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BEFORE THE ARIZONA CORPORATION COMMISSION

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2 COMMISSIONERS

2009 MAY 15 A 11: 29

- 3 KRISTIN K. MAYES, Chairman
- 4 GARY PIERCE
- 5 PAUL NEWMAN
- 6 SANDRA D. KENNEDY
- 7 BOB STUMP

AZ CORP COMMISSION  
DOCKET CONTROL

7 IN THE MATTER OF THE APPLICATION OF  
 8 TRICO ELECTRIC COOPERATIVE, INC., AN  
 9 ARIZONA NONPROFIT CORPORATION,  
 10 FOR A PERMANENT RATE INCREASE, FOR  
 11 A DETERMINATION OF THE FAIR VALUE  
 12 OF THE CORPORATION'S ELECTRIC  
 13 SYSTEM FOR RATEMAKING PURPOSES,  
 14 FOR A FINDING OF A JUST AND  
 15 REASONABLE RATE OF RETURN  
 16 THEREON, AND FOR APPROVAL OF RATE  
 17 SCHEDULES DESIGNED TO DEVELOP  
 18 SUCH RETURN.

DOCKET NO. E-01461A-08-0430

**STAFF'S NOTICE OF FILING  
SURREBUTTAL TESTIMONY**

14 Staff of the Arizona Corporation Commission ("Staff") hereby files the Surrebuttal Testimony  
 15 of Candrea Allen and Steve Irvine of the Utilities Division in the above-referenced matter.

16 RESPECTFULLY SUBMITTED this 15<sup>th</sup> day of May, 2009.

*Nancy Scott*

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24 Original and thirteen (13) copies  
 25 of the foregoing filed this  
 15<sup>th</sup> day of May, 2009 with:

26 Docket Control  
 27 Arizona Corporation Commission  
 1200 West Washington Street  
 28 Phoenix, Arizona 85008

Arizona Corporation Commission  
DOCKETED

MAY 15 2009

DOCKETED BY *MM*

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**SURREBUTTAL**

**TESTIMONY**

**OF**

**CANDREA ALLEN**

**STEVE IRVINE**

**DOCKET NO. E-01461A-08-0430**

**IN THE MATTER OF THE APPLICATION OF  
TRICO ELECTRIC COOPERATIVE, INC.,  
AN ARIZONA NON-PROFIT CORPORATION,  
FOR A PERMANENT RATE INCREASE, FOR A  
DETERMINATION OF THE FAIR VALUE OF  
THE CORPORATION'S ELECTRIC SYSTEM FOR  
RATE MAKING PURPOSES, FOR A FINDING OF  
A JUST AND REASONABLE RATE OF RETURN  
THEREON AND A JUST AND REASONABLE RETURN,  
AND FOR APPROVAL OF RATE SCHEDULES DESIGNED  
TO DEVELOP SUCH RETURN**

**MAY 15, 2009**

**BEFORE THE ARIZONA CORPORATION COMMISSION**

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

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ARIZONA NON-PROFIT CORPORATION, FOR A )  
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RETURN )  
\_\_\_\_\_ )

SURREBUTTAL

TESTIMONY

OF

CANDREA ALLEN

PUBLIC UTILITIES ANALYST

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

MAY 15, 2009

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**EXECUTIVE SUMMARY**  
**TRICO ELECTRIC COOPERATIVE, INC.**  
**DOCKET NO. E-01461A-08-0430**

Staff's surrebuttal testimony contains specific recommendations regarding some of Trico's proposed modifications to its Rules, Regulations, and Line Extension Policies.

1    **INTRODUCTION**

2    **Q.    Please state your name and business address.**

3    A.    My name is Candrea Allen. My business address is 1200 West Washington Street,  
4           Phoenix, Arizona 85007.

5  
6    **Q.    By whom are you employed and in what capacity?**

7    A.    In am employed by the Utilities Division (“Staff”) of the Arizona Corporation  
8           Commission as a Public Utilities Analyst. My duties include evaluation of various utility  
9           applications and review of utility tariff filings.

10

11   **Q.    Have you previously filed testimony in this docket?**

12   A.    Yes. I filed direct testimony concerning the Rules, Regulations, and Line Extension  
13           Policies for Trico Electric Cooperative (“Trico”).

14

15   **Q.    As part of your employment responsibilities, were you assigned to review Trico’s  
16           rebuttal testimony?**

17   A.    Yes. I conducted a review of the rebuttal testimony of Mr. David Hedrick concerning  
18           Trico’s proposed modifications to its Rules, Regulations, and Line Extension Policies. I  
19           have only included surrebuttal testimony concerning issues which I believe need to be  
20           addressed.

