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BEFORE THE
ARIZONA CORPORATION COMMISSION

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IN THE MATTER OF THE APPLICATION OF)	
TUCSON ELECTRIC POWER COMPANY)	DOCKET NO. E-01933A-12-0291
FOR THE ESTABLISHMENT OF JUST AND)	
REASONABLE RATES AND CHARGES)	NOTICE OF FILING OF
DESIGNED TO REALIZE A REASONABLE)	SOUTHERN ARIZONA
RATE OF RETURN ON THE FAIR VALUE OF)	HOMEBUILDERS ASSOCIATION
ITS OPERATIONS THROUGHOUT THE)	
STATE OF ARIZONA.)	

Southern Arizona Homebuilders Association hereby provides notice of filing of the prepared Direct Testimony of David Godlewski in support of the Settlement Agreement in the above-docketed proceeding.

Dated this 14th day of February 2013.

Respectfully submitted,

Lawrence V. Robertson, Jr.
Attorney for Southern Arizona Homebuilders Association

The original and thirteen (13) copies of the foregoing will be filed the 15th day of February 2013 with:

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

A copy of the same served by e-mail or first class mail that same date to:

All Parties of Record

Arizona Corporation Commission
DOCKETED
FEB 15 2013

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DOCKET CONTROL
AZ CORP COMMISSION

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**BEFORE THE
ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE APPLICATION OF)
TUCSON ELECTRIC POWER COMPANY) DOCKET NO. E-01933A-12-0291
FOR THE ESTABLISHMENT OF JUST AND)
REASONABLE RATES AND CHARGES)
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RATE OF RETURN ON THE FAIR VALUE OF)
ITS OPERATIONS THROUGHOUT THE)
STATE OF ARIZONA.)

**Prepared Direct Testimony
Of
David Godlewski
Of
Southern Arizona Homebuilders Association
In Support of the Settlement Agreement**

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**Prepared Direct Testimony
Of
David Godlewski
of
Southern Arizona Homebuilders Association
In Support of the Settlement Agreement**

Q.1 Please describe your name, business affiliation and business address.

A.1 My name is David Godlewski. I am President of the Southern Arizona Homebuilders Association or SAHBA. SAHBA's offices are located at 2840 N. Country Club Road, Tucson, Arizona 85716.

Q.2 Are you the same David Godlewski whose prepared Direct Testimony was filed with the Commission's Docket Control in this proceeding on December 21, 2013?

A.2 Yes, I am.

Q.3 At page 5, lines 14-18 of your prepared Direct Testimony, you indicated that SAHBA intended to participate in the settlement discussions which had previously been scheduled to occur in this proceeding. Did SAHBA in fact participate in those discussions?

A.3 Yes. SAHBA's legal representative was in attendance at all of the settlement discussions which occurred in the Commission's Conference Room in Phoenix; and, he was in attendance during the January 23, 2013 Special Open Meeting when the January 22, 2013 Preliminary Settlement Term Sheet, which resulted from those settlement discussions, was presented to the members of the Commission. In addition, subsequent to that Special Open Meeting, SAHBA and its attorney participated in the negotiations which produced the detailed language of the

1 Settlement Agreement, which was filed with the Commission's Docket Control on
2 February 4, 2013.

3
4 **Q.4 Is SAHBA a signatory to the Settlement Agreement?**

5 A.4 Yes, it is.

6
7 **Q.5 Why does SAHBA support the Settlement Agreement?**

8 A.5 By way of background, and as discussed in my prepared Direct Testimony,
9 SAHBA intervened in this proceeding for two (2) reasons. First, SAHBA's
10 members comply with the base-line energy efficiency requirements of international
11 and local building codes, and SAHBA's members previously have participated in
12 TEP's "beyond code" Energy Efficiency program from time-to-time. Since it was
13 conceivable that existing TEP Energy Efficiency programs in which SAHBA
14 members currently participate and/or hereafter might desire to participate could be
15 changed or eliminated as a result of this proceeding, SAHBA concluded that it was
16 in the interest of its members to intervene and participate in TEP's current rate
17 case. Second, SAHBA wanted to be in a position to advocate, if necessary, for
18 continuation of TEP's historic service extension tariff provisions, which had been
19 reinstated by the Commission in 2011 in Decision No. 72501. The Settlement
20 Agreement addresses each of these objections in a manner acceptable to SAHBA.
21

