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BEFORE THE ARIZONA CORPORATIO

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AZ CORP COMMISSION
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COMMISSIONERS

BOB STUMP - Chairman
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BRENDA BURNS
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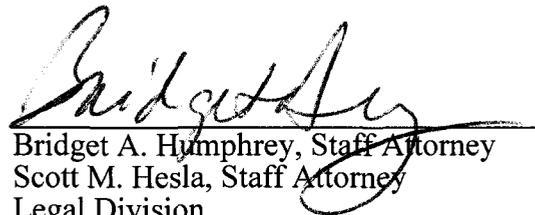
IN THE MATTER OF THE APPLICATION OF
SOUTHWEST TRANSMISSION COOPERATIVE,
INC. FOR A HEARING TO DETERMINE THE
FAIR VALUE OF ITS PROPERTY FOR
RATEMAKING PURPOSES, TO FIX A JUST AND
REASONABLE RETURN THEREON AND TO
APPROVE RATES DESIGNED TO DEVELOP
SUCH RETURN.

DOCKET NO. E-04100A-12-0353

STAFF'S NOTICE OF FILING
SURREBUTTAL TESTIMONY

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission")
hereby files the Surrebuttal Testimony of Dennis Kalbarczyk in the above-referenced matter.

RESPECTFULLY SUBMITTED this 17th day of June, 2013.

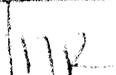

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17th day of June, 2013 with:

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

Arizona Corporation Commission
DOCKETED

JUN 17 2013

DOCKETED BY 

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BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP
Chairman
GARY PIERCE
Commissioner
BRENDA BURNS
Commissioner
BOB BURNS
Commissioner
SUSAN BITTER SMITH
Commissioner

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. E-04100A-12-0353
SOUTHWEST TRANSMISSION)
COOPERATIVE, INC. FOR A HEARING TO)
DETERMINE 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)
_____)

SURREBUTTAL TESTIMONY

OF

DENNIS M. KALBARCZYK

(CONSULTANT)

ON BEHALF OF THE STAFF OF THE

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

JUNE 17, 2013

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1 **I. SUMMARY**

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

3 A. My name is Dennis M. Kalbarczyk. My business address is 910 Piketown Road, Harrisburg,
4 Pennsylvania 17112.

5
6 **Q. Have you previously submitted testimony in this proceeding?**

7 A. Yes. I previously submitted direct testimony on behalf of the Arizona Corporation
8 Commission (“ACC” or “Commission”), Utilities Division (“Staff”) in the review of
9 Southwest Transmission Cooperative, Inc.’s (“SWTC”) application for a general rate
10 increase in this proceeding related to both revenue requirement and rate design matters.

11
12 My direct testimony recommended a revenue decrease of \$12,794,662 as compared to
13 SWTC’s proposed revenue decrease of \$12,757,213. This included minor adjustments to
14 operation expenses with a recommendation that the rate case expense claim be updated to
15 reflect more current actual cost data. The determination of the overall revenue requirement
16 also included Mr. Vickroy’s recommended acceptance of SWTC’s 1.35 debt coverage ratio
17 (“DSC”). However, he also recommended that SWTC update its debt service cost based
18 upon more current data. I also proposed a reduction to the rate base value claimed for
19 purposes of calculating the overall rate of return when compared to allowed net income
20 levels. This adjustment does not affect net income or margin levels, because SWTC relies
21 upon the debt service coverage approach when determining revenue requirements.

22
23 I also recommended acceptance of SWTC’s cost of service study and rate design approach
24 based upon my proposed overall level of revenue requirements which incorporated an overall
25 revenue decrease of \$12,794,662 to that produced under existing rates. Finally, I
26 recommended against the implementation of SWTC’s proposed Transmission Revenue

1 Adjustor (“TRA”), because it was not supported by detailed information.

2
3 **Q. What is the purpose of your surrebuttal testimony?**

4 A. I reviewed, and have comments on the rebuttal testimony of SWTC witness Gary E. Pierson.
5 My understanding of Mr. Pierson’s rebuttal testimony is that he accepted most Staff
6 recommendations, including:

- 7
8
 - 9 • Operating expense and rate base adjustments;
 - 10 • SWTC’s requested 1.35 DSC ratio for development of the margin requirements;
 - 11 • Engineering study and associated recommendations; and
 - 12 • SWTC’s Cost of Service Study and Rate Design Approach.