1 **RULES, REGULATIONS, AND LINE EXTENSION POLICIES**

2 **Q. What does Trico propose in regard to Section 219: Primary Service, of Trico's**  
3 **Rules, Regulations, and Line Extension Policies?**

4 **A.** In its Direct Testimony, Staff proposed that Trico revise the last sentence of this section to  
5 be more clear and specific. In its rebuttal testimony, Trico has proposed to reword the last  
6 sentence of this section to read:

7  
8 "The customer will pay as a Contribution in Aid of Construction 100  
9 percent of the cost of the line extension and the upgrades of distribution  
10 and transmission facilities between the nearest existing Trico power  
11 facility capable of providing the requested load to the customer's  
12 requested point of delivery, constructed to serve that specific individual  
13 customer less any oversized or rerouted facilities for the Cooperative's  
14 system needs."

15 Staff recommends that the following sentence be added to Trico's revision above:

16  
17 "The customer will have the option to pay for the cost of the upgrades to  
18 the nearest existing facilities that may not otherwise be capable of  
19 providing the requested load to the customer's requested point of delivery  
20 if it would be the least cost to the customer."

21 Therefore, Staff recommends the revision to read:

22  
23 "The customer will pay as a Contribution in Aid of Construction 100  
24 percent of the cost of the line extension and the upgrades of distribution  
25 and transmission facilities between the nearest existing Trico power  
26 facility capable of providing the requested load to the customer's  
27 requested point of delivery, constructed to serve that specific individual  
28 customer less any oversized or rerouted facilities for the Cooperative's  
29 system needs. The customer will have the option to pay for the cost of the  
30 upgrades to the nearest existing facilities that may not otherwise be  
31 capable of providing the requested load to the customer's requested point  
32 of delivery if it would be the least cost to the customer."

33 Staff believes that adding the additional sentence to Trico's proposed revision will ensure  
34 that customers will have a least cost option when requesting a line extension.

1 **SUMMARY OF STAFF RECOMMENDATIONS**

2 **Q. Please summarize Staff's recommendations.**

3

4 A. 1. Staff recommends that Trico revise Section 219: Primary Service as specified  
5 above.

6

7 2. Staff continues to oppose some of Trico's proposed modifications to its Rules,  
8 Regulations, and Line Extension Policies, as described in Ms. Allen's direct  
9 testimony on pages three (3) through nine (9).

10

11 3. Staff recommends that its proposed changes to Trico's Rules, Regulations, and  
12 Line Extension Policies be adopted as specified in direct testimony.

13

14 **Q. Does this conclude your surrebuttal testimony?**

15 A. Yes, it does.

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SURREBUTTAL  
TESTIMONY  
OF  
STEVE IRVINE  
ON BEHALF OF STAFF  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION

MAY 15, 2009

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**EXECUTIVE SUMMARY**  
**TRICO ELECTRIC COOPERATIVE, INC.**  
**DOCKET NO. E-01461A-08-0430**

Staff does not recommend assigning on-peak hours to weekends for residential TOU rates.

Staff recommends the level of the monthly customer service charges identified previously in direct testimony Schedule SPI 2.1.

Staff continues to recommend the proposed terms and conditions wording change under Schedules IS-1 (Commercial and Industrial) and IS-2 (Irrigation and Pumping) from “may” to “shall” to mandate enforcing the removal of a customer from an interruptible schedule for at least 18 months in cases where more than two customer-initiated overrides occur within any 12 month period (rather than two overrides occurring during a calendar year).

Staff continues to recommend the rate design recommended in Staff’s direct testimony Schedule SPI 2.1.

1     **INTRODUCTION**

2     **Q.     Please state your name, occupation, and business address.**

3     A.     My name is Steve Irvine. I am a Public Utilities Analyst IV employed by the Arizona  
4            Corporation Commission (“ACC” or “Commission”) in the Utilities Division (“Staff”).  
5            My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

6  
7     **Q.     Are you the same Steve Irvine who filed direct testimony in this case?**

8     A.     Yes.

9  
10    **Q.     What is the scope of your testimony in this rate case?**

11    A.     My testimony presents Staff’s position and recommendations regarding Trico Electric  
12            Cooperative, Inc.’s (“Trico”) application for a general rate increase on the subject of rate  
13            design.