22 **Q.6 Does the Settlement Agreement beneficially address these objectives for**
23 **SAHBA and its members and if so, how?**

24 A.6 Yes, the settlement agreement satisfactorily addresses our objectives. We found the
25 process to be open, transparent and informative. The Agreement is a benefit to our
26

1 member companies as well as future home buyers. We appreciate the collaborative
2 manner by which TEP worked with SAHBA and our attorney during the process to
3 understand our objectives and work to address them.

4 Article VII (Energy Efficiency Resource Plan) of the Settlement Agreement
5 specifically addresses the subject of Energy Efficiency. Section 7.1 provides that
6 TEP will implement the Energy Efficiency Resource Plan proposed by the
7 Commission's Staff in its prepared Direct Testimony in this proceeding. In that
8 regard, and of particular importance to SAHBA's members, Section 7.3 provides
9 that beginning March 1, 2013, TEP will resume funding of Energy Efficiency
10 programs previously approved by the Commission.

11 This is an important feature of the settlement which has been reached, since
12 TEP ceased funding of its various Energy Efficiency programs in the Spring of
13 2012. Included among those programs was a program relating to Energy
14 Efficiency in connection with the construction of new homes. In that regard,
15 SAHBA and its members are optimistic that TEP will resume funding of this
16 program beginning the first of March, or approximately two (2) weeks from the
17 date of filing of this prepared testimony with the Commission's Docket Control.
18 The restoration of these programs will provide an added incentive to SAHBA's
19 home builder members who desire to construct energy efficient homes that exceed
20 base code requirements. It will also allow builders a marketing advantage they can
21 chose to help sales during this critical time in the recovery of the home building
22 industry. In turn, these homes will conserve energy and create financial savings
23 from lower electric bills for home owners.

24 Article XVI (Rules and Regulations) of the Settlement Agreement addresses
25 SAHBA's indicated second area of interest. More specifically, Section 16.1
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provides as follows:

“16.1 TEP’s revised Rules and Regulations shall be as agreed to between the Company and the Staff. The final version of the Rules and Regulations will be attached to the Company’s testimony in support of the [Settlement] Agreement.”

Included among those Rules and Regulations attached to TEP’s July 2, 2012 prepared Direct Testimony, in which certain language changes were proposed, were Sections 7 and 8. These rules relate to TEP’s service extension polices.

During a review of the proposed changes, SAHBA identified one area where some of the new language proposed by TEP created an ambiguity. That ambiguity pertained to the meaning of the word “phases.” Accordingly, SAHBA discussed this matter with TEP and suggested some clarifying language, which was acceptable to TEP. The agreed upon language in Paragraph A.4 of Section 8 clarified that the words “number of phases” was a reference to voltage and point of delivery, and was not a reference to construction phases.

In turn, TEP presented SAHBA’s suggested clarifying language to the Commission’s Staff, which indicated that it no had objection to SAHBA’s requested clarification. In that regard, it is SAHBA’s understanding that SAHBA’s clarifying language will be included in the “final version of the Rules and Regulations” to be attached to TEP’s February 15, 2013 testimony in support of the Settlement Agreement pursuant to Section 16.1. Thus, against this background, Article XVI and Section 16.1 are consistent with SAHBA’s second intervention objective in this proceeding.

Finally, as noted in SAHBA’s July 27, 2012 Application for Leave to Intervene, many of SAHBA’s members are customers of TEP. Thus, an increase in TEP’s rates and charges for electric service would directly impact the cost of doing

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business for such SAHBA members. In that regard, it is my understanding that the rate design resulting from the settlement discussions would have the least impact on small businesses. Thus, such a result would be an added benefit for SAHBA members in that rate class.

Q.7 Does SAHBA intend to participate in the evidentiary hearing during which the Settlement Agreement will be formally presented and discussed?

A.7 Yes, as and to the extent appropriate to SAHBA's interests.

Q.8 Does this complete your Direct Testimony in support of the Settlement Agreement?

A.8 Yes, it does.