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CORPORATION COMMISSION
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Attorneys for Intervenor IBEW Local 1116

**BEFORE THE ARIZONA
CORPORATION COMMISSION**

IN THE MATTER OF THE
APPLICATION OF TUCSON
ELECTRIC POWER COMPANY FOR
THE ESTABLISHMENT OF JUST
AND REASONABLE RATES AND
CHARGES DESIGNED TO REALIZE
A REASONABLE RATE OF RETURN
ON THE FAIR VALUE OF ITS
OPERATIONS THROUGHOUT THE
STATE OF ARIZONA.

Docket No. E-01933A-12-0291

**NOTICE OF FILING SUMMARY OF
TESTIMONY OF FRANK GRIJALVA**

Pursuant to the Administrative Law Judge's Procedural Order (p. 4) dated September 6, 2012, Local Union 1116, International Brotherhood of Electrical Workers, AFL-CIO, CLC ("IBEW Local 1116"), by and through undersigned counsel, hereby provides notice of its filing of the attached Summary of Testimony of Frank Grijalva in this docket.

RESPECTFULLY SUBMITTED this 4th day of March, 2013.

LUBIN & ENOCH, P.C.

Arizona Corporation Commission

DOCKETED

MAR 4 2013

DOCKETED IN

Jarrett J. Haskovec
Attorneys for Intervenor IBEW Local 1116

1 Original and thirteen (13) copies
2 of IBEW Local 1116's Notice of
3 Filing filed this 4th day
4 of March, 2013, with:

5 Arizona Corporation Commission
6 Docket Control Center
7 1200 West Washington Street
8 Phoenix, Arizona 85007-2996

9 Copies of the foregoing
10 transmitted electronically and/or
11 via regular mail this same date to:

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2 **TESTIMONY SUMMARY OF FRANK GRIJALVA**
3 **ON BEHALF OF IBEW LOCAL 1116**

4 **Tucson Electric Power Company Rate Case**
5 **Docket No. E-01933A-12-0291**

6 Mr. Frank Grijalva, Business Manager/Financial Secretary of Intervenor IBEW
7 Local 1116, submitted direct testimony on December 21, 2012 and direct testimony in
8 support of the settlement agreement on February 14, 2013.

9 In his direct testimony, Mr. Grijalva expresses IBEW Local 1116's support for
10 TEP's application for rate relief. He notes that IBEW Local 1116 represents
11 approximately 700 employees of TEP. Such non-managerial employees work in
12 construction, generation, transmission, distribution, and customer service. Mr. Grijalva
13 states that the relationship between the Company and the Union is mature and stable, and
14 such a relationship benefits customers, the Company, and its employees. He observes that
15 TEP has demonstrated a strong commitment to safety.

16 Mr. Grijalva also expresses IBEW Local 1116's support for the payroll expense
17 and payroll tax expense adjustments proposed by the Company since the amount of the
18 wage increases are now known and measurable. He also explains why the unionized
19 workforce at TEP collectively prefers base wage increases over any short-term incentive
20 compensation program.

21 Mr. Grijalva identifies an "aging workforce" as a challenge TEP will face in the
22 short- and mid-term that could have implications for the Company's ability to provide
23 safe and reliable service to customers. The "aging workforce" problem refers to the
24 reality that a substantial share of employees in particular positions will be eligible to retire
25 within the coming decade and to the difficulties and concerns associated with losing such
26 seasoned employees with extensive institutional knowledge and having to replace them.
27 Mr. Grijalva illustrates the concern by citing the example of journeyman substation
28 electricians, who perform preventative and corrective maintenance, among other things.
Fully 50% of these skilled electrical workers will be eligible to retire by the end of 2016.
Therefore, Mr. Grijalva concludes that TEP must give considerable thought to succession
planning within bargaining unit positions and must take a proactive approach to recruiting
and hiring new employees well ahead of impending retirements in order to ensure
continuity of service in such positions as well as the continued provision of safe and
reliable service to customers. In addition, Mr. Grijalva notes it is essential that TEP
receive adequate rate relief in these proceedings so that TEP may engage in necessary
recruiting, hiring, and training efforts ahead of such retirements.

23 In his direct testimony in support of the settlement agreement, Mr. Grijalva
24 expresses IBEW Local 1116's support for the proposed settlement agreement. He notes
25 that IBEW Local 1116 is particularly interested in paragraphs 1.4 and 2.1 of the
26 settlement agreement. Paragraph 1.4 notes that under the Arizona Constitution, the
27 interests of employees of public service corporations are expressly recognized as being of
28 central importance. Paragraph 2.1 provides that TEP shall receive a base rate increase of
\$76,194,000 over adjusted test-year retail revenues. Mr. Grijalva remarks that the
consummation of a comprehensive settlement agreement among fifteen (15) parties with
diverse and often competing interests is no small feat.