14  
15    **TRICO’S REBUTTAL POSITION ON RATES**

16    **Q.     Did Trico support all of the recommendations related to rate design contained in**  
17            **Staff’s direct testimony?**

18    A.     No. Trico agrees with some of Staff’s recommendations and did not agree with others.

19  
20    **Q.     Which of Staff’s recommendations related to rate design does Trico not agree with?**

21    A.     Trico disagrees with Staff’s recommendation for Residential Time of Use (“TOU”) rates,  
22            the level of the monthly customer charges, and Staff’s recommendation to change a word  
23            in the IS-1 and IS-2 schedules.

1 **Q. Please describe Trico's position in regard to Staff's recommendation for Residential**  
2 **TOU rates?**

3 A. Trico continues to propose on-peak TOU rates for Saturday, Sunday, and holidays. Trico  
4 also recommends a higher monthly customer charge. Trico makes three proposals for the  
5 Residential TOU rates. First, Trico proposes that on-peak rates apply every day of the  
6 week. Second, Trico continues to recommend a higher monthly customer charge than  
7 Staff's recommended customer charge. Finally, Trico proposes a revenue requirement for  
8 the residential TOU customer class higher than Staff's proposal, but lower than Trico's  
9 initial proposal. Trico also states that it is agreeable to a two-step phase-in of the new rate  
10 over a 12-month period.

11  
12 **Q. Please describe Trico's position in regard to Staff's recommendation for the level of**  
13 **the monthly customer service charges?**

14 A. Trico now proposes monthly customer charges that are lower than what it initially  
15 proposed, but higher than what Staff has recommended. Trico states that its newly  
16 proposed rates better reflect the cost of service.

17  
18 **Q. Please describe Trico's position in regard to Staff's recommendation to change the**  
19 **word 'may' in the IS-1 and IS-2 schedules?**

20 A. Trico proposes that the word "may" not be replaced with the word "shall" in Schedules  
21 IS-1 (Commercial and Industrial) and IS-2 (Irrigation and Pumping) as recommended by  
22 Staff. The effect of Staff's recommendation would be to mandate enforcing the removal  
23 of a customer from an interruptible schedule for at least 18 months in cases where more  
24 than two customer-initiated overrides occur within any 12-month period (rather than two  
25 overrides occurring during a calendar year).

1 **STAFF'S SURREBUTTAL POSITION ON RATES**

2 **Q. What is Staff's surrebuttal position in regard to Residential TOU rates?**

3 A. Staff continues to not recommend assigning on-peak hours to weekends. Should Trico  
4 supply Staff with additional data in support of its recommendation, Staff is willing to  
5 reconsider its recommendation in light of any new information that Trico may supply.

6  
7 **Q. What is Staff's surrebuttal position in regard to the level of the monthly customer  
8 service charges?**

9 A. Staff continues to recommend the level of the monthly customer service charges  
10 recommended previously in direct testimony Schedule SPI 2.1. Staff's recommended  
11 monthly service charges constitute an increase in the monthly service charges that is  
12 proportionally greater than the increase in total revenue requirement when measured as a  
13 percentage change. One exception is the residential TOU class whose energy charges  
14 would receive a large increase. Trico describes in rebuttal testimony that higher monthly  
15 service charges would better reflect cost of service as shown in Trico's cost of service  
16 study. Staff gives consideration to cost of service and other considerations when making  
17 rate design recommendations. Other considerations include, but are not limited to,  
18 gradualism in change. Staff does not recommend a larger increase to the monthly  
19 customer service charges in this rate case.

20  
21 **Q. What is Staff's surrebuttal position in regard to changing the word "may" in the IS-1  
22 and IS-2 schedules?**

23 A. Staff continues to recommend the proposed terms and conditions wording change under  
24 Schedules IS-1 (Commercial and Industrial) and IS-2 (Irrigation and Pumping) from  
25 "may" to "shall" to mandate enforcing the removal of a customer from an interruptible  
26 schedule for at least 18 months in cases where more than two customer-initiated overrides

1 occur within any 12 month period (rather than two overrides occurring during a calendar  
2 year).

3

4 **Q. What is Staff's surrebuttal position in regard to the rate design as a whole?**

5 A. As there is no change to Staff's recommended revenue requirement, Staff continues to  
6 recommend the rate design recommended in Staff's direct testimony Schedule SPI 2.1.

7

8 **Q. Does this conclude your surrebuttal testimony?**

9 A. Yes, it does.