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BEFORE THE ARIZONA CORPORATION COMMISSION

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MAR 16 2010

ARIZONA CORP. COMM
400 W CONGRESS STE 218 TUCSON AZ 85702

IN THE MATTER OF THE APPLICATION OF
SULFUR 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

No. E-01575A-08-0328

IN THE MATTER OF THE APPLICATION OF
SULFUR SPRINGS VALLEY ELECTRIC
COOPERATIVE, INC. FOR A ORDER
INSTITUTING A MORATORIUM ON THE NEW
CONNECTIONS TO THE V-7 FEEDER LINE
SERVING THE AREAS OF WHETSTONE, RAIN
VALLEY, ELGIN, CANELO, SONOITA, AND
PATAGONIA, ARIZONA

No. E-01575A-09-0453

SUSAN J. DOWNING DIRECT TESTIMONY

March 15, 2010

This filing contains the direct testimony of Susan J. Downing, Intervenor, for Docket Numbers E-01575A-08-0328 and E-01575A-09-0453. Sulphur Springs Valley Electric Cooperative petitioned the Commission to amend Decision No. 71274 on January 14, 2010. Thereafter, SSVEC requested an expedited procedural order regarding the petition to amend Decision No. 71274.

Arizona Corporation Commission

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Testimony will prove that "exigent reliability circumstances" do not exist and SSVEC and Navigant Feasibility Consulting have failed to provide a reasonable basis to support the immediate construction of the 69kV line.

Respectfully,



Susan J. Downing

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Please state your name and address

Susan Downing
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Why are you involved in these Proceedings?

I have been a cooperative member of Sulfur Springs Valley Electric Cooperative (SSVEC) for 25 years. I am an intervenor in Dockets E-01575A-08-0328 and E-01575A-09-0453. There are three reasons I chose to be an intervenor in this matter. These are:

1. Concerns with how my cooperative spends my money.
2. I do not believe that the SSVEC proposed Sonoita Reliability Project is the best solution for the current or future needs of my community.
3. The proposed route through the Babacomari Ranch will create environmental, archeological, and visual damage to area that deserves protection.

Have you previously testified before the Arizona Corporation Commission?

No. I have spoken during public comment segments prior to becoming an intervenor and I have attended Procedural Hearings in these two dockets.

Background

When did you first become aware of SSVEC plans to improve service to Sonoita, Elgin, Canelo, Rain Valley and Patagonia?

After receiving a notice in the mail from SSVEC, I attended a public meeting at Patagonia High School on November 14, 1991. After hearing the presentation, SSVEC asked if anyone would be interested in joining an advisory committee. I joined the Community Advisory Committee and attended every meeting thereafter.

What were some of the topics discussed at these meetings?

Different routes were suggested by members and SSVEC investigated each route. They presented construction costs and developed a matrix to evaluate the different options. Jim Sober, Line Extension Supervisor, along with other SSVEC employees listened to member concerns and explored different options. Other topics discussed were pole height, pole design, EMF, easements, and environmental studies.

How did these meetings differ from the SSVEC meetings held more recently?

During the 1991-93 meetings I felt the SSVEC employees were sincerely concerned with how members felt, they were respectful and very truthful. For example, any time a member asked a question about a route, SSVEC would investigate and at the next meeting bring copies of all correspondence or research results. Everything was very transparent. They presented copies of letters from Bill Brophy of the Babacomari Ranch, Tucson Electric and others. I had great

respect for the SSVEC staff. I felt they cared, were very truthful, honest and open minded. They made me feel like the cooperative operated as a cooperative, for the members benefit.

My dealing with the current SSVEC staff is quite the opposite. They have not answered questions and have refused to be forthright or to back up any of their statements with data or proof. Their attitude has been that we should not question anything they say, but to believe it hook, line and sinker. Credan Huber, Jack Blair, Deborah White have made public statements that I do not believe are true.

What statements have they made that you feel may not be true?

