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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

IN THE MATTER OF THE
APPLICATION OF SULPHUR
SPRINGS VALLEY ELECTRIC
COOPERATIVE, INC. FOR A
HEARING TO DETERMINE THE
FAIR VALUE OF ITS PROPERTY
FOR RATEMAKING PURPOSES, TO
FIX A JUST AND REASONABLE
RETURN THEREON, TO APPROVE
RATES DESIGNED TO DEVELOP
SUCH RETURN AND FOR RELATED
APPROVALS.

DOCKET NO. E-01575A-08-0328

**NOTICE OF FILING SUMMARIES
OF PRE-FILED TESTIMONIES OF
SULPHUR SPRINGS VALLEY
ELECTRIC COOPERATIVE, INC.**

Snell & Wilmer

LLP
LAW OFFICES
One Arizona Center, 400 E. Van Buren
Phoenix, Arizona 85004-2102
(602) 382-6000

Pursuant to the August 18, 2008, Rate Case Procedural Order in the above-captioned matter, Sulphur Springs Valley Electric Cooperative, Inc. ("Cooperative"), through counsel undersigned, hereby files the Summaries of Pre-Filed Testimonies of the following witnesses on behalf of the Cooperative:

- Creden W. Huber
- Rebecca A. Payne
- David M. Brian
- David W. Hedrick
- Jack Blair

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Arizona Corporation Commission

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1 RESPECTFULLY SUBMITTED this 17th day of April, 2009.

2 SNELL & WILMER L.L.P.

3
4 By


Bradley S. Carroll
One Arizona Center
400 East Van Buren
Phoenix, Arizona 85004-2202
Attorneys for Sulphur Springs Valley
Electric Cooperative, Inc.

5
6 ORIGINAL and 13 copies filed this
7 17th day of April, 2009, with:

8
9
10 Docket Control
11 ARIZONA CORPORATION COMMISSION
12 1200 West Washington
Phoenix, Arizona 85007

13 COPIES of the foregoing hand-delivered
14 this 17th day of April, 2009, to:

15 Kristin K. Mayes, Chairman
16 ARIZONA CORPORATION COMMISSION
17 1200 West Washington Street
18 Phoenix, Arizona 85007

19 Gary Pierce, Commissioner
20 ARIZONA CORPORATION COMMISSION
21 1200 West Washington Street
22 Phoenix, Arizona 85007

23 Paul Newman, Commissioner
24 ARIZONA CORPORATION COMMISSION
25 1200 West Washington Street
26 Phoenix, Arizona 85007

27 Sandra D. Kennedy, Commissioner
28 ARIZONA CORPORATION COMMISSION
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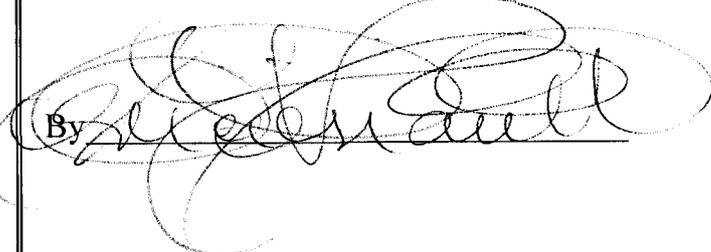
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19
20 COPY of the foregoing sent via E-Mail and U.S. Mail
this 17th day of April, 2009, to:

21 Jane Rodda, Administrative Law Judge
Hearing Division
22 ARIZONA CORPORATION COMMISSION
400 West Congress
23 Tucson, AZ 85701-1347

24
25 By 
26
27
28

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 KRISTIN K. MAYES—Chairman

4 GARY PIERCE

5 PAUL NEWMAN

SANDRA D. KENNEDY

BOB STUMP

6 IN THE MATTER OF THE APPLICATION
7 OF SULPHUR SPRINGS VALLEY
8 ELECTRIC COOPERATIVE, INC. FOR A
9 HEARING TO DETERMINE THE FAIR
10 VALUE OF ITS PROPERTY FOR
11 RATEMAKING PURPOSES, TO FIX A
12 JUST AND REASONABLE RETURN
13 THEREON, TO APPROVE RATES
14 DESIGNED TO DEVELOP SUCH RETURN
15 AND FOR RELATED APPROVALS.

