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BEFORE THE ARIZONA CORPORATION C

COMMISSIONERS

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

Arizona Corporation Commission

DOCKETED

APR - 5 2012

DOCKETED BY [Signature]

IN THE MATTER OF THE APPLICATION OF MOHAVE ELECTRIC COOPERATIVE, INCORPORATED, AN ELECTRIC COOPERATIVE NONPROFIT MEMBERSHIP CORPORATION, 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-01750A-11-0136

STAFF'S NOTICE OF FILING WITNESS SUMMARIES

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") hereby files the witness summaries for Staff witnesses Crystal S. Brown, Jerry E. Mendl, Candrea Allen, Bentley Erdwurm, and Margaret "Toby" Little, in the above-captioned matter.

RESPECTFULLY SUBMITTED this 5th day of April, 2012.

[Signature]

Bridget A. Humphrey, Staff Attorney
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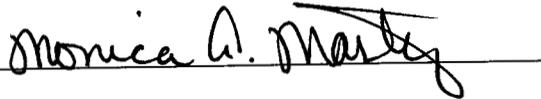
Original and thirteen (13) copies of the foregoing were filed this 5th day of April, 2012 with:

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1 Copies of the foregoing were mailed
this 5th day of April, 2012 to:

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TESTIMONY SUMMARY OF STAFF WITNESS CRYSTAL S. BROWN

**MOHAVE ELECTRIC COOPERATIVE, INC.
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I will appear on behalf of the Arizona Corporation Commission Staff and will testify concerning Staff's position and recommendations regarding Mohave Electric Cooperative, Inc.'s revenue requirement.

Staff recommends total annual revenues of \$79,129,535 resulting in a \$3,605,952 operating margin before interest on long-term debt or 7.50 percent rate of return on a \$48,083,871 rate base.

1 **TESTIMONY SUMMARY OF STAFF WITNESS CANDREA ALLEN**

2 **MOHAVE ELECTRIC COOPERATIVE, INC.**

3 **DOCKET NO. E-01750A-11-0136**

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5 Staff's testimony contains recommendations regarding Mohave Electric Cooperative, Inc.'s
6 proposed modifications regarding its Service Rules and Regulations and Rates and Charges for Other
7 Services.
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1 **TESTIMONY SUMMARY OF STAFF WITNESS BENTLEY ERDWURM**

2 **MOHAVE ELECTRIC COOPERATIVE, INC.**

3 **DOCKET NO. E-01750A-11-0136**

4 **Page 1 of 1**

5 My testimony for this proceeding addresses cost allocation and rate design for Mohave
6 Electric Cooperative (“Mohave”). The Company and Staff substantially agree on issues involving
7 commercial and industrial rate design, except for the prospective rate treatment of three time-of-use
8 commercial/industrial time-of-use customers accounting for approximately 0.1% (one part in 1000)
9 of system revenue, and except for Staff’s proposal to limit the overall residential percentage increase
10 to the system increase. Both the issue of the time-of-use phase-in and the allocation of the revenue
11 increase among classes are policy issues with small impacts relative to the overall system. The most
12 important issue addressed in the Staff rate design testimony is the residential customer charge.

13 The current residential customer charge is \$9.50 per month. Staff proposes that the residential
14 customer charge be increased to \$13.50 per month. Mohave proposes a phase-in of higher residential
15 customer charges, resulting in a \$16.50 per month charge by November 2014. Staff maintains that
16 residential customer charges should generally be limited to metering, meter-reading, the service drop,
17 billing and customer service because these items – closest to the customer’s end-use – are most
18 driven by changes in the number of customers. Staff’s position tying customer charges to metering,
19 meter-reading, the service drop, billing and customer service are based on considerations of cost
20 causation. Moreover, limiting customer charges to metering, meter-reading, the service drop, billing
21 and customer service helps mitigate bill impacts for “basic needs” service and encourages the prudent
22 and economic use of scarce resources. Staff’s \$13.50 residential customer charge proposal actually
23 exceeds the level supported by metering, meter-reading, the service drop, billing and customer
24 service. However, Staff’s \$13.50 proposal is reasonable given Mohave’s acceptance of an inclining
25 block rate structure and the less dense nature of the Mohave system. Residential customer charges in
26 excess of \$13.50 would be more than 15% over the level supported by the costs of metering, meter-
27 reading, the service drop, billing and customer service, and would represent an increase of over 40%
28 in this charge over current levels. This 40% increase is inconsistent with the Commission’s policy of
gradualism.

1 **TESTIMONY SUMMARY OF STAFF WITNESS MARGARET "TOBY" LITTLE**

2 **MOHAVE ELECTRIC COOPERATIVE, INC.**

3 **DOCKET NO. E-01750A-11-0136**

4 **Page 1 of 1**

5 The following summarizes Margaret (Toby) Little's testimony, which discusses Utilities
6 Division Staff's ("Staff") engineering evaluation of Mohave Electric Cooperative's ("MEC,"
7 "Mohave Electric" or "Cooperative") application filed with the Arizona Corporation Commission
8 ("Commission") under the above noted docket, and presents the conclusions of Staff's analysis and
9 Staff's recommendations. As a part of the evaluation, Staff made a site inspection of MEC's
10 distribution system, and reviewed MEC's current operations and maintenance, and MEC's future
11 plans for its electric system. Staff has the following conclusions and recommendations:

12 1. It is Staff's conclusion that Mohave Electric:

13 A. is operating and maintaining its electrical system properly,

14 B. is carrying out system improvements, upgrades and new additions to meet the
15 current and projected load of the Cooperative in an efficient and reliable
16 manner. These improvements, system upgrades and new construction are
17 reasonable and appropriate.

18 C. has an acceptable level of system losses, consistent with the industry
19 guidelines, and

20 D. has a satisfactory record of service interruptions in the historic period from
21 2001 thru 2010, reflecting satisfactory quality of service.

22 2. Staff recommends that:

23 A. Mohave Electric should continue with planned system improvements and
24 additions as provided for in the 2008-2011 Construction Work Plan.

25 B. Mohave Electric should continue with its plans in utilizing the SMART grid
26 grant and with its REST plan.
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