

ORIGINAL



0000099088

1 LUBIN & ENOCH, P.C.
 2 Nicholas J. Enoch
 3 State Bar No. 016473
 Jarrett J. Haskovec
 4 State Bar No. 023926
 349 North Fourth Avenue
 5 Phoenix, Arizona 85003
 Telephone: (602) 234-0008
 Facsimile: (602) 626-3586
 E-mail: nicholas.enoch@azbar.org

RECEIVED

2009 JUN -8 P 4: 24

AZ CORP COMMISSION
DOCKET CONTROL

6 Attorneys for Intervenor IBEW Local 1116

8 **BEFORE THE ARIZONA**
 9 **CORPORATION COMMISSION**

10 IN THE MATTER OF THE
 11 APPLICATION OF UNS GAS,
 12 INC. FOR THE ESTABLISHMENT
 OF JUST AND REASONABLE
 13 RATES AND CHARGES DESIGNED
 TO REALIZE A REASONABLE
 14 RATE OF RETURN ON THE FAIR
 VALUE OF THE PROPERTIES OF
 15 UNS GAS, INC. DEVOTED TO
 ITS OPERATIONS THROUGHOUT
 THE STATE OF ARIZONA.

Docket No. G-04204A-08-0105

**NOTICE OF FILING DIRECT
 TESTIMONY OF FRANK GRIJALVA**

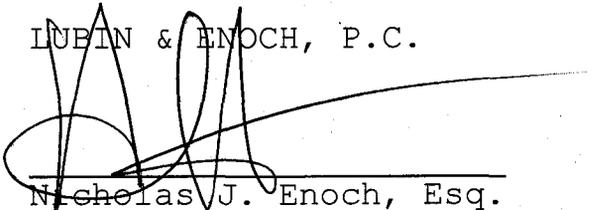
16 Pursuant to the Administrative Law Judge's Procedural
 17 Order (p. 2) dated January 7, 2009, Local Union 1116,
 18 International Brotherhood of Electrical Workers, AFL-CIO,
 19 CLC ("IBEW Local 1116"), by and through undersigned counsel,
 20 hereby provides notice of its filing of the attached Direct
 21 Testimony of Frank Grijalva in this docket.

22 RESPECTFULLY SUBMITTED this 8th day of June 2009.

LUBIN & ENOCH, P.C.

25 Arizona Corporation Commission
 26 **DOCKETED**

JUN - 8 2009

27 
 28 Nicholas J. Enoch, Esq.
 Attorney for Intervenor

DOCKETED BY 

1 Original and thirteen (13) copies
2 of IBEW Local 1116's Notice filed
3 this 8th day of June, 2009, with:

3 Arizona Corporation Commission
4 Docket Control Center
5 1200 West Washington Street
6 Phoenix, Arizona 85007-2996

7 Copies of the foregoing
8 transmitted electronically
9 this same date to:

7 Dwight D. Nodes, Assistant Chief ALJ
8 Hearing Division
9 Arizona Corporation Commission
10 1200 West Washington Street
11 Phoenix, Arizona 85007

10 Raymond S. Heyman, Esq.
11 UniSource Energy Corporation
12 One South Church Avenue, Ste. 200
13 Tucson, Arizona 85701
14 Co-counsel for Applicant

13 Michael W. Patten, Esq.
14 Roshka, DeWulf & Patten, PLC
15 400 East Van Buren Street, Ste. 800
16 Phoenix, Arizona 85004
17 Co-counsel for Applicant

16 Janice M. Alward, Esq.
17 Chief Counsel, Legal Division
18 Arizona Corporation Commission
19 1200 West Washington
20 Phoenix, Arizona 85007

19 Ernest Johnson, Director
20 Utilities Division
21 Arizona Corporation Commission
22 1200 West Washington
23 Phoenix, Arizona 85007

1 Daniel W. Pozefsky, Esq.
Residential Utility Consumer Office
2 1100 West Washington, Suite 220
Phoenix, Arizona 85007
3 Attorney for Intervenor RUCO

4 Cynthia Zwick
1940 East Luke Avenue
5 Phoenix, Arizona 85016
Intervenor
6

7 Michael Arsen
8
9

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1 **Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A1. Frank Grijalva. My business address is 750 South Tucson
3 Boulevard, Tucson, Arizona 85716-5689.

