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CORP COMMISSION
DOCKET CONTROL

March 1, 2013

HAND DELIVERED

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

Re: *Summary of Direct and Settlement Testimonies of Gary M. Yaquinto on behalf of the Arizona Investment Council; Tucson Electric Power Company Rate Case; Docket No. E-01933A-12-0291*

Dear Sir or Madam:

Pursuant to the September 6, 2012 Procedural Order in this matter, attached is a summary of (1) the Direct Testimony and (2) Testimony in Support of Settlement Agreement of Gary Yaquinto on behalf of the Arizona Investment Council.

Very truly yours,

GALLAGHER & KENNEDY, P.A.

By:

Michael M. Grant

MMG/plp
18762-11/3278640

Attachments

cc: Parties on Docket Service List

Original and 13 copies filed with Docket Control this 1st day of March, 2013.

Arizona Corporation Commission
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**Summary of the Direct and Settlement Testimonies of Gary M. Yaquinto
on behalf of the Arizona Investment Council
Tucson Electric Power Company Rate Case
Docket No. E-01933A-12-0291**

In his December 21, 2012 Direct Testimony, Mr. Yaquinto testifies in support of the Company's Rate Case filing and, more specifically, in support of the Company's request to implement an Environmental Compliance Adjustor ("ECA"). The Arizona Investment Council ("AIC") is a non-profit association which membership includes approximately 6,000 individuals—many of whom are debt and equity investors in Arizona utilities. In that regard, Mr. Yaquinto urges the Commission to enter a rate decision which will help ensure that TEP can continue to attract capital on the best possible terms and rates. With regard to the ECA, Mr. Yaquinto urges its approval to allow more timely cost recovery of mandated emission control investments. Approval of the ECA will not only assist TEP in financing mandated projects, it also allows gradual adjustment of rates which smooths rate impacts on customers.

Mr. Yaquinto also filed testimony in support of the proposed Settlement Agreement on February 14, 2013. He testifies that the AIC supports the Settlement Agreement, because it contains several provisions which are credit supportive and also includes an ECA which, while different that the adjustor mechanism originally proposed by TEP, is "an acceptable way to afford more timely recovery on these [environmental control] investments over which TEP has little-to-no control."