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BEFORE THE ARIZONA CORPORATION C  
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COMMISSIONERS

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

2009 AUG 13 P 2:05

AZ CORP COMMISSION  
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF  
ARIZONA PUBLIC SERVICE FOR A  
HEARING TO DETERMINE THE FAIR  
VALUE OF THE UTILITY PROPERTY OF  
THE COMPANY FOR RULEMAKING  
PURPOSES, TO FIX A JUST AND  
REASONABLE RATE OF RETURN  
THEREON, TO APPROVE RATE  
SCHEDULES DESIGNED TO DEVELOP  
SUCH RETURN.

DOCKET NO. E-01345A-08-0172

**STAFF'S NOTICE OF FILING  
REPLY TESTIMONY IN SUPPORT OF  
PROPOSED SETTLEMENT AGREEMENT**

Staff of the Arizona Corporation Commission ("Staff") hereby provides notice of filing its Reply Testimony in Support of Proposed Settlement Agreement in this Docket. An original and thirteen copies are submitted of the Reply Testimony of Ralph C. Smith and Barbara Keene.

RESPECTFULLY SUBMITTED this 13<sup>th</sup> day of August, 2009.

Arizona Corporation Commission  
**DOCKETED**

AUG 13 2009

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Original and thirteen (13) copies  
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13<sup>th</sup> day of August, 2009 with:

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**REPLY  
TESTIMONY  
SUPPORTING THE SETTLEMENT AGREEMENT  
OF**

**RALPH C. SMITH  
BARBARA KEENE**

**DOCKET NO. E-01345A-08-0172**

**IN THE MATTER OF THE APPLICATION OF  
ARIZONA PUBLIC SERVICE COMPANY FOR  
A HEARING TO DETERMINE THE FAIR  
VALUE OF THE UTILITY PROPERTY OF THE  
COMPANY FOR RATEMAKING PURPOSES,  
TO FIX A JUST AND REASONABLE RATE OF  
RETURN THEREON, TO APPROVE RATE  
SCHEDULES DESIGNED TO DEVELOP SUCH  
RETURN**

**AUGUST 13, 2009**

**BEFORE THE ARIZONA CORPORATION COMMISSION**

KRISTIN K. MAYES

Chairman

GARY PIERCE

Commissioner

PAUL NEWMAN

Commissioner

SANDRA D. KENNEDY

Commissioner

BOB STUMP

Commissioner

IN THE MATTER OF THE APPLICATION OF ) DOCKET NO. E-01345A-08-0172  
ARIZONA PUBLIC SERVICE COMPANY FOR )  
THE ESTABLISHMENT OF JUST AND )  
REASONABLE RATES AND CHARGES )  
DESIGNED TO REALIZE A REASONABLE )  
RATE OF RETURN ON THE FAIR VALUE OF )  
ITS OPERATIONS THROUGHOUT THE STATE )  
OF ARIZONA )  
\_\_\_\_\_ )

REPLY TESTIMONY

SUPPORTING THE SETTLEMENT AGREEMENT

OF

RALPH C. SMITH

ON BEHALF OF THE

UTILITIES DIVISION STAFF

ARIZONA CORPORATION COMMISSION

AUGUST 13, 2009

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**EXECUTIVE SUMMARY**  
**ARIZONA PUBLIC SERVICE COMPANY**  
**DOCKET NO. E-01345A-08-0172**

My Reply Testimony in support of the Settlement addresses accounting and ratemaking issues related to Schedule 3 as provided for in the Settlement Agreement. The Settlement Agreement changes the treatment for Schedule 3 receipts to account for them as revenue rather than Contributions in Aid of Construction ("CIAC").

Several individuals, many with real estate interests, and a group, Arizonans for Fair Power Policy, have filed testimony in opposition to the Settlement Agreement because they believe the Settlement should include a free footage allowance for line extensions under APS' Schedule 3.

In the last APS base rate case, as well as the last base rate cases for other Arizona electric utilities, including Tucson Electric Power ("TEP") and UNS Electric, the Commission eliminated the free footage allowances for new line extensions that had previously been in place for these electric utilities. The Settlement Agreement at paragraph 10.3 continues to maintain the Commission's current policy regarding payments for line extensions.