4 **Q2. PLEASE DESCRIBE YOUR RECENT EMPLOYMENT.**

5 A2. I am the Business Manager/Financial Secretary for Intervenor
6 Local Union 1116, International Brotherhood of Electrical
7 Workers, AFL-CIO, CLC ("IBEW Local 1116"). The position of
8 Business Manager/Financial Secretary is an elected union
9 position and, due to the retirement of my predecessor, I was
10 appointed by our Executive Board to my present position in
11 October 2007. Because all IBEW local unions also have a
12 person holding the position of "President," it is common for
13 persons outside of our organization to believe that the
14 "President" is the principal officer of the Local. That is
15 not the case. Article 17, §§ 4 and 8 of the Constitution of
16 the International Brotherhood of Electrical Workers, AFL-
17 CIO, clearly states that the Business Manager/Financial
18 Secretary is the "principal officer" of any IBEW local
19 union.

20
21 Prior to my becoming Business Manager/Financial
22 Secretary for IBEW Local 1116, I was employed by the
23 Tucson Electric Power Company ("TEP") for twenty-two
24 (22) years in a variety of bargaining unit positions,
25 the last of which was as a Designer for Transmission
26 and Distribution Construction. While employed at TEP,
27 I was a very active member of IBEW Local 1116,
28 including previously serving as the Local's President

1 and in other positions on the Executive Board.

2 **Q3. WHAT IS IBEW LOCAL 1116?**

3 A3. IBEW Local 1116 is the labor organization which serves as
4 the exclusive representative for, *inter alia*, approximately
5 one-hundred and ten (110) employees of UNS Gas. In
6 particular, IBEW Local 1116 represents all of the UNS Gas
7 employees holding the following positions:

- 8 ● Construction and Maintenance Crewman,
- 9 ● Customer Service Representative (I & II),
- 10 ● Dispatcher,
- 11 ● Material Control Technician,
- 12 ● Meter Reader,
- 13 ● Planner,
- 14 ● Service Technician, and
- 15 ● Utilityperson.

16 IBEW Local 1116 and UNS Gas have entered two collective
17 bargaining agreements dating back to June of 2004 concerning
18 rates of pay, wages, hours of employment, and other terms
19 and conditions of employment.

20
21 In addition to representing the aforementioned employees at
22 UNS Gas, IBEW Local 1116 also represents hundreds of
23 employees at TEP [a UniSource Energy Corporation
24 ("UniSource") company], Southwest Energy Solutions (also a
25 UniSource company), Trico Electric Cooperative, Inc.
26 ("Trico") and Asplundh Tree Expert Company. To learn more
27 about IBEW Local 1116, I invite you to visit our website at
28 www.ibew1116.com.

1 **Q4. HAVE YOU TESTIFIED IN OTHER MATTERS BEFORE THE ARIZONA**
2 **CORPORATION COMMISSION?**

3 A4. Yes. On behalf of IBEW Local 1116, I testified in support
4 of the 2008 TEP settlement agreement. See generally 2008
5 Ariz. PUC LEXIS 201. Just last month, I testified in
6 support of Trico's pending rate application, Docket No. E-
7 01461A-08-0430. As my union firmly believes that our
8 success is inextricably linked to the success of our
9 represented companies, we are always willing to voice our
10 public support for them when it is justified, like in this
11 case, and when it is in our mutually-beneficial interest to
12 do so.