DOCKET NO. E-01575A-08-0328

16 **SUMMARIES OF PRE-FILED TESTIMONIES**

17 **ON BEHALF OF**

18 **SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.**

19 **April 17, 2009**

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CREDEN W. HUBER 1
REBECCA A. PAYNE 2
DAVID M. BRIAN 3
DAVID W. HEDRICK 6
JACK BLAIR 10

1 **SUMMARY OF PRE-FILED TESTIMONY GIVEN BY CREDEN W. HUBER**
2 **ON BEHALF OF SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE,**
3 **INC.**

4 **I. DIRECT TESTIMONY FILED ON JUNE 30, 2008**

5 Mr. Creden W. Huber, Chief Executive Officer of Sulphur Springs Valley Electric
6 Cooperative, Inc. ("SSVEC" or "Cooperative"), provides an overview of the rate case application
7 and summarizes the primary issues that led to the Cooperative's decision to file its first request to
8 increase rates since 1992. Mr. Huber also provides general information about the Cooperative, its
9 membership structure and its Board. Mr. Huber discusses:

- 10 A. The differences between All Requirements Members and Partial Requirements
11 Members of Arizona Electric Power Cooperative, Inc.;
- 12 B. How SSVEC has been able to successfully operate without a rate increase since
13 1993;
- 14 C. The factors that SSVEC took into consideration in deciding to file its rate
15 application;
- 16 D. The process SSVEC went through once it determined that it was going to file for a
17 rate increase; and
- 18 E. The major components of the rate application as testified to by SSVEC's other
19 witnesses.

20 Mr. Huber concludes his testimony by stating that the 11.75 percent requested
21 increase was based upon conservative factors that the Cooperative considered necessary to
22 achieve its short-term and long-term objectives in order to continue to provide safe and reliable
23 service at reasonable rates. Accordingly, the Cooperative did not file its rate application with the
24 expectation that its requested increase would be reduced by the Commission; especially in light of
25 how important it is for SSVEC to be in a position to build equity.

1 **SUMMARY OF PRE-FILED TESTIMONY GIVEN BY REBECCA A. PAYNE**
2 **ON BEHALF OF SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE,**
3 **INC.**

4 **I. DIRECT TESTIMONY FILED ON JUNE 30, 2008**

5 Rebecca A. Payne, of C.H. Guernsey and Company, discusses the development of
6 financial adjustments made to establish the adjusted test year income statement that are found in
7 Schedule A-1.0 (Income Statement) of the rate case application. Ms. Payne made several
8 adjustments that were known, measurable and continuing in nature to provide an accurate
9 reflection of the Cooperative's level of revenues and expenses that should be recovered. The
10 following adjustments were made to determine the adjusted test year:

- 11 A. Operating Revenue
- 12 B. Purchased Power
- 13 C. Bad Debts
- 14 D. Payroll
- 15 E. Employee Benefits
- 16 F. Rate Case Expense
- 17 G. Depreciation
- 18 H. Property Taxes
- 19 I. Payroll Taxes
- 20 J. Interest on Long-Term Debt.

21 The overall impact of the adjustments to the Income Statement was a reduction in
22 SSVEC's operating margin of \$1,281,458.

1 **SUMMARY OF PRE-FILED TESTIMONY GIVEN BY DAVID M. BRIAN**
2 **ON BEHALF OF SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE,**
3 **INC.**

4 **I. REBUTTAL TESTIMONY FILED ON MARCH 9, 2009**

5 Mr. Brian's rebuttal testimony discusses the following:

- 6 A. Pursuant to Commission authorization, SSVEC converted from an All
7 Requirements Member ("ARM") to a Partial Requirements Member ("PRM") of
8 Arizona Electric Power Cooperative ("AEPSCO") effective January 1, 2008.
- 9 B. As a PRM, SSVEC is responsible for procuring wholesale power needed to
10 supplement the power that it procures from AEPSCO.
- 11 C. The power that SSVEC takes from AEPSCO is over 80% of SSVEC's needs, and so
12 the amount of power that SSVEC is purchasing from sources other than AEPSCO is
13 less than 20% of SSVEC's total power requirements.
- 14 D. SSVEC has taken prudent and reasonable steps to implement its supply program
15 for procuring power from these other sources.
- 16 E. Market prices for wholesale power were at historically high levels in 2008 due to
17 high natural gas prices and high prices for oil. These high prices should not be
18 considered representative of normal market conditions.
- 19 F. Unfortunately, these high prices were experienced during SSVEC's first year as a
20 PRM. As a result of these anomalous events, prices that SSVEC paid for
21 supplemental power in 2008 should not be used as a sole determinant of whether
22 or not SSVEC's power supply program is reasonable and prudent, or whether
23 SSVEC made the right decision when it converted to a PRM; which was
24 authorized and approved by the Commission.
- 25 G. With regard to the recommendation for power procurement procedures:
- 26 1. SSVEC does in fact have adequate power procurement procedures that are
27 and will be effective. While they have not been heavily documented, the
28 formal, written power procurement procedures that Mr. Mendl