The testimony filed by the parties in opposition to the Settlement does not contest or object to the treatment of accounting for Schedule 3 receipts as revenue. Their recommendation to reinstate a free footage allowance for APS would, however, directly impact the amounts that APS has projected it would receive under Schedule 3 as revenue.

The revenue that APS projects it would collect under Schedule 3 is a critical component of the Settlement Agreement, which must be viewed as an integrated document. Specifically, Section X of the Settlement Agreement at paragraph 10.1 provides for APS to record Schedule 3 receipts as revenue during the period January 1, 2010 through the earlier of December 31, 2012 or the conclusion of APS' next general rate case. As stated in paragraph 10.2, APS estimated that its Schedule 3 revenues would be \$23 million in 2010, \$25 million in 2011 and \$49 million in 2012.

The Signatories to the Settlement Agreement have recognized that a change to the Commission's current policy regarding receipts for line extensions, such as a modification to Schedule 3 to provide for a free footage allowance, would affect the amount of revenue that APS has projected for revenue from Schedule 3. Paragraph 10.3 provides that, if such a change were to be instituted by the Commission, an offsetting revenue change should also be ordered so that such modifications would be "revenue neutral." Consequently, under this provision of the Settlement Agreement, reinstating a free footage allowance would mean a higher rate increase for APS' existing customers.

1 **INTRODUCTION**

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

3 A. Ralph C. Smith. I am a Senior Regulatory Consultant at Larkin & Associates, PLLC,  
4 15728 Farmington Road, Livonia, Michigan 48154.

5  
6 **Q. Are you the same Ralph C. Smith who previously submitted prefiled Direct**  
7 **Testimony on behalf of the Arizona Corporation Commission (“ACC” or**  
8 **“Commission”) Utilities Division Staff (“Staff”) that was filed on December 19, 2008**  
9 **in this proceeding, and testimony in support of the Settlement Agreement that was**  
10 **filed on July 1, 2009?**

11 A. Yes.

12  
13 **Q. What is the purpose of your Reply Testimony in support of the Settlement?**

14 A. The purpose of my Reply Testimony in support of the Settlement is to address how the  
15 Settlement Agreement provides for the accounting and ratemaking treatment of line  
16 extensions in response to testimony filed by various individuals on or about July 22, 2009  
17 in opposition to the Settlement.

18  
19 **DISCUSSION OF SPECIFIC SETTLEMENT AGREEMENT PROVISIONS**

20 **Q. What aspects of the Settlement Agreement are addressed in your Reply Testimony?**

21 A. My Reply Testimony addresses the accounting and ratemaking aspects of the Treatment of  
22 Schedule 3 provisions of the Settlement Agreement.

23

1 **TREATMENT OF SCHEDULE 3**

2 **Q. Please briefly summarize your understanding of the main concern identified in the**  
3 **testimony that was filed in opposition to the Settlement Agreement.**

4 A. On or about July 22, 2009, several individuals, many with real estate interests, and a  
5 group, Arizonans for Fair Power Policy, filed testimony in opposition to the Settlement  
6 Agreement because they believe the Settlement should include a free footage allowance  
7 for line extensions under APS' Schedule 3.

8  
9 **Q. Has the elimination of a free footage allowance for line extensions been an issue**  
10 **previously in other cases before the Commission?**

11 A. Yes. It was an issue in the last APS base rate case, as well as the last base rate cases for  
12 other Arizona electric utilities including Tucson Electric Power ("TEP") and UNS  
13 Electric, the Commission eliminated the free footage allowances for new line extensions  
14 that had previously been in place for these utilities. Consequently, the elimination of the  
15 free footage allowance for APS line extensions is not a new issue in this case.

16  
17 **Q. Arizonans for Fair Power Policy propose that the Commission change its current**  
18 **policy of no free footage allowance for line extensions. Does the Settlement**  
19 **Agreement maintain the Commission's current policy regarding line extensions?**

20 A. Yes. The Settlement Agreement at paragraph 10.3 continues to maintain the  
21 Commission's current policy of no free footage allowance for line extensions.