13 Mr. Pierson’s rebuttal testimony noted minor disagreements with Staff positions, identified
14 additional cost items that would impose additional revenue requirements, cited outstanding
15 expense matters, and provided supplemental information for additional tariff considerations.

16 Some of the key points of the rebuttal testimony include:

- 17
18
 - 19 • SWTC considers the DSC data provided with its filing sufficient for revenue
20 requirement development, in lieu of Staff recommended use of more current,
21 available data.
 - 22 • SWTC requests consideration of four additional adjustments to operating expenses
23 (consisting of both upward and downward adjustments with a number of subparts),
24 which collectively increase operating expenses by \$354,769; if accepted they would
25 result in an overall revenue decrease of \$12,439,893.
 - 26
 - 27 • SWTC agrees that rate case expenses should be based upon updated costs, but
28 indicated that such information would be provided at a later date.
 - 29
 - 30 • SWTC addresses the lack of detail supporting the TRA request covered in its direct
31 testimony by providing a proposed Network Transmission Service Tariff and Plan of
32 Administration (“POA”).

1 **Q. Please summarize your positions in response to the SWTC Rebuttal Testimony.**

2 A. My overall recommendations are that the Commission:

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- Approve the four additional revenue requirements adjustments set forth in SWTC's rebuttal testimony, which relate to costs incurred from 2011 through May 1, 2013; these adjustments increase operating expenses and corresponding revenue requirements by \$354,769.
- Approve the Staff recommendation in this surrebuttal testimony to develop a margin requirement of SWTC's proposed 1.35 DSC ratio, using March 31, 2013 data to calculate total DSC equity levels and revenue requirements; this recommendation would produce a downward margin and revenue requirement adjustment of \$156,148.
- Approve SWTC's cost of service and rate design approach to develop proposed rates;
- Reject as untimely the TRA as proposed in SWTC's surrebuttal testimony.
- Approve Staff's revised revenue decrease of \$12,596,041, resulting from the above adjustments.

21
22

II. REVENUE REQUIREMENT ISSUE DISCUSSION

23 **Q. Have you reviewed SWTC witness Pierson's rebuttal testimony and proposed**
24 **recommendations?**

25 A. Yes. Mr. Pierson, at page 1 of his rebuttal testimony notes that, in order to narrow disputed
26 issues and reduce complexity, he accepts Staff's pro forma adjustments to rate base and
27 operating expense items, with some comments that we did not find material to the level of
28 those adjustments. He testified that Staff's direct testimony positions, including acceptance
29 of SWTC's proposed 1.35 DSC, will provide adequate revenue requirements for SWTC
30 when combined with four additional adjustments. Mr. Pierson also indicated agreement with
31 the major conclusions of Staff's engineering analysis, and discussed initial steps being taken
32 in response to the recommendations.

1 Staff acknowledges SWTC's efforts to minimize issues. Nevertheless, some issues remain
2 with regard to the following items:

- 3
- 4 • Four additional adjustments to operating expenses,
 - 5
 - 6 • Use of more current DSC data to calculate total DSC equity levels and revenue,
7 requirements,
 - 8
 - 9 • Failure to file updated rate case expense information with rebuttal testimony, and
10
 - 11 • Timeliness of filing material to support TRA request.
12

13 **Q. What are the four additional expense adjustments which indicate a \$354,769 net**
14 **upward adjustment to revenue requirements?**

