

ORIGINAL



AZ COR

0000115319

AUG 24 1 45 PM '99

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

LAW OFFICES  
**O'CONNOR CAVANAGH MOLLOY JONES**

SBN00212400  
33 NORTH STONE AVENUE - SUITE 2100  
TUCSON, ARIZONA 85701-1621  
(520) 622-3531

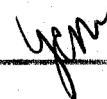
DOCUMENT CONTROL

Arizona Corporation Commission

DOCKETED

AUG 24 1999

Russell E. Jones, SBN 000549  
Attorneys for Trico Electric Cooperative, Inc.

DOCKETED BY 

BEFORE THE ARIZONA CORPORATION COMMISSION

CARL J. KUNASEK  
Chairman  
JAMES M. IRVIN  
Commissioner  
WILLIAM A. MUNDELL  
Commissioner

IN THE MATTER OF THE STRANDED  
COST FILING AND REQUEST FOR A  
WAIVER OF CERTAIN PORTIONS OF THE  
RULES FILED BY TRICO ELECTRIC  
COOPERATIVE, INC.

Docket No. E-01461A-98-0466

IN THE MATTER OF THE FILING BY  
TRICO ELECTRIC COOPERATIVE, INC. OF  
UNBUNDLED AND STANDARD OFFER  
SERVICE TARIFFS PURSUANT TO A.A.C.  
R14-2-1606

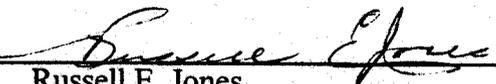
Docket No. E-01461A-97-0696

**NOTICE OF FILING OF TESTIMONY  
OF TRICO ELECTRIC  
COOPERATIVE, INC.**

TRICO ELECTRIC COOPERATIVE, INC. hereby files testimony of David Rumolo of  
Navigant Consulting, Inc. in the above captioned dockets.

RESPECTFULLY SUBMITTED, this 23rd day of August, 1999.

O'CONNOR CAVANAGH MOLLOY JONES

By:   
Russell E. Jones  
Attorneys for Trico Electric Cooperative, Inc.

1 Original and 10 copies of the foregoing  
2 document filed the 24th day of August,  
1999, with:

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 W. Washington  
6 Phoenix, Arizona 85007

7 Copy of the foregoing document mailed  
8 the 24th day of August, 1999, to:

9 Michael A. Curtis  
10 Paul R. Michaud  
11 Martinez & Curtis, P.C.  
12 2712 North 7th Street  
13 Phoenix, Arizona 85006-1090  
14 Attorneys for Navopache Electric  
15 Cooperative, Inc. and Mohave Electric  
Cooperative, Inc.

16 Steven M. Wheeler  
17 Thomas L. Mumaw  
18 Jeffrey B. Guldner  
19 Snell & Wilmer, LLP  
20 One Arizona Center  
21 Phoenix, Arizona 85004  
22 Attorneys for Arizona Public Service  
23 Co.

24 Barbara J. Klemstine  
25 Arizona Public Service Company  
26 400 North 5th Street  
Phoenix, Arizona 85072-3999

C. Webb Crockett  
Jay L. Shapiro  
Fennemore Craig  
3003 North Central Avenue, Ste 2600  
Phoenix, Arizona 85012-2913  
Attorneys for ASARCO, et al.

Lex Smith  
Michael Patten  
Brown & Bain, P.A.  
2901 North Central Avenue, Suite 2000  
Phoenix, Arizona 85001-0400  
Attorneys for Illinova Energy Partners

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

Betty K. Pruitt  
ACAA  
2627 N. 3rd Street, Suite 2  
Phoenix, Arizona 85004

Douglas C. Nelson  
7000 N. 16th Street, #120-307  
Phoenix, Arizona 85020  
Attorney for Commonwealth Energy  
Corp.



---

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

LAW OFFICES  
**O'CONNOR CAVANAGH MOLLOY JONES**  
SBN00212400  
33 NORTH STONE AVENUE - SUITE 2100  
TUCSON, ARIZONA 85701-1621  
(520) 622-3531

Russell E. Jones, SBN 000549  
Attorneys for Trico Electric Cooperative, Inc.

BEFORE THE ARIZONA CORPORATION COMMISSION

CARL J. KUNASEK  
Chairman  
JAMES M. IRVIN  
Commissioner  
WILLIAM A. MUNDELL  
Commissioner

IN THE MATTER OF THE STRANDED  
COST FILING AND REQUEST FOR A  
WAIVER OF CERTAIN PORTIONS OF THE  
RULES FILED BY TRICO ELECTRIC  
COOPERATIVE, INC.

Docket No. E-01461A-98-0466

IN THE MATTER OF THE FILING BY  
TRICO ELECTRIC COOPERATIVE, INC. OF  
UNBUNDLED AND STANDARD OFFER  
SERVICE TARIFFS PURSUANT TO A.A.C.  
R14-2-1606

Docket No. E-01461A-97-0696

REBUTTAL TESTIMONY OF  
  
DAVID RUMOLO  
  
ON BEHALF OF  
  
TRICO ELECTRIC COOPERATIVE, INC.  
  