22  
23 **Q. Does the Settlement Agreement result in a change to the Commission's current**  
24 **policy of no free footage allowance for line extensions.**

25 A. No.

1 **Q. Do the settling parties propose a change to the accounting treatment of receipts**  
2 **under Schedule 3?**

3 A. Yes. The settling parties are proposing to treat the Schedule 3 receipts as revenue instead  
4 of CIAC.

5  
6 **Q. How significant is Section X to the Settlement Agreement?**

7 A. Section X mitigated the need for a higher rate increase. The revenue that APS projects it  
8 would collect under Schedule 3 is a critical component of the Settlement Agreement,  
9 which must be viewed as an integrated document.

10

11 **Q. What amounts does APS expect for Schedule 3 receipts?**

12 A. As stated in the Settlement Agreement at paragraph 10.2, APS estimated that its Schedule  
13 3 revenues would be \$23 million in 2010, \$25 million in 2011 and \$49 million in 2012.

14

15 **Q. Are the settling parties proposing any other changes to Schedule 3 other than the**  
16 **accounting treatment of the Schedule 3 receipts?**

17 A. Yes. The Settlement Agreement proposes some important changes to the terms and  
18 conditions contained in the Schedule 3 tariff.

19

20 **Q. Do the parties that are opposing the Settlement Agreement appear to object to the**  
21 **accounting by APS of Schedule 3 receipts as revenue, as provided for in paragraph**  
22 **10.1?**

23 A. No. Their concern focused to be focused on the restoration of a free footage allowance for  
24 APS' line extensions. They do not appear to object to the accounting treatment provided  
25 for Schedule 3 receipts in paragraph 10.1 of the Settlement Agreement.

26

1 **Q. Would the recommendations of parties that are opposing the Settlement Agreement**  
2 **affect the amount of revenue that APS has projected for Schedule 3 receipts?**

3 A. Yes. While the testimony filed by the parties in opposition to the Settlement does not  
4 appear to contest or object to the treatment of APS accounting for Schedule 3 receipts as  
5 revenue, their recommendation to reinstate a free footage allowance for APS would  
6 directly impact the amounts that APS has projected it would receive under Schedule 3.  
7 All other things being equal, if a free footage allowance were reinstated for APS, the  
8 amount of Schedule 3 receipts to APS would be lower, and the amount of rate increase to  
9 existing customers would be higher.

10  
11 **Q. How could the recommendations of parties that are opposing the Settlement**  
12 **Agreement result in a larger rate increase to existing APS customers?**

13 A. The Signatories to the Settlement Agreement have recognized that a change to the  
14 Commission's current policy regarding payments for line extensions, such as a  
15 modification to Schedule 3 to provide for a free footage allowance, would affect the  
16 Settlement Agreement. Paragraph 10.3 provides that, if such a change were to be  
17 instituted by the Commission, an offsetting revenue change should also be ordered so that  
18 such modifications would be "revenue neutral." In other words, if Schedule 3 receipts  
19 (which APS would be accounting for as revenue) decrease, then another source of  
20 revenue, specifically an additional base rate increase, would need to occur in order for the  
21 change to be "revenue neutral." Consequently, under this provision, reinstating a free  
22 footage allowance would mean a higher base rate increase for APS' existing customers.

23

1 **Q. Do you have some estimates of how a reinstatement of a free footage allowance for**  
2 **APS' line extensions could affect the amount of rate increase provided for in the**  
3 **Settlement Agreement?**

4 **A.** Yes. I should caution that these amounts were provided by APS in the Company's  
5 responsive letter to Chairman Mayes dated June 25, 2009, and are estimates.  
6 Nevertheless, such estimates appear to be consistent with the figures that were provided  
7 by APS and discussed by the Signatories to the Settlement Agreement.

8  
9 **ESTIMATED IMPACTS TO SETTLEMENT REVENUE LEVELS OF DIFFERING**  
10 **SCHEDULE 3 SCENARIOS**  
11 **FOR SINGLE RESIDENTIAL CUSTOMER LINE EXTENSIONS**

