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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION OF NAVOPACHE ELECTRIC COOPERATIVE, INC. FOR A DETERMINATION OF THE FAIR VALUE OF ITS PROPERTY FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RETURN THEREON AND TO APPROVE RATES DESIGNED TO DEVELOP SUCH RETURN.

DOCKET NO. E-01787A-11-0186

STAFF'S NOTICE OF FILING SURREBUTTAL TESTIMONY

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") hereby files the Surrebuttal Testimony of Staff witnesses J. Jeffrey Pasquinelli and Richard B. Lloyd in the above-referenced matter.

RESPECTFULLY SUBMITTED this 4th day of April, 2012.

Scott M. Hesla, Staff Attorney
 Kimberly Ruht, Staff Attorney
 Legal Division
 Arizona Corporation Commission
 1200 West Washington Street
 Phoenix, Arizona 85007
 (602) 542-3402

Original and thirteen (13) copies of the foregoing filed this 4th day of April, 2012, with:

Docket Control
 Arizona Corporation Commission
 1200 West Washington Street
 Phoenix, Arizona 85007

1 Copy of the foregoing mailed and/or
2 emailed this 4th day of April, 2012, to:

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BEFORE THE ARIZONA CORPORATION COMMISSION

GARY PIERCE
Chairman
BOB STUMP
Commissioner
SANDRA D. KENNEDY
Commissioner
PAUL NEWMAN
Commissioner
BRENDA BURNS
Commissioner

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. E-01787A-11-0186
NAVOPACHE ELECTRIC COOPERATIVE,)
INC., AN ELECTRIC COOPERATIVE NON-)
PROFIT MEMBERSHIP CORPORATION FOR)
DETERMINATION OF THE FAIR VALUE OF)
ITS PROPERTY FOR A RATEMAKING)
PURPOSES, TO FIX A JUST AND)
REASONABLE RETURN THEREON AND TO)
APPROVE RATES DESIGNED TO DEVELOP)
SUCH RETURNS)
_____)

SURREBUTTAL

TESTIMONY

OF

J. JEFFREY PASQUINELLI

PUBLIC UTILITIES ANALYSIS

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

APRIL 4, 2012

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EXECUTIVE SUMMARY
NAVOPACHE ELECTRIC COOPERATIVE, INC.
DOCKET NO. E-01787A-11-0186

Mr. Pasquinelli's Surrebuttal Testimony makes the following observations with respect to Navopache Electric Cooperative's ("NEC") rates and billing:

- Staff maintains its original proposals except as discussed here in Surrebuttal.
- NEC's revenue from electric rates should be increased approximately 6.9 percent overall to achieve the recommended revenue requirement of \$48,836,868.
- NEC's rate design proffered on rebuttal is acceptable to Staff, with minor modifications made for the purpose of meeting Staff's proposed revenue requirement.

1 **INTRODUCTION**

2 **Q. Please state your name, occupation, and business address.**

3 A. My name is Jeffrey Pasquinelli. I am a Public Utilities Analyst employed under contract
4 by the Arizona Corporation Commission (“Commission”) in the Utilities Division
5 (“Staff”). My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

6
7 **Q. Are you the same Jeffrey Pasquinelli who filed Direct Testimony in this case?**

8 A. Yes. I filed Direct Testimony on behalf of Staff on February 15, 2012.

9
10 **Q. Have you reviewed Navopache Electric Cooperative, Inc.’s (“Navopache” or “NEC”
11 or “Company”) Rebuttal case in this proceeding?**

12 A. Yes, I have.

13
14 **Q. What is the scope of your Surrebuttal Testimony in this case?**

15 A. I am proposing that many of Navopache’s rebuttal positions on rate design be accepted as
16 reasonable positions.

17
18 **RATE DESIGN**

19 **Q. How does your rate design presented here on Surrebuttal differ from that presented
20 in your Direct case?**

21 A. As indicated, I am proposing that most of Navopache’s rebuttal positions on rate design be
22 accepted. I have utilized the rates proposed by NEC with minor modifications so as to
23 realize Staff’s proposed revenue requirement. Staff maintains a similar proposed revenue
24 allocation per class as seen in its direct case.

25
26 Staff’s proposed rate design is attached in Exhibit JJP-1.