For example, to convince my community that the proposed line is necessary, they have stated in their letters to the community that we suffer from 270 hours a year in outages. They have lost so much creditability with these statements because everyone knows we don't lose power that often. The Navigant Study (Page 2, Table ES-1) states that our outage time is 3 hours and would be less if not for the high wind related outages in 1999. I believe this is the correct outage time.

How often are the outages and how do they affect you?

I have lived in both Sonoita and Elgin for 25 years. We rarely have outages compared to how it used to be. When we do have outages, it is usually during wind storms and lightening, the same conditions that cause outages in the other SSVEC service areas and for that matter in other electric utility service areas. We do get blinks sometimes but that is just a minor inconvenience. I'm surprised that we don't get more poles down during wind storms since they appear to be in very bad shape along the existing 25kV line. The poles are very old and the wood has deteriorated badly. I feel that SSVEC is not adequately maintaining the poles and equipment.

On August 18, 2009, we had an outage of several hours with brownout conditions prior to the entire V-7 line going down. At the Board of Directors meeting on August 19, 2009, I asked Ron Orozco what had happened. He told the Board and the cooperative members attending that the causation was a very old fuse at the substation and it did not open like it should have. This is what caused the brownout and blackout. After hearing Mr. Orozco say this at the meeting, a cooperative member who is also a Journeyman Electrician asked SSVEC to ensure that their crews do not allow this (brownout) to happen again since it causes equipment damage in peoples' homes.

Recently there were two outages that lasted several hours and affected the entire V-7 feeder. Tell me about these.

One was on December 8, 2010 during a terrible wind storm. Winds of 70 mph were clocked in Sierra Vista. From reading The Sierra Vista Herald newspaper reports I understood that SSVEC had extended outages in many communities including Willcox and Sierra Vista. Their article *Winds Remind Us How Good We Have It* states "The howling winds reportedly gusted to more than 70 miles per hour at times throughout the evening. There were power outages in the southwest part of town with residents going chilly for nearly eight hours." So I guess our outage was a small one compared to what other cooperative members suffered.

The outage on December 23, 2010 was from a snowstorm with high winds that we had overnight. The power went off that morning at 5:50am. At 6:30am I drove about 23 miles to the

substation and back along the V-7 line. I could not find any SSVEC crews responding. At 7:32am I found a crew checking poles. I stopped and asked them what the problem was and they said they did not know yet, they were still checking reclosers. Later in the day I heard that a pole had gone down. One of the reasons that the outages are so long is because SSVEC has to mobilize crews that are based about 45 minutes away. This adds a lot to the outage times they are tracking. Even if it is a fuse on a pole outside your house, it is recorded as an one hour occurrence because that's how long it takes to get them out. I believe this is why the Navigant Study recommended keeping a crew closer in bad weather.

Would the proposed 69kV line improve your reliability?

Not according to the Navigant study. The study states on page 2. *"Resolution of voltage anomalies were beyond the scope of this effort, but should be addressed if the V-7 feeder remains in its current configuration. (voltage perturbation may continue to be a problem even if certain upgrades outlined herein are implemented.) The long lines create power quality events- mostly voltage sags- characteristic of long lines were fault current is low, especially for faults occurring on outlying line sections."* The proposed 69kV line is about the same length as the existing one, so the same issues exist. Also, both the existing substation (Huachuca) and the proposed 69kV line tap into the same transmission line- resulting in a power source with no redundancy. If that transmission line, which is on a busy highway (State Highway 90), is hit by a car, both lines to Sonoita would go down.

You stated that you have concerns about how your cooperative spends your money. What do you mean by this?

Enormous amounts have been spent on the campaign and legal proceedings to cram the Sonoita Reliability Project down the throats of its members to the tune of almost one million dollars. I see wasteful spending in the form of multiple mailings, robocalls, SSVEC management efforts to encourage employee's families and friends to write letters of support and ongoing legal fees. As a member I see all of this reflected in increased electricity costs and decreased patronage. This wasted money would have better served the rate payers if it had been spent to improve our current service by investigating the problems identified in the Navigant report or better yet by investing in renewable energy. Given these tough economic times my Cooperative has been frivolous and foolish with their spending. The blame lies with their CEO and Board.