	2010	2011	2012
Settlement with the modifications to Schedule 3 referenced therein.	\$ 0	\$ 0	\$ 0
Scenario 1 – 1,000 ft free if under \$25,000. Full amount paid by customer requesting the line extension if over \$25,000.	\$ 5,960,000	\$ 6,850,000	\$ 10,000,000
Scenario 2 – Free footage if under \$5,000/\$10,000 (as applicable). Full amount paid if over \$5,000/\$10,000 (as applicable).			
50 ft. – up to \$5,000	\$ 28,000	\$ 33,000	\$ 47,000
100 ft. – up to \$5,000	\$ 173,000	\$ 198,000	\$ 289,000
500 ft. – up to \$10,000	\$ 2,274,000	\$ 2,614,000	\$ 3,816,000
750 ft. – up to \$10,000	\$ 2,660,000	\$ 3,050,000	\$ 4,460,000
Scenario 3 – Free footage approach subject to an investment cap.			
50 ft. but not more than \$5,000	\$ 63,000	\$ 71,000	\$ 101,000
100 ft. but not more than \$5,000	\$ 334,000	\$ 377,000	\$ 540,000
500 ft. but not more than \$10,000	\$ 2,350,000	\$ 2,700,000	\$ 3,936,000
750 ft. but not more than \$10,000	\$ 5,120,000	\$ 5,880,000	\$ 8,590,000
Scenario 4 - \$5,000 equipment allowance.	\$ 3,700,000	\$ 4,090,000	\$ 5,740,000

1 **Q. What would be the impact on the Settlement Agreement if a different scenario was**  
2 **adopted?**

3 A. If a different line extension scenario were to be adopted, the above table also shows the  
4 amount of estimated additional revenue increases that would be required pursuant to  
5 paragraph 10.3 of the Settlement Agreement which provides that, if such a change were to  
6 be instituted by the Commission, an offsetting revenue change should also be ordered so  
7 that such modifications would be "revenue neutral."  
8

9 **Q. In terms of a change to the free footage allowance, would the recommendations of**  
10 **parties that are opposing the Settlement Agreement result in APS' tariff for line**  
11 **extensions being inconsistent with the other large electric utilities, including TEP and**  
12 **UNS Electric, that are regulated by this Commission?**

13 A. Yes. One thing that the Commission may want to consider is that, if a free footage  
14 allowance were to be reinstated at this time for APS, this would result in APS' line  
15 extension provision being different in that respect from the line extension tariffs of TEP  
16 and UNS Electric where free footage allowances have been eliminated by the  
17 Commission.  
18

19 **Q. Does the Settlement Agreement result in APS' tariff for line extensions forever being**  
20 **"set in stone"?**

21 A. No. The Settlement Agreement at Section II-A provides for a rate case filing plan, and  
22 Section X, paragraph 10.4, which specifically addresses Schedule 3, provides that:  
23 "Nothing in this Section of the Agreement is intended to prevent any Signatory from  
24 proposing a different treatment for Schedule 3 proceeds in APS' next rate case, or from  
25 addressing any changes to Schedule 3 proposed by others in this rate case."  
26

1 **Q. Did Staff consider the arguments made by the representatives from Arizonans for**  
2 **Fair Power Policy?**

3 A. Yes. Staff and the other settling parties met with representatives from Arizonans for Fair  
4 Power Policy to discuss their concerns during the Settlement negotiations. In addition,  
5 Staff had at least one other meeting with their representatives regarding their concerns and  
6 the Commissions processes in this case. Staff also recently participated in a deposition  
7 conducted by APS of the author of a document entitled “Arizona Utilities – Modifications  
8 to Infrastructure Extension Policies, Impact Analysis” prepared by Elliott D. Pollack &  
9 Company, that was filed by Arizonans for Fair Power Policy in this docket, and which is  
10 referenced by some of the persons who are opposing the Settlement Agreement? A copy  
11 of the transcript of that deposition was filed with APS’ witness Ewen’s Reply Testimony  
12 on August 6, 2009.

13  
14 **Q. You mentioned that the Settlement Agreement contained some important changes to**  
15 **APS’ tariff for line extensions. What are those changes?**

16 A. As specified in Settlement paragraph 10.6, the System Facilities Charge proposed by APS  
17 is withdrawn, and as provided in paragraph 10.7, APS will submit a revised Schedule 3  
18 that includes the modifications specified there, including a clarified definition of Local  
19 Facilities, a Schedule of Charges, a provision that quotes to customers will be itemized,  
20 and procedures for refunding amounts to customers when additional customers connect to  
21 a customer-funded line extension. Staff witness Barbara Keene can provide further details  
22 concerning these changes.