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recommends are not industry standard, and would not provide the benefits that Mr. Mendl ascribes to them.

2. The processes that SSVEC use are typical of a cooperative of its size and character, work well, and have been successful. SSVEC would be concerned that any overly rigid procedures could bind SSVEC in an area where flexibility is important.

3. SSVEC is already subject to the Commission's Recommended Best Practices for Procurement (Decision No. 70032) that accomplish the objectives that Mr. Mendl seeks for long-term resources.

H. Mr. Mendl presents an unfair analysis with respect to SSVEC's purchasing activities and, in particular, third party purchases. His analysis suggests that SSVEC should not have entered into the APS and PNM purchases, but hindsight is twenty-twenty and Mr. Mendl's approach should be ignored for purposes of determining whether those purchases were prudent and reasonable.

I. Mr. Mendl's comparison to AEPSCO all requirements service is neither complete nor relevant. SSVEC received Commission approval to become a PRM in December of 2007 effective January 1, 2008. Converting back to an ARM is not an option for SSVEC. Even if it wanted to pursue this, as there is no provision in SSVEC's agreement that would allow SSVEC to exercise this option.

J. One summer (2008) is only a snapshot in time in power supply planning terms, and SSVEC's decision to convert to a PRM should not be gauged after-the-fact using a brief and anomalous period of time during which wholesale market prices spiked.

1 **II. REJOINDER TESTIMONY FILED ON APRIL 17, 2009**

2 Mr. Brian's rejoinder testimony discusses the following:

3 A. With regard to the recommendation for formal written power procurement
4 procedures:

- 5 1. SSVEC is willing to consider documenting its power procurement process
6 so long as any written procedures:
7 2. retain some flexibility to allow SSVEC to adjust to changing market
8 conditions, and
9 3. the cost to implement and maintain them is not overly burdensome to the
10 cooperative.

11 B. SSVEC does not believe that there is any need for a future prudency review.

- 12 1. As a cooperative, SSVEC has a natural built-in incentive to keep power
13 costs down. In SSVEC's case, the owners and the ratepayers are one and
14 the same, and SSVEC is naturally motivated, without the need for
15 additional regulation, to keep its costs down, because SSVEC's owners pay
16 for its power.
17 2. SSVEC only purchases 20% of its power from the wholesale markets.
18 3. The Commission has existing oversight in terms of regular purchased
19 power adjustor filings.
20 4. The Commission has existing oversight in terms of independently
21 monitored solicitations for longer term power purchases.
22 5. There is the reality that, to the extent any costs were possibly found to be
23 imprudently incurred, there are no separate shareholders to charge those
24 costs to in order to shield the ratepayers. With a cooperative, the
25 ratepayers and the owners are one and the same.
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1 **SUMMARY OF PRE-FILED TESTIMONY GIVEN BY DAVID W. HEDRICK**
2 **ON BEHALF OF SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE,**
3 **INC.**

4 **I. DIRECT TESTIMONY FILED ON JUNE 30, 2008**

5 Mr. Hedrick's direct testimony discusses the following:

6 A. A discussion of SSVEC's objectives in this filing and an overview of the rate
7 filing package including:

- 8 1. Increase the revenue requirement by an amount sufficient to improve the
9 cooperative's financial condition. The increase in revenue is intended to
10 increase the equity as a percent of capitalization to 30% by the year 2015;
- 11 2. Increase the cooperative's margins and cash general funds in order to fund
12 more of the cooperative's distribution plant additions and owned
13 generation resource plant additions from internally generated margins
14 instead of long-term debt;
- 15 3. Revise the Wholesale Power Cost Adjustment clause to provide for the
16 recovery of owned generation resource power costs that will be incurred as
17 a result of changes in the wholesale power supply contract with SSVEC's
18 power supplier;
- 19 4. Establish a Debt Cost Adjustment to recover changes in interest cost on
20 debt financing approved by the ACC;
- 21 5. Revise the line extension policy to eliminate all free allowance for new
22 construction; and
- 23 6. Update and revise the Tariff Manual and Service Conditions to accurately
24 reflect operating procedures and provide clarity.

