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Arizona Corporation Commission

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5 Attorneys for Arizona School Boards Association

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7 **BEFORE THE ARIZONA CORPORATION COMMISSION**

8 KRISTIN K. MAYES, CHAIRMAN  
9 GARY PIERCE  
10 PAUL NEWMAN  
11 SANDRA D. KENNEDY  
BOB STUMP

Docket No. E-01345A-08-0172

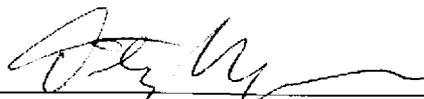
12 IN THE MATTER OF THE APPLICATION  
13 OF ARIZONA PUBLIC SERVICE  
14 COMPANY FOR A HEARING TO  
15 DETERMINE THE FAIR VALUE OF THE  
16 UTILITY PROPERTY OF THE COMPANY  
FOR RATEMAKING PURPOSES, TO FIX A  
17 JUST AND REASONABLE RATE OF  
18 RETURN THEREON, TO APPROVE RATE  
SCHEDULES DESIGNED TO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

**NOTICE OF FILING TESTIMONY  
OF ROBERT RICE, ARIZONA  
SCHOOL BOARDS ASSOCIATION  
IN SUPPORT OF SETTLEMENT  
AGREEMENT**

19  
20  
21  
22 The Arizona School Boards Association ("ASBA"), through its undersigned  
23 counsel, hereby provides notice that it has this day filed the testimony of Robert Rice in  
24 support of the settlement agreement in connection with the above-captioned matter.  
25

1 DATED this 1<sup>st</sup> day of July, 2009.

2 ARIZONA CENTER FOR LAW IN  
3 THE PUBLIC INTEREST

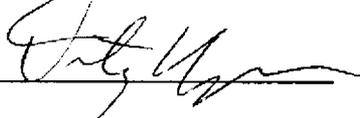
4 By   
5 Timothy M. Hogan  
6 202 E. McDowell Rd., Suite 153  
7 Phoenix, Arizona 85004  
8 Attorneys for Arizona School Boards  
9 Association

10 ORIGINAL and 13 COPIES of  
11 the foregoing filed this 1<sup>st</sup> day  
12 of July, 2009, with:

13 Docket Control  
14 Arizona Corporation Commission  
15 1200 W. Washington  
16 Phoenix, AZ 85007

17 COPIES of the foregoing  
18 electronically transmitted  
19 this 1<sup>st</sup> day of July, 2009 to:

20 All Parties of Record

21   
22  
23  
24  
25

**BEFORE THE ARIZONA CORPORATION COMMISSION**

**COMMISSIONERS**

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

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, AND TO APPROVE RATE  
SCHEDULES DESIGNED TO DEVELOP  
SUCH RETURN.

DOCKET NO. E-01345A-08-0172

**Permanent Rate Case**

**Testimony in Support of Proposed Settlement Agreement**

**Of Robert Rice**

**On Behalf of**

**Arizona School Boards Association**

**July 1, 2009**

1                                   **DIRECT TESTIMONY OF ROBERT RICE**  
2                                   **ON BEHALF OF ARIZONA SCHOOL BOARDS ASSOCIATION**

3                                   (Docket No. E-01345A-08-0172)

4  
5   **Q.   PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

6   A.   Robert Rice. My address is 463 West Kent, Chandler, Arizona 85225.

7   **Q.   WHAT IS YOUR POSITION?**

8   A.   I am the President of the Arizona School Boards Association, serve on the organization's  
9        Board of Directors and a member of the Chandler Unified School District Governing  
10       Board.

11   **Q.   ON WHOSE BEHALF ARE YOU PROVIDING TESTIMONY IN THIS**  
12        **PROCEEDING?**

13   A.   I am providing testimony on behalf of the Arizona School Boards Association.  
14        The Arizona School Boards Association ("ASBA") is a 501(c)(3) non-profit,  
15        membership-driven association of more than 240 Arizona public school governing  
16        boards. Its members represent 1200 plus school board members and over 1.12 million  
17        Arizona children. ASBA's mission is to promote community volunteer governance of  
18        public education and continue improvement of student success by providing leadership  
19        and assistance to public school governing boards.

20   **Q.   WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

21   A.   This is the first time that ASBA has intervned in a utility rate proceeding at the  
22        Commission. In the past we have provided public comment but have been challenged by  
23        Commissioners to become more involved in rate proceedings to advance the interests of  
24        Arizona public schools and their governing boards. This case has represented our first  
25        effort at doing so. In entering this case as a party our hope was that we can provide  
26        support to our member districts in managing their energy demand, thus reducing their

1 costs, with the potential of having more funding available for school governing boards to  
2 devote to classroom learning. We believe this has been accomplished and urge the  
3 Commissioners to approve the proposed settlement which contains many positive  
4 provisions for Arizona's public schools.

5 **Q. PLEASE DESCRIBE THE FUNDING OF ARIZONA'S PUBLIC SCHOOLS**  
6 **RELATIVE TO OTHER STATES.**

7 A. By any measure, Arizona per-pupil education funding is low compared to other states.  
8 The American Legislative Exchange Council recently reported that among all of the 50  
9 states plus Washington, D.C., only Utah spends less per pupil, placing Arizona in 50<sup>th</sup>  
10 place. This low funding level forces Arizona school districts and their governing boards  
11 to be as efficient as possible with the dollars that they receive.

12 **Q. ARE THERE ANY CONSTRAINTS ON THE FUNDING THAT IS AVAILABLE**  
13 **TO ARIZONA'S PUBLIC SCHOOLS?**

14 A. Yes. Arizona schools have seen great changes in the way utilities are funded. While  
15 *there is a measure on the books that would allow school districts to recoup up to 90% of*  
16 *their total utility costs that exceed the so-called "excess utility" amount allowed in the*  
17 *2008 school year, this already reduced funding is slated for cuts in the last iteration of the*  
18 *state budget. Regardless of the final outcome of the budget, it is safe to say that there are*  
19 *great incentives for Arizona school districts to manage their utility expenses to be as*  
20 *efficient as possible. The proposed settlement agreement greatly assists our member*  
21 *school districts in their efforts to conserve energy, reduce their utility demand and*  
22 *ultimately reduce the energy expenses and is strongly supported by our organization.*  
23 *Once again, we urge the Commission to support the negotiated proposed settlement.*

24 **Q. DO YOU HAVE ANY SPECIFIC RECOMMENDATIONS TO MAKE IN THIS**  
25 **PROCEEDING?**

1 A, Yes. We urge the Commission to accept the settlement as presented which requires the  
2 Arizona Public Service Company to work cooperatively with Arizona school districts to  
3 ascertain and implement cost saving measures that can lower the utility demand that  
4 school districts have. The settlement includes measures that will allow Arizona school  
5 districts to be energy producers and not just consumers, including programs that assist  
6 districts in attaining alternative energy production devices such as photo-cell solar panel  
7 collectors and attendant equipment. Again, we urge the Commission to approve the  
8 proposed settlement.

9 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

10 A. Yes.