *Gary Yaquinto, President & CEO
Arizona Investment Council
23 gyaquinto@arizonaic.org

24

*C. Webb Crockett
*Patrick Black
*Kevin Higgins
Fennemore Craig, P.C.
wcrocket@fclaw.com
pblack@fclaw.com
khiggins@energystrat.com

*Raymond S. Heyman
*Michelle Livengood (& mailed)
Tucson Electric Power Company
rheyman@uns.com
mlivengood@tep.com
dcouture@tep.com

*Michael W. Patten (& mailed)
mpatten@rdp-law.com
mippolito@rdp-law.com
J. Matthew Derstine
Roshka DeWulf & Patten, PLC
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

*Nicholas J. Enoch
Lubin & Enoch, P.C.
Nicholas.enoch@azbar.org

*Timothy Hogan
Arizona Center for Law in the
Public Interest
thogan@aclpi.org

*Michael M. Grant
Gallagher & Kennedy, P.A.
mmg@gknet.com

1 *Greg Patterson, Director
Arizona Competitive Power Alliance
2 916 West Adams, Suite 3
Phoenix, Arizona 85007
3 Gpatterson3@cox.net

4 *Barbara A. Klemstine
*Meghan H. Grabel
5 *Susan Casady
Arizona Public Service Company
6 Barbara.Klemstine@aps.com
Meghan.Grabel@Pinnaclewest.com
7 Susan.Casady@aps.com

8 Daniel D. Haws
OSJA
9 Attn: ATZS-JAD
USA Intelligence Center & Fort
10 Huachuca
Fort Huachuca, AZ 857613-6000

11
12 *Peter Q. Nyce, Jr.
Regulatory Law Office
U.S. Army Legal Services Agency
13 Peter.Nyce@us.army.mil

14 *Christopher Hitchcock
Law Offices of Christopher
15 Hitchcock
lawyers@bisbeelaw.com;

16 *David Berry
Western Resource Advocates
17 azbluhill@aol.com

18 *Jeff Schlegel
19 SWEEP
schlegelj@aol.com

20
21 Lawrence V. Robertson, Jr.
Theodore Roberts
P. O. Box 1448
22 Tubac, Arizona 85646
Tubaclawyer@aol.com

23
24 *Dan Neidlinger
Neidlinger & Assoc.
dneid@cox.net

*Michael J. Kurtz
*Kurt J. Boehm
Boehm, Kurtz & Lowry
36 E. Seventh Street, Suite 1510
Cincinnati, Ohio 45202
mkurtz@BKLawfirm.com
kboehm@bkllawfirm.com

Billy L. Burtnett, P.E.
3351 N. Riverbend Circle East
Tucson, AZ 85750-2509

John E. O'Hare
3865 North Tucson blvd.
Tucson, AZ 95716

*Cynthia Zwick
1940 E. Luke Avenue
Phoenix, Arizona 85016
czwick@azcaa.org

Chairman Mike Gleason
Arizona Corporation Commission

Ken Rozen
Aide to Chairman Gleason

Commissioner Hatch-Miller
Arizona Corporation Commission

Amber Brown, Aide to
Commissioner Hatch-Miller

Commissioner Mundell
Arizona Corporation Commission

Adam Stafford
Aide to Commissioner Mundell

Commissioner Mayes
Arizona Corporation Commission

Giancarlo Estrada
Aide to Commissioner Mayes

Commissioner Pierce
Arizona Corporation Commission

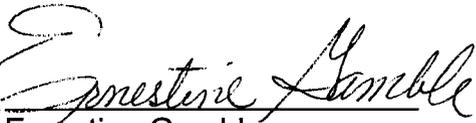
1 John LeSueur
Aide to Commissioner Pierce

2

3

4

5

By 

6

Ernestine Gamble
Secretary to Daniel Pozefsky

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

**Tucson Electric Power Company
Docket No. E-01933A-07-0402
Docket No. E-01933A-05-0650
Proposed Settlement Agreement**

**SUMMARY OF THE TESTIMONY OF WILLIAM A. RIGSBY
ON BEHALF OF THE RESIDENTIAL UTILITY CONSUMER OFFICE**

The following is a summary of the significant issues set forth in the Responsive Direct Settlement Testimony of RUCO witness William A. Rigsby on the proposed settlement agreement ("Settlement Agreement") on Tucson Electric Power Company's ("TEP" or "Company") 2007 application for a permanent rate increase. A full discussion of RUCO's decision not to support the Settlement Agreement, negotiated by TEP, ACC Staff and a number of other intervenors in the proceeding, and the rationale for RUCO's position on the Settlement Agreement is contained in the referenced document. The significant issues raised in Mr. Rigsby's testimony are as follows:

Reasonableness of the Agreement Structure – Mr. Rigsby explains in his testimony why the manner in which the Settling Parties have portrayed the overall result of the Settlement Agreement presents a false impression of its reasonableness.

Fixed Competitive Transition Charge ("CTC") – Mr. Rigsby points out that \$47.1 million purported increase of 6% presents a false impression because it is based in part on the false premise that the fixed CTC is a permanent part of rates rather

Tucson Electric Power Company
Docket No. E-01933A-07-0402
Docket No. E-01933A-05-0650
Proposed Settlement Agreement

than what is in effect a temporary surcharge that fully recovered its intended amount of \$450 million earlier this year.

Base Costs of Fuel and Purchased Power – Mr. Rigsby's testimony also explains why the differences between the two base costs of fuel and purchased power relied on by RUCO and ACC Staff, in their respective required revenue calculations, COULD REASONABLY mislead one to believe that the Settlement Agreement is \$38 million less than it actually is when compared to the Company and RUCO's original position.

Amount of Revenue Increase – Mr. Rigsby further points out that the rate increase recommended by the Settlement Agreement represents an amount almost \$100 million greater than originally recommended by Staff.

Settlement Concessions – Mr. Rigsby's testimony presents a discussion on each of the larger concessions identified on Settlement Exhibit 2, pages 1 through 5.

Other Settlement Agreement Issues – Mr. Rigsby's testimony discusses other Settlement Agreement issues, which include the proposed purchased power and fuel adjuster clause ("PPFAC"), how the fixed CTC revenues that have been

Tucson Electric Power Company
Docket No. E-01933A-07-0402
Docket No. E-01933A-05-0650
Proposed Settlement Agreement

collected in excess of the \$450 million authorized in Decision No. 62103 should be calculated and treated for ratemaking purposes, and the date any rate increase authorized in this docket should become effective. His testimony concludes with a discussion of how the Settlement Agreement leaves open the question of whether or not TEP's service territory is eligible for retail competition.