25 B. A discussion of the development of the revenue requirement for SSVEC including:

- 26 1. The proposed revenue requirement is \$103,494,451. The proposed increase
27 necessary to achieve this revenue requirement is \$10,880,892 or 11.75%
28 over the adjusted test year revenue.

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- C. A description of the development of the cost of service study.
- D. A discussion of the rate design and the impact on members.
- E. A discussion of the proposed billing adjustments.
- F. A description of the proposed tariff changes.
- G. A discussion of the proposed changes to the service conditions.

II. REBUTTAL TESTIMONY FILED ON MARCH 9, 2009

Mr. Hedrick's rebuttal testimony discusses:

- A. Staff's adjustment to increase revenue by \$918,806 for additional margins related to the Fort Huachuca contract is not appropriate. Evidence is provided to show that no adjustment should be made.
- B. Staff's adjustment to remove \$523,570 in payroll related expenses associated with 10 employees added in 2008 is not appropriate. Evidence is provided to show that SSVEC's inclusion of these costs is correct.
- C. Staff's adjustment to remove \$298,622 of charitable contributions expense is not appropriate. The basis for SSVEC's objection is provided in my testimony and the testimony of Jack Blair.
- D. Staff's adjustment to remove \$45,058 related to compensation provided to employees for achieving safety objectives and Christmas pay is not appropriate. SSVEC believes this expense is reasonable given the purpose and objective of the expense.
- E. Evidence is provided to show that the inclusion of actual and projected rate case expenses are appropriate.
- F. Evidence is provided showing that Staff's recommended revenue requirement is not sufficient to increase SSVEC's equity. SSVEC proposes a revised revenue requirement which reflects the revenue and expense adjustments in the Cooperative's rebuttal, plus a margin component equal to the company's original request.

...

- 1 G. SSVEC opposes the levels of the recommended fuel bank thresholds. SSVEC will
- 2 recommend alternate thresholds.
- 3 H. SSVEC opposes the recommendation to require SSVEC to obtain approval from
- 4 the Commission when it is necessary to increase the fuel adjustor. SSVEC does
- 5 not believe this recommendation is workable. An alternate approach to address the
- 6 concerns raised by Staff is proposed.
- 7 I. The recommended changes to the customer charge component of the rate are not
- 8 appropriate and are not supported by the evidence. The cost data included in the
- 9 cost of service supports the higher level of customer charges and the higher
- 10 customer charges send the proper pricing signal. In addition, higher customer
- 11 charges have been approved by the Commission for other cooperatives. SSVEC
- 12 continues to support the higher customer charges originally proposed.
- 13 J. The recommended rate design for the Residential Time of Use ("TOU") is not
- 14 appropriate. Staff's recommended rate for Residential TOU does not reflect the
- 15 appropriate price signal. The Staff's proposed Residential TOU rate will result in a
- 16 rate which will be ineffective.
- 17 K. The recommended service charges are not appropriate and do not reflect the actual
- 18 cost of providing the service. SSVEC continues to support its originally proposed
- 19 service charges.

20 **III. REJOINDER TESTIMONY FILED ON APRIL 17, 2009**

21 Mr. Hedrick's rejoinder testimony discusses:

- 22 A. SSVEC continues to support the inclusion of the payroll costs associated with the
- 23 10 employees added after the end of the test year;
- 24 B. SSVEC continues to support the inclusion of safety pay and Christmas pay;
- 25 C. SSVEC continues to support the inclusion of charitable contributions;
- 26 D. SSVEC continues to support the inclusion of actual rate case expense;
- 27 E. SSVEC continues to contend that the staff's proposed revenue requirement does
- 28 not produce sufficient margins to increase equity. SSVEC continues to support the

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Cooperative's revised revenue requirement and resulting margins recommended in the Cooperative's rebuttal testimony;

- F. SSVEC does not believe that Staff has provided sufficient justification to support the recommendation to require SSVEC to seek Commission approval each time it seeks to increase the WPCA factor;
- G. SSVEC does not agree with Staff's recommendations regarding the proposed customer charges;
- H. SSVEC agrees with Staff's recommended Residential TOU rate; and
- I. SSVEC proposes to adopt certain of Staff's proposed service charges and proposes alternate service charges for the remainder.