1 **Q. Navopache witness Mr. David Hedrick made several criticisms of your rate design**
2 **positions on rebuttal. How do you respond to his points made on customer charges?**

3 A. Commission policy has generally been to keep customer charges low, giving customers
4 the opportunity to control bills through control of their energy use. Also, when compared
5 to other Arizona electric utilities, Navopache's monthly customer charges are already
6 quite high. Leaving customer charges at their present levels addressed both of these
7 concerns. However, NEC's rebuttal position, in which it offers Customer Charges much
8 lower than originally proposed, is acceptable to Staff.

9
10 **Q. How do you respond to the points made with respect to commercial and industrial**
11 **("C&I") on-peak demand charges?**

12 A. First, Staff's rate design was based on present rates, adding an increase to meet the
13 proposed revenue requirement.

14
15 Navopache's rebuttal uses its C&I time-of-use rate as an example of Staff's unsatisfactory
16 rate design, Mr. Hedrick testifies "Staff's proposed on-peak demand charge is \$9.76,
17 which is only \$0.10 more than the \$9.69 charge Staff proposes for off-peak use."¹

18
19 Mr. Hedrick is correct, although the difference is seven cents, not ten. The reason for this
20 rate design is, as indicated, that Staff started with NEC's present rates which are \$7.20 per
21 kW of billing demand and \$7.25 per kW for on-peak demand. Keeping the same ratio of
22 peak to off-peak pricing, Staff changed rates in a manner that would meet Staff's proposed
23 overall revenue requirement.

24

¹ Hedrick Rebuttal p. 8, l. 23

1 Nonetheless, Staff would accept NEC's proposed C&I time-of-use rates as a reasonable
2 position, modified slightly to reach Staff's proposed revenue requirement. Staff now
3 proposes a billing demand charge of \$9.80 per kW and an on-peak demand charge of
4 \$14.50 per kW.

5

6 **Q. Navopache has criticized Staff's Irrigation rates since they would maintain a**
7 **horsepower ("HP") charge rather than a demand charge. Please address this.**

8 A. As indicated above, Staff started with NEC's present rates which, for Irrigation, were
9 based on the outdated horsepower charges. By changing rate levels to meet the proposed
10 revenue requirement, Staff did not pick up NEC's proposed change from HP to demand
11 rates. Staff agrees that demand rates make more sense than HP rates, and accepts NEC's
12 proposed Irrigation demand rates.

13

14 **Q. Does this complete your Surrebuttal Testimony?**

15 A. Yes, it does.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
PRESENT AND PROPOSED RATES - ARIZONA

RESIDENTIAL

Rate 1

	<u>PRESENT</u>	<u>PROPOSED NEC Rebuttal</u>	<u>PROPOSED STAFF FINAL</u>
Customer Charge	\$18.30	\$19.50	\$19.50
First 400 kWh	5.892¢	7.960¢	7.853¢
Over 400 kWh	8.992¢	12.060¢	11.900¢

Time of Use

Customer Charge	\$25.25	\$26.00	\$26.00
On-Peak kWh	9.330¢	14.450¢	14.430¢
Off-Peak kWh	4.450¢	5.590¢	5.580¢

NAVOPACHE ELECTRIC COOPERATIVE, INC.
PRESENT AND PROPOSED RATES - ARIZONA

LARGE COMMERCIAL AND INDUSTRIAL (ABOVE 50 KVA)

	<u>PRESENT</u>	<u>PROPOSED NEC Rebuttal</u>	<u>PROPOSED STAFF FINAL</u>
<u>Rate 2 - Secondary</u>			
Customer Charge	\$120.00	\$120.00	\$120.00
Billing kW	\$8.70	\$9.80	\$9.90
First 300 kWh/kW/Mo.	5.197¢	7.720¢	7.750¢
Over 300 kWh/kW/Mo.	2.747¢	2.820¢	2.900¢
<u>Rate 2 - Primary</u> (3% Discount)			
Customer Charge	\$244.00	\$244.00	\$244.00
Billing kW	\$8.44	\$9.51	\$9.60
First 300 kWh/kW/Mo.	5.041¢	7.488¢	7.518¢
Over 300 kWh/kW/Mo.	2.665¢	2.735¢	2.813¢
<u>Time of Use - Secondary</u>			
Customer Charge	\$155.00	\$155.00	\$155.00
Billing kW	\$7.20	\$9.80	\$9.80
On-Peak Billing kW	\$7.25	\$14.00	\$14.50
kWh	2.747¢	2.550¢	2.550¢
<u>Time of Use - Primary</u> (3% Discount)			
Customer Charge	\$244.00	\$244.00	\$244.00
Billing kW	\$6.99	\$9.51	\$9.51
On-Peak Billing kW	\$7.03	\$13.58	\$14.07
kWh	2.665¢	2.474¢	2.474¢
<u>Rate 8</u>			
<u>Interruptible</u>			
Customer Charge	\$488.00	\$488.00	\$488.00
Billing kW	\$6.16	\$9.80	\$9.80
On-Peak Billing kW	\$8.56	\$22.50	\$22.50
kWh	2.747¢	3.200¢	3.200¢
Primary Service 3% Discount			