AUGUST 25, 1999

1 Q. Please state your name, position, and business address.

2 A. My name is David Rumolo. I am a Principal with Navigant Consulting, Inc. My business  
3 address is 302 North First Avenue, Suite 810, Phoenix, Arizona 85003. Navigant Consulting,  
4 Inc. is the new name of Resource Management International, Inc.

5 Q. Would you please summarize your experience in cost of service analysis, rate design and  
6 related issues?  
7

8 A. I hold Bachelor of Science Degrees in Electrical Engineering and Business (Finance as the  
9 area of emphasis) and have been involved in utility planning and financial issues since 1974.  
10 I have been responsible for cost of service analyses, rate design, and rate related analyses for  
11 rural electric cooperatives throughout the western United States and have provided expert  
12 witness testimony on rate issues before several regulatory bodies. I have performed rate and  
13 cost analyses for municipal and investor owned utilities. I have also provided expert witness  
14 testimony on the valuation of utility properties.  
15

16 Q. Whom are you representing in this matter?

17 A. I am representing Trico Electric Cooperative Inc. (Trico).

18 Q. Do you provide consulting services to other distribution cooperatives, in addition to Trico?

19 A. Yes, our firm represents Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC), Mohave  
20 Electric Cooperative, Inc. (MEC), and Navopache Electric Cooperative, Inc. SSVEC, Trico  
21 and MEC are members of AEPCO.  
22

23 Q. What is the purpose of your rebuttal testimony?

24 A. I will respond to several points made by Staff witness Elaine Saunders, primarily with regard  
25 to unbundled rates as it applies to distribution cooperatives. I will also address the issue of  
26

1 stranded cost recovery for AEPCO members. The Staff witness addressed the issue of  
2 Stranded Cost Recovery for Navopache Electric Cooperative which is not an AEPCO member  
3 but did not offer testimony regarding Stranded Cost Recovery for AEPCO members.

4 Q. Did SSVEC, Trico, and MEC file implementation plans for Stranded Cost Recovery?

5 A. Each cooperative filed a waiver request regarding Stranded Cost Recovery. The AEPCO  
6 members cannot file a final plan until the Arizona Corporation Commission (ACC) issues a  
7 final order regarding AEPCO's Stranded Cost Recovery. When such an order is issued, each  
8 cooperative will file a compliance filing that will reflect the AEPCO plan. Each cooperative  
9 may also, in the future, file plans for recovery of distribution system stranded costs, if any.  
10 Since Staff witnesses did not address the waiver requests, we have assumed that Staff  
11 supports the requested waivers.  
12

13 Q. Did Staff make any recommendations regarding Trico's unbundled rates?

14 A. Yes. Staff recommended that Trico unbundle its standard offer rates to the greatest extent  
15 possible and that Trico be allowed to amend its unbundled rates if the Commission allows  
16 Arizona Public Service Company to use an avoided cost approach to designing unbundled  
17 rates. To the extent that other generation components remain bundled, Staff proposes that  
18 Trico inform customers of the bundled purchases through a footnote or other means.  
19

20 Q. What actions has the ACC taken in the past regarding Trico's Standard Offer rates and  
21 Unbundled Rates.  
22

23 A. On December 14, 1998, the ACC approved Trico's request that the existing bundled tariff be  
24 adopted as Trico's Standard Offer tariff (Decision 61284). The ACC had also approved  
25  
26

1 Trico's unbundled distribution services tariff. This decision was based on the then current  
2 Competition Rules.

3 Q. What is Trico's response to Staff's proposal regarding unbundled standard offer rates?

4 A. As noted in our waiver request, Trico purchases resources from AEPCO on a bundled basis  
5 and can only unbundle our tariff to the degree that we have the data available. Therefore, we  
6 propose that our existing bundled tariff continue as our Standard Offer tariff in accordance  
7 with the decision issued by the ACC. In the future, should our power supplies be obtained on  
8 an unbundled basis, we will unbundle our retail rates. In the interim, we will provide  
9 customers information regarding the average cost of bundled components to the degree  
10 possible as suggested by the Staff witness. Our existing bundled tariff includes power supply  
11 costs that reflect current bundled embedded costs as adjusted through a purchased power  
12 adjustment mechanism. Actual bundled purchased power costs per kWh vary from month to  
13 month. Therefore, we need to maintain our existing structure. However, in compliance with  
14 future decisions issued by the ACC, Trico will modify its existing filed tariffs. These  
15 modifications will include a rate schedule that indicates the CTC approved by the ACC for  
16 Trico. We may also prepare filings to adopt rate forms, such as the avoided cost  
17 methodology, that may be adopted by the ACC for other utilities.

18 Q. Does Trico face any practical problems in implementing unbundled rates for standard offer  
19 customers?

20 A. Yes. In addition to the problems of unbundling power supply costs that are purchased on a  
21 bundled basis as noted indicated by Trico in its waiver request of June 14, 1999 and discussed  
22 in this testimony, Trico does not currently have billing software that can print out unbundled  
23  
24  
25  
26

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

charges. Trico is in the process of acquiring new software and training staff. Trico expects to have the ability to provide unbundled bills by the end of 1999.

Q. Does this conclude your rebuttal testimony?

Yes.