1 **SUMMARY OF PRE-FILED TESTIMONY GIVEN BY JACK BLAIR**
2 **ON BEHALF OF SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE,**
3 **INC.**

4 **I. DIRECT TESTIMONY FILED ON JUNE 30, 2008**

5 Mr. Jack Blair, Chief Member Services Officer of Sulphur Springs Valley Electric
6 Cooperative, Inc. (“SSVEC” or “Cooperative”), provides testimony on SSVEC’s Proposed DSM
7 Program (“Proposed Program”) attached to his testimony. Although many of the individual
8 programs included in the Proposed Program had previously been approved by the Commission,
9 SSVEC is requesting that the entire Proposed Program be approved and eligible for cost recovery
10 consistent with the proposed recovery mechanism set forth in the Proposed Program. Mr. Blair
11 also discusses how SSVEC’s member information processes informed the Cooperative’s
12 members about the proposed rate increase and how this information process is also utilized with
13 SSVEC’s members in conjunction with the Cooperative’s DSM programs.

14 Mr. Blair discusses:

- 15 A. The steps SSVEC has taken and will take in the future to inform its members about
16 the proposed rate increase;
- 17 B. How, in his capacity as Chief Member Services Officer, he interacts with SSVEC
18 members;
- 19 C. How SSVEC utilizes focus groups to gather information from members;
- 20 D. SSVEC’s residential time-of-use (“TOU”) and controlled rates; and
- 21 E. SSVEC’s current and proposed DSM programs for residential, commercial and
22 industrial customers.

23 Mr. Blair proposes that DSM program costs be recovered through a combination of
24 inclusion of such costs in base rates and through a DSM Adjustment Tariff. He further proposes
25 an approval process for the Commission to approve new DSM programs, as well as to have DSM
26 program expenses included n the DSM Adjustment mechanism.

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1 **II. REBUTTAL TESTIMONY FILED ON MARCH 9, 2009**

2 Mr. Blair's rebuttal testimony discusses SSVEC's position regarding the 16
3 DSM/Renewable-related recommendations set forth in the Direct Testimony of Staff witness
4 Steve Irvine. Those positions are as follows:

- 5 • Recommendation No. 1 – SSVEC accepts Staff's recommendation that it file a revised
6 version of its DSM Program removing references to TOU and controlled rates and to
7 make other confirming changes when filing an application for approval of new DSM
8 programs.
- 9 • Recommendation No. 2 – SSVEC accepts Staff's recommendation that costs prudently
10 incurred in connection with Commission-approved DSM activities be recovered
11 entirely through a DSM adjustment tariff.
- 12 • Recommendation No. 3 – SSVEC has agreed that Commission-approved DSM costs
13 be assessed to all SSVEC electric customers as a clearly labeled single line item per
14 kWh charge on the customer bills.
- 15 • Recommendation No. 4 – Since SSVEC accepted Staff's recommendation No. 2
16 above, the recommendation for a negative DSM adjustment tariff is moot.
- 17 • Recommendation No. 5 – SSVEC has agreed to file DSM program expense reports
18 semi-annually on or before March 1 and September 1 each year.
- 19 • Recommendation No. 6 – SSVEC has accepted Staff's recommendation that it file
20 DSM program expense reports in Docket Control and that SSVEC redact customer
21 personal information.
- 22 • Recommendation No. 7, 8 and 9 – SSVEC has agreed to report semi-annual program
23 expenses to include the information set forth in the recommendation and will do so on
24 or before March 1 and September 1 of each year. Although SSVEC agrees to the June
25 1 reset of the adjustor per the March filing, it believes that June 1 should be considered
26 a "hard" deadline for the Commission. If the Commission does not approve the change
27 in the adjustor by such time, that the adjustor would automatically become effective.