15 A. SWTC's four additional adjustments resulting in a net increase of \$354,769 include the
16 termination of the Mead Substation Facility use charge and the agreement to eliminate the
17 teamwork incentive plan which occurred on or around September 1, 2011 and December 31,
18 2011, respectively; the Western Area Power Contract Rate Increases (Parker Davis Point-to-
19 Point Firm Transmission and Firm Network Transmission increases) which occurred on
20 October 1, 2012, or 10 months after the close of the test year; and the Southern California
21 Edison (Point-to-Point Transmission Service Contract) and Western Area Power Contracts
22 rate increases which occurred on January 1, 2013 and May 1, 2013.
23

24 **Q. What is your recommendation with regard to the requested \$354,769 increase in**
25 **operating expenses?**

26 A. Staff recommends approval of the \$354,760 increase to operating expenses. Staff requested
27 and received additional supporting data from SWTC. It confirmed the rate changes and
28 reasonably supported the overall increase in operating expenses claimed.

1 **Q. Did Staff propose the use of more current DSC data when determining DSC equity**
2 **levels and revenue requirements?**

3 A. Yes. Mr. Vickroy suggested that SWTC use more current DSC data. Mr. Pierson's rebuttal
4 testimony, Exhibit GEP-3, compared the as-filed interest expense claim for the December 31,
5 2011 test year with what DSC data for December 31, 2012 and March 31, 2013 would
6 produce. The results were decreases of \$375,346 and \$158,202, respectively.

7
8 **Q. Summarize your opinion and recommendation with regard to the use of more current**
9 **March 31, 2013 DSC data for calculating DSC equity levels and revenue requirements.**

10 A. Staff recommends using updated DSC data as of March 31, 2013. The effect on revenue
11 requirements is to produce an overall decrease of \$156,148, which partially offsets the
12 \$354,769 in increased operating expenses from SWTC's rebuttal testimony. The net effect is
13 to increase revenue requirements by \$198,621.

14
15 **Q. Do you have any comments regarding SWTC's rate case expense claim?**

16 A. Yes. In rebuttal testimony, SWTC agreed that the rate case expense claim should be based
17 upon updated costs. However, the rebuttal testimony did not provide updated costs
18 associated with the rate case expense claim. Therefore, the current revenue requirement
19 proposed by Staff does not reflect updated rate case expense costs.

20
21 Mr. Pierson's rebuttal testimony indicated that additional information regarding rate case
22 expense would be provided at a later date. Staff's revenue requirement proposal will be
23 revised at such time updated information is available.

1 **Q. Are there any rate design matters you would like to discuss at this time?**

2 A. Yes, Mr. Pierson's rebuttal testimony provided additional information related to its proposed
3 TRA mechanism. He provided a proposed tariff and POA. The tariff and POA describe the
4 concept and operation of the TRA, addressing how it would increase or decrease based upon
5 loss or acquisition of a long-term Point-to-Point transmission service agreement. My direct
6 testimony noted a January 17, 2013 data request response stating that SWTC had not yet
7 developed a specific tariff for such a proposal. SWTC did not provide any further detail
8 regarding this matter until its rebuttal testimony submitted on May 20, 2013.

9
10 SWTC's failure to timely file its proposed tariff and supporting information request has
11 precluded Staff's ability to do an effective review of its proposal. Staff recommends that the
12 request be rejected at this time.

13
14 Staff notes that no other Arizona utility has a mechanism based solely upon the addition or
15 loss of long-term PTP service contracts. Staff also has concerns regarding the provision of
16 only a 30-day review process.

17
18 **III. RECOMMENDED RATE DESIGN**

19 **Q. Please describe your understanding of SWTC's rebuttal rate design position.**

20 A. SWTC continues to support the cost of service study and rate design approach it proposed in
21 its application. Staff supports the approach. Staff recommends a \$12,596,041 reduction to
22 present rates revenues of \$44,022,391 as the appropriate level for determining rates.