NAVOPACHE ELECTRIC COOPERATIVE, INC.**PRESENT AND PROPOSED RATES - ARIZONA**

	<u>PRESENT</u>	<u>PROPOSED NEC Rebuttal</u>	<u>PROPOSED STAFF FINAL</u>
<u>SMALL COMMERCIAL</u>			
<u>Rate 3</u>			
Customer Charge	\$23.50	\$25.00	\$25.00
kWh	7.470¢	9.670¢	9.820¢
 <u>Time of Use - 6 Month</u>			
Customers (Apr-Sep)	\$23.50	\$25.00	\$25.00
Customers (Oct-Mar)	\$33.05	\$34.55	\$34.55
kWh (Apr-Sep)	7.470¢	9.670¢	9.820¢
kWh On-Peak (Oct-Mar)	10.040¢	15.090¢	15.500¢
kWh Off-Peak (Oct-Mar)	5.840¢	6.490¢	6.550¢
 <u>Time of Use - 12 Month</u>			
Customer Charge	\$33.05	\$34.55	\$34.55
kWh On-Peak	10.040¢	15.090¢	15.500¢
kWh Off-Peak	5.840¢	6.490¢	6.550¢

IRRIGATION & WATER PUMPING

	<u>PRESENT</u>	<u>PROPOSED NEC Rebuttal</u>	<u>PROPOSED STAFF FINAL</u>
<u>Rate 4</u>			
Customer Charge	\$34.00	\$38.00	\$38.00
Installed HP / Dmd*	\$2.50	\$5.00	\$5.00
kWh	6.367¢	8.770¢	8.930¢
 <u>Time of Use</u>			
Customer Charge	\$39.00	\$43.00	\$43.00
Installed HP / Dmd*	\$2.50	\$5.00	\$5.00
kWh On-Peak	8.077¢	4.010¢	4.010¢
kWh Off-Peak	4.747¢	4.010¢	4.010¢

* Present rates based on Installed Horsepower ("HP")

Proposed rates based on kW demand

NAVOPACHE ELECTRIC COOPERATIVE, INC.**PRESENT AND PROPOSED RATES - ARIZONA****LIGHTING****Rate 5****Customer Owned Security Lights**

		<u>PRESENT</u>	<u>PROPOSED</u> <u>NEC Rebuttal</u>	<u>PROPOSED</u> <u>STAFF FINAL</u>
		<u>Rate</u>		
175 Watt MVL	75 kWh	6.85	8.65	8.72
250 Watt MVL	110 kWh	8.65	11.20	11.29
400 Watt MVL	175 kWh	14.25	18.30	18.49
100 Watt HPS	34 kWh	4.70	5.60	5.65
150 Watt HPS	50 kWh	6.60	7.90	7.99
250 Watt HPS	85 kWh	8.35	10.40	10.51

Cooperative Owned Security Lights

175 Watt MVL	75 kWh	8.55	10.45	10.53
250 Watt MVL	110 kWh	10.95	13.64	13.74
400 Watt MVL	175 kWh	17.75	22.05	22.23
100 Watt HPS	34 kWh	7.60	8.65	8.75
150 Watt HPS	50 kWh	9.50	11.00	11.09
250 Watt HPS	85 kWh	11.25	13.50	13.61

Rate 6**Street Lighting**

175 Watt MVL	75 kWh	8.55	10.45	10.53
250 Watt MVL	110 kWh	10.00	12.60	12.74
400 Watt MVL	175 kWh	17.75	22.00	22.23
1,000 Watt HPS	435 kWh	30.00	39.85	40.18
100 Sodium	34 kWh	4.70	5.60	5.65
150 Sodium	50 kWh	6.60	7.90	7.99
250 Sodium	85 kWh	8.35	10.40	10.51