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- Recommendation No. 10 – SSVEC accepts Staff’s recommendation that it submit proposed DSM programs to the Commission for approval. However, SSVEC proposes that it be permitted to commence offering such programs prior to Commission approval. If the Commission does not approve the program, SSVEC would not be permitted to recover the costs through the adjustor. If the Commission does approve the program, SSVEC could include the program costs through the DSM adjustor trued up to the date it started offering the program at the next annual reset.
- Recommendation No. 11 – SSVEC did not agree with Staff’s recommendation that it re-file its new DSM programs in a separate application. SSVEC provided information regarding the new DSM programs with and subsequent to the filing of its rate application and requests that the Commission approve such programs as part of this docket. SSVEC provided additional information regarding the programs as an exhibit to its rebuttal testimony and requests that Staff consider the programs for approval.
- Recommendation No. 12 – SSVEC accepted Staff’s recommendation that the initial DSM adjustor rate be set to recover prudently incurred DSM program costs associated with approved programs presently in place.
- Recommendation No. 13 – SSVEC accepted Staff’s recommendation that prudently incurred costs associated with approved DSM programs that have been factored into the WPCA account balance remain in the WPCA account.
- Recommendation No. 14 – SSVEC accepted Staff’s recommendation that the DSM adjustor rate be set at \$0.000256 per kWh until the annual reset of the adjustor.
- Recommendation No. 15 – SSVEC accepted Staff’s recommendation that the Commission authorize an adjustor mechanism for SSVEC to replace the REST surcharge.
- Recommendation No. 16 – SSVEC accepted Staff’s recommendation that SSVEC file with the Commission a REST tariff with conforming changes within 30 days of the date of the Decision in this case to reflect recovery through the adjustor rather than through the surcharge used presently.

1 Finally, Mr. Blair provides testimony opposing the recommendation of Staff witness
2 Crystal Brown that \$298,622 of charitable contributions and sponsorships be excluded from the
3 Cooperative's operating expenses. Mr. Blair provides historical background and justification as
4 to why the Commission should permit recovery of the expense and demonstrates that the
5 Commission had previously examined this issue for SSVEC and determined that recovery of such
6 expenses is necessary and appropriate.

7 **III. REJOINDER TESTIMONY FILED ON APRIL 17, 2009**

8 Mr. Blair's rejoinder testimony discusses two issues. The first issue relates to the Staff
9 recommendation set forth in Steve Irvine's Surrebuttal Testimony wherein Staff continued to
10 recommend that the annual reset of the DSM adjustor not be automatic on June 1 if the
11 Commission has not acted upon SSVEC's filing. Mr. Blair provides SSVEC position as to why
12 the June 1 reset should be a "hard" date and that the Commission still retains the ability to
13 approve the adjustor by acting on or before June 1. Mr. Blair also provides the following reasons
14 for SSVEC's position on this issue:

- 15 • The Commission is not denied the opportunity to consider and approve the matter;
- 16 • It provides the Commission flexibility under the circumstances;
- 17 • The Commission will have 90 days to consider and approve the filing which should be
18 more than enough time;
- 19 • SSVEC would agree that the Commission could "true-up" the adjustor the following
20 year if it did not approve the adjustor the previous year;
- 21 • It provides the Cooperative certainty by not placing the Cooperative at a disadvantage
22 by having to further wait to recover additional program expenses (or reduce the
23 adjustor for its customers if appropriate) until such time that the Staff and the
24 Commission decide to act on the filing which is completely outside the Cooperative's
25 control; and
- 26 • It incentivizes SSVEC to promote and proliferate DSM programs consistent with the
27 Commission objectives by ensuring that SSVEC will receive timely recovery of
28 program expenses.

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The second issue that Mr. Blair discusses relates to Staff's recommendation in the Direct and Surrebuttal Testimony of Staff witness Crystal Brown that SSVEC's charitable contributions and sponsorships be excluded from operating expenses. Mr. Blair points out that the Commission authorized recovery of such expenses in SSVEC's last rate case, that the effect of Staff's recommendation is to impact SSVEC's equity given that SSVEC is a cooperative and not an investor-owned utility, and that a comparison of the Commission's treatment of this expense in the Arizona Electric Power Cooperative, Inc. ("AEPSCO") rate decision to SSVEC is like comparing apples and oranges since AEPSCO is not a distribution cooperative.