1 DMK Exhibit 1 provides a comparative analysis of the relevant revenue requirement
2 components by SWTC and Staff during the various stages of the instant proceeding. DMK
3 Exhibit 2 provides a comparison of current rates to that of proposed transmission & ancillary
4 service rates by SWTC and Staff during the various stages of the instant proceeding. DMK
5 Exhibit 3 provides a proof of revenue as well as a summary by rate class reflecting Staff's
6 surrebuttal position.

7

8 **Q. Does that conclude your surrebuttal testimony?**

9 A. Yes, it does.

SOUTHWEST TRANSMISSION COOPERATIVE, INC.
Comparative Analysis of Gross Revenue Requirement
Company and Staff Testimony Stage Positions

	SWTC Direct Test. As-Filed	Staff Direct Testimony		SWTC Rebuttal Testimony *		Staff Surrebuttal Testimony **	
		Proposed Adjustments	Proposed Allowance	Proposed Adjustments	Proposed Allowance	Proposed Adjustments	Proposed Allowance
Proposed Revenue Decrease	\$ (12,757,213)	\$ (37,449)	\$ (12,794,662)	\$ 354,769	\$ (12,439,893)	\$ (156,148)	\$ (12,596,041)
Revenues in Test Year - Present Rates	\$ 44,022,391	\$ 44,022,391	\$ 44,022,391	\$ 44,022,391	\$ 44,022,391	\$ 44,022,391	\$ 44,022,391
Change In Revenue - Percentage	-28.98%	-0.09%	-29.06%	0.81%	-28.26%	-0.35%	-28.61%
Operating Revenues	\$ 33,677,073	\$ (37,449)	\$ 33,639,624	\$ 354,769	\$ 33,994,393	\$ (156,147)	\$ 33,838,246
Operating Expense	24,430,165	(37,449)	24,392,716	354,769	24,747,485	(0)	24,747,485
Electric Operating Margins	\$ 9,246,908	\$ -	\$ 9,246,908	\$ -	\$ 9,246,908	\$ (156,147)	\$ 9,090,761
Interest & Other Deductions	5,170,450	-	5,170,450	-	5,170,450	(158,202)	5,012,248
Operating Margins	\$ 4,076,458	\$ -	\$ 4,076,458	\$ -	\$ 4,076,458	\$ 2,055	\$ 4,078,513
Non-Operating Margins	307,780	-	307,780	-	307,780	-	307,780
Net Patronage Capital or Margins	\$ 4,384,238	\$ -	\$ 4,384,238	\$ -	\$ 4,384,238	\$ 2,055	\$ 4,386,293
Net Patronage Capital or Margins	\$ 4,384,238	\$ -	\$ 4,384,238	\$ -	\$ 4,384,238	\$ 2,055	\$ 4,386,293
Interest on Long Term Debt	5,008,818	-	5,008,818	-	5,008,818	(158,202)	4,850,616
Total	\$ 9,393,056	\$ -	\$ 9,393,056	\$ -	\$ 9,393,056	\$ (156,147)	\$ 9,236,909
Time Interest Earned Ratio	1.88		1.88		1.88		1.90
Net Patronage Capital or Margins	\$ 4,384,238	\$ -	\$ 4,384,238	\$ -	\$ 4,384,238	\$ 2,055	\$ 4,386,293
Depreciation & Amortization	4,033,584	-	4,033,584	-	4,033,584	-	4,033,584
Interest on Long Term Debt	5,008,818	-	5,008,818	-	5,008,818	(158,202)	4,850,616
Total	\$ 13,426,640	\$ -	\$ 13,426,640	\$ -	\$ 13,426,640	\$ (156,147)	\$ 13,270,493
Interest on Long Term Debt	\$ 5,008,818	\$ -	\$ 5,008,818	\$ -	\$ 5,008,818	\$ (158,202)	\$ 4,850,616
Principal Payments	4,936,841	-	4,936,841	-	4,936,841	42,538	4,979,379
Debt Service	\$ 9,945,659	\$ -	\$ 9,945,659	\$ -	\$ 9,945,659	\$ (115,664)	\$ 9,829,995
Debt Service Coverage Ratio	1.35		1.350000		1.350000		1.35000
Electric Operating Margins	\$ 9,246,908	\$ -	\$ 9,246,908	\$ -	\$ 9,246,908	\$ (156,147)	\$ 9,090,761
Rate Base	\$ 99,009,871	\$ (1,351,063)	\$ 97,658,808	\$ -	\$ 97,658,808	\$ (0)	\$ 97,658,808
Return on Fair Value Rate Base	9.34%		9.47%		9.47%		9.31%