**NAVOPACHE ELECTRIC COOPERATIVE, INC.
2010 TEST YEAR RATES AND REVENUE - ARIZONA**

		Present	N.E.C. Rebuttal	Staff Proposed	Pct Incr.
Residential	Base	23,091,199	31,018,627	30,792,283	
	PCA	5,654,198	0	0	
	Tot	28,745,397	31,018,627	30,792,283	7.12%
C&I	Base	7,085,747	10,113,519	10,210,705	
	PCA	2,489,385	0	0	
	Tot	9,575,132	10,113,519	10,210,705	6.64%
Sm Comm	Base	4,874,783	6,558,301	6,646,845	
	PCA	1,369,281	0	0	
	Tot	6,244,064	6,558,301	6,646,845	6.45%
Irr	Base	540,043	696,215	741,713	
	PCA	156,369	0	0	
	Tot	696,412	696,215	741,713	6.50%
L'g	Base	370,078	445,265	445,265	
	PCA	46,602	0	0	
	Tot	416,680	445,265	445,265	6.86%
Total Arizona Elec Rev		45,677,636	48,831,926	48,836,810	6.92%

58 = RevReq - Rev

NEC Rebuttal RevReq = 48,859,038 6.96%
Staff RevReq as filed = 48,836,868 6.92%

NAVAPACHE ELECTRIC COOPERATIVE, INC.
2010 TEST YEAR RATES AND REVENUE - ARIZONA

	PRESENT			PROPOSED NEC Rebuttal			PROPOSED STAFF FINAL		
	Billing Units	Rate	Revenue	Billing Units	Rate	Revenue	Billing Units	Rate	Revenue
RESIDENTIAL									
Customers (12 Month Sum)		18.30	6,452,299		19.50	6,875,400		19.50	6,875,400
First 400 kWh		0.058920	5,675,336		0.079600	7,667,290		0.078531	7,564,322
Over 400 kWh		0.089920	6,377,665		0.120600	8,553,675		0.119000	8,440,193
CTC Adjustment		-0.00605	-1,011,855		0.000000	0		0.000000	0
Subtotal			17,493,445			23,096,365			22,879,916
PCA Revenue			3,931,022			0			0
Total Std Res Revenue			21,424,467			23,096,365			22,879,916
<u>Time of Use - 6 Month</u>									
Customers (Apr-Sep)		18.30	0.0		19.50	0		19.50	0
Customers (Oct-Mar)		25.25	222,402		26.00	229,008		26.00	229,008
kWh (Apr-Sep)		0	0		0	0		0	0
First 400 kWh		0.058920	0		0.079600	0		0.144300	0
Over 400 kWh		0.089920	0		0.120600	0		0.055800	439,559
kWh On-Peak (Oct-Mar)		0.093300	284,206		0.144500	440,168		0.144300	507,325
kWh Off-Peak (Oct-Mar)		0.044500	404,587		0.055900	508,234		0.055800	0
CTC Adjustment		-0.00605	-73,435		0.000000	0		0.000000	0
Subtotal			837,760			1,177,410			1,175,892
PCA Revenue			279,690		0	0			0
Total Res 6-mo TOU Revenue			1,117,450			1,177,410			1,175,892
<u>Time of Use - 12 Month</u>									
Customers (12 Month Sum)		25.25	1,315,097		26.00	1,354,159		26.00	1,354,159
On-Peak kWh		0.093300	2,020,966		0.144500	3,130,006		0.144300	3,125,674
Off-Peak kWh		0.044500	1,799,652		0.055900	2,260,686		0.055800	2,256,642
CTC Adjustment		-0.00605	-375,720		0.000000	0		0.000000	0
Subtotal			4,759,994			6,744,851			6,736,475
PCA Revenue			1,443,485		0	0			0
Total Res 12-mo TOU Revenue			6,203,480			6,744,851			6,736,475
Total Base Revenue			23,091,199			31,018,627			30,792,283
Total PCA Revenue			5,654,198			0			0
Total Residential Revenue			28,745,397			31,018,627			30,792,283

NAVOPACHE ELECTRIC COOPERATIVE, INC.