13 **Q5. DO YOU BELIEVE UNS GAS IS A RESPONSIBLE CORPORATE CITIZEN?**

14 A5. Absolutely. While by no means perfect, the relationship
15 between IBEW Local 1116 and TEP is one which is mature and
16 stable. It is clear that this stability has benefitted UNS
17 Gas, its employees, and customers. In my opinion, the
18 importance of the strong and stable relationship between a
19 public service corporation and its employees cannot be
20 overstated. I believe that my opinion in this regard is
21 widely shared.

22 **Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

23 A6. As you know, Article XV, §3 of the Arizona Constitution
24 expressly states that the interests of public service
25 employees are on par with those of patrons. It reads as
26 follows:

27 The corporation commission shall have full
28 power to, and shall ... make reasonable

1 rules, regulations, and orders, by which such
2 [public service] corporations shall be
3 governed in the transaction of business
4 within the State, and ... make and enforce
5 reasonable rules, regulations, and orders for
6 the convenience, comfort, and safety, and the
7 preservation of the health, of the **employees**
8 and patrons of such corporations[.]
9

10 On behalf of its own members, as well as thousands patrons
11 of UNS Gas, IBEW Local 1116 believes this proceeding
12 provides it with a unique and timely opportunity to express
13 to this Commission our qualified support of UNS Gas's
14 Application and our reasons for doing so.

15 **Q7. DO YOU BELIEVE THAT UNS GAS IS ENTITLED TO AN INCREASE ITS**
16 **RATES EFFECTIVE NO LATER THAN DECEMBER 1, 2009?**

17 A7. Yes.

18 **Q8. PLEASE EXPLAIN WHAT YOU MEAN BY "THE INCOME TRANSFER**
19 **FUNCTION OF RATEMAKING."**

20 A8. At the most generalized level, ratemaking distributes wealth
21 from consumers to utility owners. Thus, one function of
22 ratemaking is to affect the amount of money that is
23 transferred from ratepayers to the shareholders that own the
24 utility. In other words, ratemaking is not only a form of
25 price control, it is also a form of profit control. I will
26 refer to this dynamic as the "the income transfer function
27 of ratemaking."

28 **Q9. WHAT DO YOU BELIEVE OUGHT TO BE DONE WITH UNS GAS'S PAYROLL**

1 **EXPENSE ADJUSTMENT AND PAYROLL TAX EXPENSE ADJUSTMENT?**

2 A9. On page 19, lines 20-25, of Dallas Dukes' Direct Testimony,
3 a reference is made to an "estimated pay rate increase that
4 will go into effect January 1, 2010" and that "[t]he pay
5 rate increase as of January 1, 2010, will be known prior to
6 the close of the record in this proceeding and prior to
7 rates going into effect based on a decision in this
8 proceeding." Because UNS Gas and IBEW Local 1116 just
9 recently concluded their contract negotiations regarding,
10 *inter alia*, the year 2010, this should assist the Company in
11 making any adjustments that may need to be made to the
12 Payroll Expense and Payrolls Tax Expense adjustments. In
13 particular, if the contractually agreed-upon pay increase is
14 greater than the estimate set forth in the Application, then
15 Gas ought to seek, and IBEW Local 1116 would fully support,
16 a corresponding increase to the Payroll Expense and Payroll
17 Tax Expense adjustments.

18
19 I know that Dallas Dukes believes that "the rate can be
20 updated if its varies **significantly** from the estimate" but,
21 in my opinion, it ought to be updated irrespective of the
22 size of the discrepancy. Otherwise, public service
23 corporations, like UNS Gas, would not be allowed to
24 recuperate their actual increases in the cost of doing
25 business.

26 **Q10. DO YOU BELIEVE THAT UNS GAS OUGHT TO RECOVER A GREATER SHARE**
27 **OF ITS FIXED COSTS THROUGH A HIGHER FIXED MONTHLY SERVICE**
28 **CHARGE?**

1 A10. Yes.

2 **Q11. DOES THIS CONCLUDE YOUR TESTIMONY?**

3 A11. Yes.

F:\Wick\Pleading.dir\UNS-017-Testimony#1.pld.wpd

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28