* SWTC accepted Staff Direct Testimony Position, but request inclusion of additional updated expense adjustments.

** Staff accepts SWTC's updated expense adjustments provided in rebuttal; however, Staff recommends revenue requirement

SOUTHWEST TRANSMISSION COOPERATIVE, INC.
Comparative Analysis of Gross Revenue Requirement At Present and Proposed Revenues
Company and Staff Testimony Stage Positions

Staff Surrebuttal Testimony - Proposed (Reduction)/Increase To Present Revenues - Staff Adjusted Proposed Revenues and Net Margin Under Staff Proposed Revenues

LINE NO.	SWTC Direct Test. As-Filed	Revenues Under Present Rates						Staff Surrebuttal Testimony	
		Staff Direct Testimony Proposed Adjustments	Proposed Allowance	SWTC Rebuttal Testimony * Proposed Adjustments	Proposed Allowance	Staff Surrebuttal Testimony ** Proposed Adjustments	Proposed Allowance	Staff Surrebuttal Testimony Revenue Reduction	Proposed Allowance
<u>Electric Operating Margin</u>									
1.	\$ 27,418,546	\$ -	\$ 27,418,546	\$ -	\$ 27,418,546	\$ -	\$ 27,418,546	\$ (7,823,793)	\$ 19,594,754
2.	16,603,844		16,603,844		16,603,844		16,603,844	(4,772,248)	11,831,596
3.	\$ 44,022,391	\$ -	\$ 44,022,391	\$ -	\$ 44,022,391	\$ -	\$ 44,022,391	\$ (12,596,041)	\$ 31,426,350
4.	2,411,895		2,411,895		2,411,895		2,411,895		2,411,895
5.	\$ 46,434,286	\$ -	\$ 46,434,286	\$ -	\$ 46,434,286	\$ -	\$ 46,434,286	\$ (12,596,041)	\$ 33,838,245
6.	24,430,165	(37,449)	24,392,716	354,769	24,747,485	-	24,747,485	-	24,747,485
7.	\$ 22,004,121	\$ 37,449	\$ 22,041,570	\$ (354,769)	\$ 21,686,801	\$ -	\$ 21,686,801	\$ (12,596,041)	\$ 9,090,760
<u>Interest And Other Deductions</u>									
8.	\$ 5,008,818	\$ -	\$ 5,008,818	\$ -	\$ 5,008,818	\$ (158,202)	\$ 4,850,616	\$ -	\$ 4,850,616
9.	161,632		161,632		161,632		161,632		161,632
10.	\$ 5,170,450	\$ -	\$ 5,170,450	\$ -	\$ 5,170,450	\$ (158,202)	\$ 5,012,248	\$ -	\$ 5,012,248
11.	\$ 16,833,671	\$ 37,449	\$ 16,871,120	\$ (354,769)	\$ 16,516,351	\$ 158,202	\$ 16,674,553	\$ (12,596,041)	\$ 4,078,512
<u>Non-Operating Margins</u>									
12.	\$ 181,178	\$ -	\$ 181,178	\$ -	\$ 181,178	\$ -	\$ 181,178	\$ -	\$ 181,178
13.	126,602		126,602		126,602		126,602		126,602
14.	\$ 307,780	\$ -	\$ 307,780	\$ -	\$ 307,780	\$ -	\$ 307,780	\$ -	\$ 307,780
15.	\$ 17,141,451	\$ 37,449	\$ 17,178,900	\$ (354,769)	\$ 16,824,131	\$ 158,202	\$ 16,982,333	\$ (12,596,041)	\$ 4,386,292

16. * SWTC accepted Staff Direct Testimony Position, but request inclusion of additional updated expense adjustments.