2010 TEST YEAR RATES AND REVENUE - ARIZONA
LARGE COMMERCIAL AND INDUSTRIAL (ABOVE 50 KVA)

PRESENT

Rate 2 - Secondary	Billing Units	Rate	Revenue
Customers (12 Month Sum)	2,540	120.00	304,780
Billing kW	175,715	8.70	1,528,719
First 300 kWh/kW/Mo.	43,227,875	0.051970	2,246,553
Over 300 kWh/kW/Mo.	11,245,781	0.027470	308,922
CTC Adjustment	54,473,656	-0.00605	-329,566
Subtotal			4,059,407
PCA Revenue			1,295,696
Total Lg Comm Sec Revenue			5,355,103

Rate 2 - Primary (3% Discount)

Customers (12 Month Sum)	20	244.00	4,791
Billing kW	3,507	8.44	29,598
First 300 kWh/kW/Mo.	382,434	0.050411	19,279
Over 300 kWh/kW/Mo.	59,766	0.026646	1,593
CTC Adjustment	442,200	-0.00605	-2,675
Subtotal			52,584
PCA Revenue			11,275
Total Lg Comm Pri Revenue			63,859

Time of Use - Secondary

Customers (12 Month Sum)	628	155.00	97,283
Billing kW	84,823	7.20	610,723
On-Peak Billing kW	84,823	7.25	614,964
kWh	33,653,055	0.027470	924,449
CTC Adjustment	33,653,055	-0.006050	-203,601
Subtotal			2,043,818
PCA Revenue			797,333
Total Revenue			2,841,152

Time of Use - Primary (3% Discount)

Customers (12 Month Sum)	60	244.00	14,640
Billing kW	30,394	6.99	212,455
On-Peak Billing kW	30,394	7.03	213,671
kWh	11,197,800	0.026646	298,375
CTC Adjustment	11,197,800	-0.006050	-67,747
Subtotal			671,395
PCA Revenue			270,942
Total Pri TOU Revenue			942,337

Interruptible

Customers (12 Month Sum)	24	488.00	11,712
Billing kW	25,187	6.16	155,150
On-Peak Billing kW	0	8.56	0
kWh	4,694,400	0.027470	128,955
Primary Service Discount	4,694,400	-3.00%	-8,875
CTC Adjustment		-0.006050	-28,401
Subtotal			258,542
PCA Revenue			114,139
Total Inter. Revenue			372,681

Total Base Revenue

Total Base Revenue	104,461,111		7,085,747
Total PCA Revenue			2,489,385
Total Lg Comm Revenue			9,575,132

PROPOSED STAFF FINAL

Billing Units	Rate	Revenue
2,540	120.00	304,780
175,715	9.90	1,739,576
43,227,875	0.077500	3,350,160
11,245,781	0.029000	326,128
54,473,656	0.000000	0
		5,720,644
		5,720,644

PROPOSED NEC Rebuttal

Billing Units	Rate	Revenue
2,540	120.00	304,780
175,715	9.80	1,722,005
43,227,875	0.077200	3,337,192
11,245,781	0.028200	317,131
54,473,656	0.000000	0
		5,681,108
		5,681,108

20	244.00	4,791
3,507	9.51	33,336
382,434	0.074884	28,638
59,766	1.635	1,635
442,200	0.000000	0
		68,400
		68,400

628	155.00	97,283
84,823	9.80	831,262
84,823	14.00	1,187,517
33,653,055	0.025500	858,153
33,653,055	0.000000	0
		2,974,214
		2,974,214

60	244.00	14,640
30,394	9.51	288,927
30,394	14.0650	427,494
11,197,800	0.02474	276,978
11,197,800	0.00	0
		993,297
		993,297

24	488.00	11,712
25,187	9.80	246,830
0	22.50	0
4,694,400	0.032000	150,221
0	-3.00%	-12,263
		396,500
		396,500

10,113,519		10,113,519
10,113,519		10,113,519

NAVOPACHE ELECTRIC COOPERATIVE, INC.