23  
24 **Q. Does Staff support the Settlement Agreement as written?**

25 A. Yes. The Settlement Agreement is an integrated document that resulted from several  
26 months of intensive negotiations, and which incorporates a hard-reached consensus that

1           balances a wide range of differing interests. Staff thus supports the adoption of the  
2           Settlement Agreement, without modification.

3

4   **Q.    Does this conclude your Reply Testimony?**

5   **A.    Yes, it does.**

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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DOCKET NO. E-01345A-08-0172

REPLY TESTIMONY  
SUPPORTING THE SETTLEMENT AGREEMENT  
OF  
BARBARA KEENE  
PUBLIC UTILITIES ANALYST MANAGER  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION

AUGUST 13, 2009

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**EXECUTIVE SUMMARY  
ARIZONA PUBLIC SERVICE COMPANY  
DOCKET NO. E-01345A-08-0172**

This testimony addresses revisions to the Demand-side Management Plan of Administration, the Power Supply Adjustment Plan of Administration; and Service Schedules 1, 3, 4, 5, 8, 10, and 15.

1 **INTRODUCTION**

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

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

5  
6 **Q. Have you previously filed testimony in this docket?**

7 A. Yes. I filed Direct Testimony providing support for the Settlement Agreement, addressing  
8 the Power Supply Adjustment Plan of Administration, Schedule 3, Demand-side  
9 Management ("DSM"), and Renewable Energy standard issues for Arizona Public Service  
10 Company ("APS").

11  
12 **Q. What is the subject matter of this testimony?**

13 A. This testimony addresses a minor correction to Staff's Direct Testimony and APS'  
14 revisions to the following items:

- 15  
16 • Demand-side Management Plan of Administration  
17 • Power Supply Adjustment Plan of Administration  
18 • Service Schedule 1 (Terms and Conditions for Standard Offer and Direct Access  
19 Services)  
20 • Service Schedule 3 (Conditions Governing Extensions of Electric Distribution Lines  
21 and Services)  
22 • Service Schedule 4 (Totalized Metering of Multiple Service Entrance Sections at a  
23 Single Site for Standard Offer and Direct Access Service)  
24 • Service Schedule 5 (Guidelines for Electric Curtailment)  
25 • Service Schedule 8 (Bill Estimation)  
26 • Service Schedule 10 (Terms and Conditions for Direct Access)  
27 • Service Schedule 15 (Conditions Governing the Provision of Specialized Metering)

28  
29 **CORRECTION TO STAFF'S DIRECT TESTIMONY**

30 **Q. Do you have a correction to your Direct Testimony?**

31 A. Yes.

1 **Q. What is the correction?**

2 A. On page 9, line 17 and line 21, of my Direct Testimony, the word "PSA" should be  
3 "DSMAC."  
4

5 **DSM ADJUSTMENT CHARGE PLAN OF ADMINISTRATION**

6 **Q. What is the DSMAC?**

7 A. The DSMAC ("Demand-side Management Adjustment Charge") is the adjustor  
8 mechanism through which APS recovers prudently incurred DSM program and related  
9 costs incurred by APS, above the \$10 million included in base rates, in connection with  
10 Commission-approved DSM programs and activities.  
11

12 **Q. Will the DSMAC Plan of Administration need to be revised?**

13 A. Yes. The DSMAC Plan of Administration will need to be revised to incorporate the  
14 modifications to the DSMAC that are included in the Settlement Agreement.  
15

16 **Q. Was the revised DSMAC Plan of Administration filed with the Settlement  
17 Agreement?**

18 A. No, but APS filed a revised DSMAC Plan of Administration on June 29, 2009. On  
19 August 11, 2009, APS attached a DSMAC Plan of Administration with further revisions to  
20 the Additional Supplemental Direct Settlement Testimony of APS witness David J.  
21 Rumolo.  
22

23 **Q. Has Staff reviewed the revised DSMAC Plan of Administration?**

24 A. Yes. Staff has reviewed the revised DSMAC Plan of Administration filed on August 11,  
25 2009, and finds it to be consistent with the Settlement Agreement, with one correction.  
26

1 **Q. What is the correction?**

2 A. On Schedule 1 of the DSMAC Plan of Administration, the phrase "less the \$10 million in  
3 base rates" should be added at the end of footnote No. 4. This correction would make it  
4 clear that only costs above the amount in base rates would be recovered through the  
5 adjustment mechanism.

