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BEFORE THE ARIZONA CORPORATION COMMISSION

7 GARY PIERCE, CHAIRMAN
8 PAUL NEWMAN
9 SANDRA D. KENNEDY
10 BOB STUMP
11 BRENDA BURNS

12 IN THE MATTER OF THE APPLICATION OF
13 ARIZONA PUBLIC SERVICE COMPANY FOR
14 AUTHORIZATION FOR THE PURCHASE OF
15 GENERATING ASSETS FROM SOUTHERN
16 CALIFORNIA EDISON AND FOR AN
17 ACCOUNTING ORDER.

Docket No. E-01345A-10-0474

NOTICE OF FILING WITNESS
SUMMARY OF TESTIMONY OF
WESTERN RESOURCE
ADVOCATES

18 Western Resource Advocates ("WRA"), through its undersigned counsel, hereby
19 provides notice that it has this day filed the written summary testimony of Dr. David
20 Berry in connection with the above-captioned matter.

21 DATED this 13th day of July, 2011.

22 ARIZONA CENTER FOR LAW IN
23 THE PUBLIC INTEREST

24 By

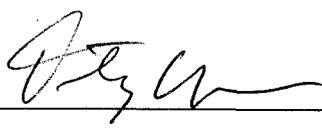
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1 ORIGINAL and 13 COPIES of
2 the foregoing filed this 13th day
of July, 2011, with:

3 Docketing Supervisor
4 Docket Control
Arizona Corporation Commission
5 1200 W. Washington
Phoenix, AZ 85007

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7 COPIES of the foregoing
electronically mailed this
8 13th day of July, 2011 to:

9 All Parties of Record

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11 _____

Summary of Testimony
APS – Four Corners
Docket No. E-01345A-10-0474
David Berry
Western Resource Advocates

I. Summary of Direct Testimony

APS plans to retire Four Corners Units 1-3 (560 MW) and acquire SCE's share of Four Corners Units 4 and 5. Under the provisions of Decision No. 67744, APS must obtain authorization from the Commission to acquire SCE's share of Units 4 and 5. Western Resource Advocates (WRA) recommends that the Commission authorize APS to acquire SCE's share of Units 4 and 5 while simultaneously retiring Units 1-3. APS' proposed transaction results in large environmental and economic benefits. Relative to 2009 operation of the Four Corners Power Plant, carbon dioxide emissions would decline by between 19% and 34%, sulfur dioxide emissions would decline by about 25%, nitrogen oxide emissions would decline by about 88%, mercury emissions would decline by at least 61%, and water consumption would decline by between 18% and 30%.

I compared the costs of APS' proposal to three alternatives:

1. Continuing to operate Units 1-3 and not acquiring SCE's share of Units 4 and 5.
2. Retiring Units 1-3, replacing them with gas generation, and not acquiring SCE's share of Units 4 and 5.
3. Retiring Units 1-3, replacing them with a portfolio of gas generation and renewable energy, and not acquiring SCE's share of Units 4 and 5.

I found that APS' proposal is the least costly option under a range of reasonable assumptions.

However, APS' proposal does expose the Company and its customers to the risk of higher costs if additional environmental regulations are imposed on coal-fired generation. Therefore, I also recommend that the Commission order APS to:

1. Undertake a comprehensive planning process to retire additional coal-fired generation within the next 10 years or so and include coal plant retirement options in future resource plans.
2. Evaluate a solar – coal hybrid at one of its coal-fired power plants and report back to the Commission on its findings, including whether to proceed with a coal-solar hybrid facility.

II. Response to APS Rebuttal

APS raised two issues with WRA's recommendations. First, APS appears to object to my recommendation that it be ordered to include options for additional coal plant retirements in future resource plans. I don't think there is any substantive disagreement between WRA and APS; Mr. Dinkel indicates that APS will include reduced coal options in its future resource plans. I recommend that the Commission's order acknowledge this resolution of the issue.

Second, APS' rebuttal appears to oppose evaluating a coal-solar hybrid at one of its coal-fired power plants. I believe the evaluation is important in developing a risk management strategy. In its response to WRA's data request # 22, APS indicated that it is currently engaged in two solar-hybrid feasibility studies. The first involves solar augmentation of the Redhawk power plant. The second study is evaluating the feasibility of solar augmentation at a coal fired power plant and is a joint study with other utilities. I briefly discussed the scope of these studies with APS on July 12, 2011. APS indicated that it plans to report on the findings from its studies in its next RES compliance report. I recommend that the Commission's order in this docket acknowledge that APS is proceeding with solar hybrid studies and will report its findings. I also recommend that the Commission's order indicate that, if its findings from the studies support further analysis, APS should conduct additional analyses, consider developing a demonstration hybrid project, and consider whether such a project would qualify as a solar electricity resource or a pilot project under the RES rules. APS should report annually to the Commission on its plans regarding any project or potential project resulting from this analysis, using its RES implementation plans and compliance reports if appropriate.