2010 TEST YEAR RATES AND REVENUE - ARIZONA

	PRESENT			PROPOSED NEC Rebuttal			PROPOSED STAFF FINAL		
	Billing Units	Rate	Revenue	Billing Units	Rate	Revenue	Billing Units	Rate	Revenue
SMALL COMMERCIAL									
Customers (12 Month Sum)	35,289	23.50	829,293	35,289	25.00	882,226	35,289	25.00	882,226
kWh	51,326,854	0.074700	3,834,116	51,326,854	0.096700	4,963,307	51,326,854	0.09820	5,040,297
CTC Adjustment		-0.006050	-310,527		0.000000	0			0
Subtotal	102,653,708		4,352,881	102,653,708		5,845,533	102,653,708		5,922,523
PCA Revenue			1,214,740			0			0
Total Revenue			5,567,621			5,845,533			5,922,523
Time of Use - 6 Month									
Customers (Apr-Sep)	744	23.50	17,495	744	25.00	18,612	744	25.00	18,612
Customers (Oct-Mar)	721	33.05	23,819	721	34.55	24,900	721	34.55	24,900
kWh (Apr-Sep)	2,121,844	0.074700	158,502	2,121,844	0.096700	205,182	2,121,844	0.098200	208,365
kWh On-Peak (Oct-Mar)	855,936	0.100400	85,936	855,936	0.150900	129,161	855,936	0.155000	132,670
kWh Off-Peak (Oct-Mar)	1,506,655	0.058400	87,989	1,506,655	0.064900	97,782	1,506,655	0.065500	98,686
CTC Adjustment	4,484,435	-0.006050	-27,131			0			0
Subtotal	4,484,435		346,610			475,637			483,233
PCA Revenue			104,869			0			0
Total Revenue			451,479			475,637			483,233
Time of Use - 12 Month									
Customers (12 Month Sum)	962	33.05	31,801	962	34.55	33,244	962	34.55	33,244
kWh On-Peak	766,132	0.100400	76,920	766,132	0.150900	115,609	766,132	0.155000	118,750
kWh Off-Peak	1,360,216	0.058400	79,437	1,360,216	0.064900	88,278	1,360,216	0.065500	89,094
CTC Adjustment	2,126,348	-0.006050	-12,864	2,126,348	0	0	2,126,348	0	0
Subtotal	2,126,348		175,293	2,126,348		237,131	2,126,348		241,089
PCA Revenue			49,672			0			0
Total Revenue			224,964			237,131			241,089
Total Base Revenue	57,937,637		4,874,783			6,558,301			6,646,845
Total PCA Revenue			1,369,281			0			0
Total Sm Comm Revenue			6,244,064			6,558,301			6,646,845

NAVOPACHE ELECTRIC COOPERATIVE, INC.

2010 TEST YEAR RATES AND REVENUE - ARIZONA

IRRIGATION & WATER PUMPING

	PRESENT		
	Billing Units	Rate	Revenue
Customers (12 Month Sum)	629	34.00	21,378
Installed HP / Dmd*	45,972	2.50	114,929
kWh	5,076,453	0.063670	323,218
CTC Adjustment	5,076,453	-0.006050	-30,713
Subtotal			428,812
PCA Revenue			120,313
Total Revenue			549,125

Time of Use

Customers	157	39.00	6,123
Installed HP / Dmd*	12,086	2.50	30,214
kWh On-Peak	375,507	0.080770	30,330
kWh Off-Peak	1,130,745	0.047470	53,676
CTC Adjustment	1,506,252	-0.006050	-9,113
Subtotal	1,506,252		111,230
PCA Revenue			36,056
Total Revenue			147,286
Total Base Revenue			540,043
Total PCA Revenue			156,369
Total Irr and Pumping Revenue			696,412

* Present rates based on Installed Horsepower ("HP")
Proposed rates based on kW demand ("Dmd")

PROPOSED NEC Rebuttal

	Billing Units	Rate	Revenue
Dmd	629	38.00	23,893
	20,771	5.00	103,855
	5,076,453	0.087700	445,205
			572,953
			572,953

PROPOSED STAFF FINAL

	Billing Units	Rate	Revenue
Dmd	629	38.00	23,893
	20,771	5.00	103,855
	5,076,453	0.089300	453,327
			581,075
			581,075

Dmd	157	43.00	6,751
	5,696	5.00	28,480
	375,507	0.040100	15,058
	1,130,745	0.040100	45,343
Pk Dmd	3,140	8.80	27,630
			123,262
			0
			123,262
			696,215
			696,215

Dmd	157	43.00	6,751
	5,696	5.00	28,480
	375,507	0.040100	15,058
	1,130,745	0.040100	45,343
Pk Dmd	7,387	8.80	65,006
			160,637
			0
			160,637
			741,713
			0
			741,713

NAVOPACHE ELECTRIC COOPERATIVE, INC.