6  
7 **Q. Does Staff have any further recommendations regarding the DSMAC Plan of  
8 Administration?**

9 A. Yes. Staff recommends that language be added to the Plan of Administration that  
10 describes the provision in Decision No. 67744 that allows a customer with an active DSM  
11 program and usage of 20 MW or greater to file for Commission approval of an exemption  
12 from the DSMAC.

13

14 **POWER SUPPLY ADJUSTMENT PLAN OF ADMINISTRATION**

15 **Q. What is the Power Supply Adjustment ("PSA")?**

16 A. The PSA is the adjustor mechanism through which APS collects or returns the difference  
17 between actual fuel and purchased power costs and the amount included in base rates.

18

19 **Q. Will the PSA Plan of Administration need to be revised?**

20 A. Yes. The PSA Plan of Administration will need to be revised to incorporate the  
21 modifications to the PSA that are included in the Settlement Agreement.

22

23 **Q. Was the revised PSA Plan of Administration filed with the Settlement Agreement?**

24 A. No, but APS filed a revised PSA Plan of Administration on June 29, 2009. On August 11,  
25 2009, APS attached a PSA Plan of Administration with further revisions to the Additional  
26 Supplemental Direct Settlement Testimony of APS witness David J. Rumolo.

1 **Q. Has Staff reviewed the revised PSA Plan of Administration?**

2 A. Yes. Staff has reviewed the revised PSA Plan of Administration filed on August 11, 2009,  
3 and finds it to be consistent with the Settlement Agreement, with two minor corrections.

4  
5 **Q. What are the corrections?**

6 A. On Schedule 4 of the PSA Plan of Administration, footnote No. 2 should be deleted  
7 because it is outdated. On Schedule 5, line 8, there is an incorrect reference to footnote  
8 No. 5 that should be deleted.

9  
10 **SERVICE SCHEDULE 1**

11 **Q. What is Service Schedule 1?**

12 A. Service Schedule 1 ("Schedule 1") includes APS' terms and conditions for Standard Offer  
13 and Direct Access services.

14  
15 **Q. Has APS proposed revisions to its Schedule 1?**

16 A. Yes. APS filed a revised Schedule 1 on June 29, 2009.

17  
18 **Q. Has Staff reviewed the revised Schedule 1?**

19 A. Yes. Staff has reviewed the revised Schedule 1 filed on June 29, 2009, and finds the  
20 revisions acceptable, with one exception.

21  
22 **Q. What is the exception?**

23 A. On page 8, section 4.3.2, first line, APS has proposed replacing the word "will" with  
24 "may" in regard to correcting billing errors. Staff believes that the change would be  
25 inconsistent with A.A.C. R14-2-210.E which requires a utility to correct bills after

1           discovering an error. APS has indicated to Staff that it agrees with Staff that the revision  
2           should not be made.

3  
4           **SERVICE SCHEDULE 3**

5           **Q.     What is Service Schedule 3?**

6           A.     Service Schedule 3 ("Schedule 3") is APS' line extension policy.

7  
8           **Q.     Will Schedule 3 need to be revised?**

9           A.     Yes. Schedule 3 will need to be revised to incorporate the modifications to Schedule 3  
10          that are included in the Settlement Agreement.

11  
12          **Q.     Was the revised Schedule 3 filed with the Settlement Agreement?**

13          A.     No, but APS filed a revised Schedule 3 on June 29, 2009. On August 11, 2009, APS  
14          attached a Schedule 3 with further revisions to the Additional Supplemental Direct  
15          Settlement Testimony of APS witness David J. Rumolo.

16  
17          **Q.     Has Staff reviewed the revised Schedule 3?**

18          A.     Staff is in the process of reviewing the revised Schedule 3 filed on August 11, 2009. In  
19          particular, Staff will be analyzing data to support the Schedule of Charges that is included  
20          on Attachment 1 to Schedule 3.