Why do you believe that the SSVEC proposed Sonoita Reliability Project is not the best solution for the current or future needs of your community?

The 69kV line plan was developed in 1991, almost twenty years ago. This is an outdated plan that depends on coal, a cheap, dirty fuel that is a finite natural resource. With Cap and Trade and renewable energy mandates it will become an expensive solution that will not provide the reliability that it claims. Many in my community embrace renewable energy and expect our cooperative to use Best Available Technology, not outdated and expensive solutions.

The Sonoita, Elgin, Patagonia areas depend on tourism and the proposed 69kV line will forever scar the landscape. Visitors to our area come to see the wide open vistas with an unblemished

view of our mountains in the background. They come to see the scenic beauty of one of the few remaining grasslands in the Southwest, an area known to birders, hikers and outdoorsmen.

The Navigant Feasibility Study reaffirmed my position that there are more cost effective solutions available. SSVEC can do much to improve their Demand Side Management (DSM) and Time of Use (TOU) programs. Both of these programs are ineffective because SSVEC does little to make them attractive to cooperative members. The DSM program is little more than an advertising program. They do nothing to promote the purchase of Energy Star washers, dryers, refrigerators or dishwashers. There are no rebates for Energy Star fluorescent lighting. SSVEC continues to promote all electric homes with heat pumps which are very inefficient in colder climates like we have. Most cooperative members do not even realize that SSVEC has a TOU program since it is not promoted very often. They have no measurement tools in place to track or evaluate the performance of their programs. They really don't know what works and what doesn't or where our money is put to good use.

Do you think the Navigant study was independent?

I do not. While the report claims there was no contact between Navigant and SSVEC staff it then goes on to state in a footnote on Page 8 that an SSVEC employee accompanied Navigant and TRC. Photo 9 even shows a SSVEC vehicle with the emblem on the door at the substation site.

Navigant depended on SSVEC for much of its data with no time allowed to research data on their own due to the rushed timeframe caused by SSVEC's late response to the ACC order. Navigant used much of the data SSVEC provided. For example Table ES-2: Economic Comparisons of Alternatives. How can O&M costs be more for a line along an easy to access public highway (State Highway 82) as opposed to a rugged, mountainous, poorly accessible ranch such as the Babocomari? I understand that Navigant also used equipment cost estimates provided by SSVEC. So it goes to say, garbage in, garbage out.

Are you comfortable with David Larson of Navigant Consulting being previously employed by Arizona Electric Power Cooperative?

Absolutely not, this is a conflict of interest. Given how large a company Navigant is, Mr. Larson should not have been used on this project.

How do you feel about Navigant's statement that "We incorporated several comments and suggestions offered by TRC and SSVEC related to the RFP to clarify our findings and conclusions?"

By allowing SSVEC to comment on the findings and influence the resulting outcome negated "independence" to this feasibility study.

Do you agree with Mr. Eugene Shlatz's statement that the T-1 option across the Babocomari Ranch did not present any material environmental impacts that could not be

addressed through modest migration methods, such as low profile design and selection of materials that blend with the natural landscape?

No, the view will be greatly impacted by any poles. The maintenance roads will also scar the view. In the past, movies have been filmed here because of the great beauty of the landscape. Many of the movies were westerns, which required a landscape without electric lines and poles. Oklahoma was filmed here long ago, but more recently Tombstone was filmed on the Babocomari Ranch.

Do you think the proposed route through the Babacomari Ranch will create environmental, archeological, and visual damage?

The information provided in the Study was inadequate. The report stated that further environmental studies would be necessary if they proposed route was chosen.

The issue at hand is the impact the installation and maintenance of an electrical line will make on an area that is fragile and will never recover from this construction. SSVEC has already bulldozed areas of the ranch for the purpose of construction. On the ranch there are wetlands, and this area is a link between the Sky Islands. Jaguars have been sited nearby. Species that depend on the grassland ecosystem are rapidly losing habitat.

The archeological did not mention the Babocomari Village, an Indian settlement that was found on the Babocomari Creek, nor the Fort Wallen, an army fort on the Babocomari. There are also reports of burial grounds.