2010 TEST YEAR RATES AND REVENUE - ARIZONA

LIGHTING	Customer-Owned Security Lights	PRESENT			PROPOSED NEC Rebuttal			PROPOSED STAFF FINAL		
		Number	Rate	Rev	Rate	Rev	Rate	Rev		
	175 Watt MVL	551	6.85	3,774	8.65	4,766	8.72	4,804		
	250 Watt MVL	34	8.65	294	11.20	381	11.29	384		
	400 Watt MVL	36	14.25	513	18.30	659	18.49	666		
	100 Watt HPS	2,977	4.70	13,992	5.60	16,671	5.65	16,808		
	150 Watt HPS	595	6.60	3,927	7.90	4,701	7.99	4,752		
	250 Watt HPS	731	8.35	6,104	10.40	7,602	10.51	7,682		
	Subtotal			28,604		34,780		35,095		
	Cooperative Owned Security Lights									
	175 Watt MVL	3,252	8.55	27,805	10.45	33,983	10.53	34,240		
	250 Watt MVL	1,465	10.95	16,042	13.64	19,983	13.74	20,134		
	400 Watt MVL	95	17.75	1,686	22.05	2,095	22.23	2,112		
	100 Watt HPS	26,161	7.60	198,824	8.65	226,293	8.75	228,875		
	150 Watt HPS	0	9.50	0	11.00	0	11.09	0		
	250 Watt HPS	4,625	11.25	52,031	13.50	62,438	13.61	62,953		
	Subtotal			296,387		344,791		348,314		
	Street Lighting									
	175 Watt MVL		8.55	0	10.45	0	10.53	0		
	250 Watt MVL	12	10.00	120	12.60	151	12.74	153		
	400 Watt MVL		17.75	0	22.00	0	22.23	0		
	1,000 Watt HPS		30.00	0	39.85	0	40.18	0		
	100 Sodium	595	4.70	2,797	5.60	3,332	5.65	3,359		
	150 Sodium	2,312	6.60	15,259	7.90	18,265	7.99	18,463		
	250 Sodium	83	8.35	693	10.40	863	10.51	872		
	Subtotal			18,869		22,611		22,847		
	CTC Adjustment			-12,790.53						
	Additional Pole Charges		4.00	39,008			4.00	39,008		
	Subtotal	9,752		370,078				445,265		
	PCA Revenue	1,952,354		46,602				445,265		
	Total Lighting Present Revenue			416,680						

BEFORE THE ARIZONA CORPORATION COMMISSION

GARY PIERCE
Chairman
BOB STUMP
Commissioner
SANDRA D. KENNEDY
Commissioner
PAUL NEWMAN
Commissioner
BRENDA BURNS
Commissioner

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. E-01787A-11-0186
NAVOPACHE ELECTRIC COOPERATIVE,)
INC., AN ELECTRIC COOPERATIVE NON-)
PROFIT MEMBERSHIP CORPORATION FOR)
DETERMINATION OF THE FAIR VALUE OF)
ITS PROPERTY FOR A RATEMAKING)
PURPOSES, TO FIX A JUST AND)
REASONABLE RETURN THEREON AND TO)
APPROVE RATES DESIGNED TO DEVELOP)
SUCH RETURNS)
_____)

SURREBUTTAL
TESTIMONY
OF
RICHARD B. LLOYD
PUBLIC UTILITIES ANALYST V -- ELECTRICITY SPECIALIST
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

APRIL 4, 2012

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EXECUTIVE SUMMARY
NAVOPACHE ELECTRIC COOPERATIVE, INC.
DOCKET NO. E-01787A-11-0186

Richard B. Lloyd's Surrebuttal Testimony contains recommendations regarding Navopache Electric Cooperative, Inc.'s ("NEC") line extension policy and bill estimation tariff.

1 **INTRODUCTION**

2 **Q. Please state your name, occupation, and business address.**

3 A. My name is Richard B. Lloyd. I am a Senior Rate Analyst – Electricity Specialist
4 employed by the Arizona Corporation Commission (“ACC” or “Commission”) in the
5 Utilities Division (“Staff”). My business address is 1200 West Washington Street,
6 Phoenix, Arizona 85007.

7
8 **Q. Briefly describe your responsibilities as a Senior Rate Analyst – Electricity Specialist.**

9 A. In my capacity as a Senior Rate Analyst, I provide recommendations to the Commission
10 on renewable energy and energy efficiency implementation plans, electricity tariffs and
11 rate plans.

12
13 **Q. Have you previously filed testimony in this docket?**

14 A. Yes.

15
16 **Q As part of your employment responsibilities, were you assigned to review Navopache
17 Electric Cooperative, Inc.’s (“NEC”) Rebuttal Testimony?**

18 A. Yes. I reviewed the Rebuttal Testimonies of Mr. Charles R. Moore and Mr. David W.
19 Hedrick on behalf of NEC concerning Staff’s recommendations regarding NEC’s
20 proposed line extension policy.