21  
22          **SERVICE SCHEDULE 4**

23          **Q.     What is Service Schedule 4?**

24          A.     Service Schedule 4 ("Schedule 4") includes APS' terms and conditions for totalized  
25          metering, which is the measurement for billing purposes through one meter of the

1 demands and energy of a customer who receives electric service through multiple service  
2 entrances.

3

4 **Q. Has APS proposed revisions to its Schedule 4?**

5 A. Yes. APS filed a revised Schedule 4 on June 29, 2009.

6

7 **Q. Has Staff reviewed the revised Schedule 4?**

8 A. Yes. Staff has reviewed the revised Schedule 4 filed on June 29, 2009, and finds the  
9 revisions acceptable.

10

11 **SERVICE SCHEDULE 5**

12 **Q. What is Service Schedule 5?**

13 A. Service Schedule 5 ("Schedule 5") includes APS' guidelines for electric curtailment.

14

15 **Q. Has APS proposed revisions to its Schedule 5?**

16 A. Yes. APS filed a revised Schedule 5 on June 29, 2009.

17

18 **Q. Has Staff reviewed the revised Schedule 5?**

19 A. Yes. Staff has reviewed the revised Schedule 5 filed on June 29, 2009, and finds the  
20 revisions acceptable.

21

22 **SERVICE SCHEDULE 8**

23 **Q. What is Service Schedule 8?**

24 A. Service Schedule 8 ("Schedule 8") includes APS' procedures for estimating electric usage  
25 when a valid meter read cannot be obtained.

26

1 **Q. Has APS proposed revisions to its Schedule 8?**

2 A. Yes. APS filed a revised Schedule 8 on June 29, 2009. On July 17, 2009, APS attached  
3 Schedule 8 with further revisions to the Supplemental Direct Settlement Testimony of  
4 APS witness David J. Rumolo.

5  
6 **Q. Has Staff reviewed the revised Schedule 8?**

7 A. Yes. Staff has reviewed the revised Schedule 8 filed on July 17, 2009, and finds the  
8 revisions acceptable, with one exception.

9  
10 **Q. What is the exception?**

11 A. On page 7, section 3.2.6, last sentence and page 9, section 3.2.8.6, last sentence, the  
12 language should be clarified as follows:

13  
14 *"Load factors listed above will be modified through general rate case or*  
15 *tariff filings, ~~or~~ within three months ~~whenever~~ of annual Load Research*  
16 *studies ~~indicate~~ indicating that changes in these data are greater than 5%."*

17  
18 **SERVICE SCHEDULE 10**

19 **Q. What is Service Schedule 10?**

20 A. Service Schedule 10 ("Schedule 10") includes APS' terms and conditions for Direct  
21 Access, which refers to a retail customer procuring competitive services from other  
22 providers.

23  
24 **Q. Has APS proposed revisions to its Schedule 10?**

25 A. Yes. APS filed a revised Schedule 10 on June 29, 2009.

26

1 **Q. Has Staff reviewed the revised Schedule 10?**

2 A. Yes. Staff has reviewed the revised Schedule 10 filed on June 29, 2009, and finds some of  
3 the revisions acceptable.

4  
5 **Q. Which revisions to Schedule 10 does Staff find to be not acceptable?**

6 A. On page 17, section 8.2.1.1, and page 18, sections 8.3 and 8.4 of Schedule 10, APS has  
7 proposed language to allow competitive suppliers to subcontract with APS for APS to  
8 provide metering and meter reading services for Direct Access customers. Staff believes  
9 that these provisions might not be consistent with the Commission's Retail Electric  
10 Competition rules. Since the topic of retail electric competition is currently under review  
11 in Docket No. E-00000A-02-0051, Staff believes that a policy change should not be made  
12 to Schedule 10 at this time.

13

14 **SERVICE SCHEDULE 15**

15 **Q. What is Service Schedule 15?**

16 A. Service Schedule 15 ("Schedule 15") provides the conditions under which APS would  
17 provide specialized metering upon customer request.

18

19 **Q. Has APS proposed revisions to its Schedule 15?**

20 A. Yes. APS filed a revised Schedule 15 on June 29, 2009.

21

22 **Q. Has Staff reviewed the revised Schedule 15?**

23 A. No. Staff has not completed its review of the revised Schedule 15.

24

25 **Q. Does this conclude your Reply Testimony?**

26 A. Yes, it does.