21

1 **Q. Does Staff agree with NEC's alternative regarding its proposal to exclude the cost of**
2 **the service meter and include no more than fifty percent (50%) of the cost of the**
3 **transformer as part of its line extension allowance amount for individuals not within**
4 **a subdivision?**

5 A. Although Staff agrees with NEC that the cost of the service meter should not be included
6 in the line extension allowance amount, Staff does not agree with NEC's proposal to
7 include no more than fifty percent (50%) of the cost of the transformer as part of its line
8 extension allowance amount for individuals not within a subdivision. Staff continues to
9 recommend that NEC not charge for the cost of a transformer as part of its line extension
10 allowance amount for individuals not within a subdivision. Please refer to Staff's Direct
11 Testimony filed on February 1, 2012. In addition, in the on-going Mohave Electric
12 Cooperative, Inc. rate proceeding, Staff has also recommended that the cost of the
13 transformer not be included as part of the line extension allowance for individuals not
14 located within a subdivision. Please refer to the Surrebuttal Testimony of Ms. Candrea
15 Allen filed March 13, 2012, in Docket No. E-01750A-11-0136.

16
17 Further, Staff believes that any potential customer who has received the current line
18 extension free footage allowance estimate or quote by NEC up to six months prior to an
19 Order in this matter should be given the line extension free footage allowance as specified
20 in NEC's current Policy Manual.

21
22 **Q. Does Staff wish to address any additional issues related to this rate case proceeding?**

23 A. Yes. Currently, NEC's rules and regulations do not include detailed and specific bill
24 estimation procedures that would be implemented in cases where NEC is unable to obtain
25 actual meter reads. In recent Commission rate case Decisions, applicants have been
26 ordered to file separate tariffs describing their bill estimation methodologies.

1 **Q. What are Staff's recommendations regarding NEC's bill estimation procedures?**

2 A. Staff recommends that NEC file in this docket, a separate tariff describing its bill
3 estimation methodologies for Commission approval within thirty days of a Decision in
4 this matter. The tariff should address, but not be limited to, the following terms and
5 conditions:

- 6
- 7 1. Conditions under which estimated bills will be billed to customers.
- 8 2. Notice of estimation clearly noted on estimated bills that are rendered to
9 customers.
- 10 3. Estimation procedures that explicitly address the conditions and procedures for
11 estimated bills such as kWh estimates where: a) at least one year of premise
12 history exists for the same customer at the same premise or a new customer with at
13 least one year of premise history; b) less than one year of premise history for the
14 same customer at the same premise exists; c) less than one year of premise history
15 exists for a new customer but some premise history exists for a new customer; and
16 d) no prior consumption history exists.
- 17 4. Variations in estimation methods for differing conditions such as cases involving
18 meter tampering or damaged meters.
- 19 5. Conditions where bill estimations will be developed automatically or manually.
- 20 6. Conditions where special procedures may be required such as the installation of
21 meters with automatic reading capabilities, the need to estimate first and final bills,
22 and the requirement to use customer specific data to complete an estimate.
- 23 7. Where applicable, clearly indicate that estimation procedures will be in accordance
24 with Arizona Administrative Code R14-2-210 and any other applicable section.
25

1 **SUMMARY OF STAFF'S RECOMMENDATIONS**

2 **Q. Please summarize Staff's recommendations.**

3 A. Staff's recommendations are as follows:

- 4
- 5 1. Staff agrees with NEC that the cost of the service meter should not be included in
- 6 the line extension allowance amount.
- 7 2. Staff continues to recommend that NEC not charge for the cost of a transformer as
- 8 part of its line extension allowance amount for individuals not within a
- 9 subdivision.
- 10 3. Staff recommends that any potential customer who has received the current line
- 11 extension free footage allowance estimate or quote by NEC up to six months prior
- 12 to an Order in this matter should be given the line extension free footage allowance
- 13 as specified in NEC's current Policy Manual.
- 14 4. Staff recommends that NEC file in this Docket a separate tariff describing its bill
- 15 estimation methodologies for Commission approval within thirty days of a
- 16 Decision in this matter.
- 17

18 **Q. Does this conclude your Surrebuttal Testimony?**

19 A. Yes it does.