17. ** Staff accepts SWTC's updated expense adjustments provided in rebuttal; however, Staff recommends revenue requirement allowance reflect margin requirements based upon updated 3/31/13 DSC data rather than 12/31/11 DSC adjusted DSC data.

Southwest Transmission Cooperative, Inc.
CHANGES IN REPRESENTATIVE RATE SCHEDULES
STAFF ADJUSTED

Line No.	RATE DESCRIPTION	PRESENT		SWTC As-Filed Testimony		Staff Direct Testimony		SWTC Rebuttal Testimony		Staff Surrebuttal Testimony		Overall CHANGE
		Proposed Change	Proposed Rates	Proposed Change	Proposed Rates	Proposed Change	Proposed Rates	Proposed Change	Proposed Rates	Proposed Change	Proposed Rates	
1. Transmission Services:												
2.	Firm Network Service - \$ Monthly Rev. Req.	\$ 2,187,176	\$ 1,570,730	\$ (1,894)	\$ 1,568,836	\$ 18,471	\$ 1,587,307	\$ (8,201)	\$ 1,579,106	\$ (608,070)	\$ (608,070)	
3.	Firm Network Service - \$ Annual Rev. Req.	\$ 26,246,111	\$ 18,848,758	\$ (22,726)	\$ 18,826,032	\$ 221,654	\$ 19,047,686	\$ (98,412)	\$ 18,949,274	\$ (7,296,837)	\$ (7,296,837)	
4.	Firm Network Service - Mohave Electric 2 \$ Monthly Rev. Req.	\$ 2,056,562	\$ 1,251,434	\$ (4,179)	\$ 1,247,255	\$ 18,472	\$ 1,265,727	\$ (5,246)	\$ 1,260,481	\$ (796,081)	\$ (796,081)	
5.	Firm Network Service - Mohave Electric 2 \$ Annual Rev. Req.	\$ 24,678,748	\$ 15,017,214	\$ (50,149)	\$ 14,967,065	\$ 221,653	\$ 15,188,718	\$ (62,942)	\$ 15,125,776	\$ (9,552,972)	\$ (9,552,972)	
6.	Firm & Non-Firm Point-to-Point Transmission - \$/kW	\$ 3,608	\$ 2,558	\$ (1,050)	\$ 2,555	\$ 0.031	\$ 2,586	\$ (0.014)	\$ 2,572	\$ (1,036)	\$ (1,036)	
7. Mandatory Ancillary Services:												
8.	Schedule 1 - Network - System Control & Load Dispatch - \$/kW/mo.	\$ 0.245	\$ 0.173	\$ -	\$ 0.173	\$ -	\$ 0.173	\$ -	\$ 0.173	\$ (0.072)	\$ (0.072)	
9.	Schedule 1 - Point-to-Point - System Control & Load Dispatch - \$/kW/mo.	\$ 0.245	\$ 0.173	\$ -	\$ 0.173	\$ -	\$ 0.173	\$ -	\$ 0.173	\$ (0.072)	\$ (0.072)	
10.	Schedule 2 - Network - Var Support/Voltage Control - \$/kW/mo.	\$ 0.067	\$ 0.096	\$ 0.001	\$ 0.097	\$ -	\$ 0.097	\$ (0.001)	\$ 0.096	\$ 0.029	\$ 0.029	
11.	Schedule 2 - Point-to-Point - Var Support/Voltage Control - \$/kW/mo.	\$ 0.049	\$ 0.070	\$ 0.001	\$ 0.071	\$ -	\$ 0.071	\$ (0.001)	\$ 0.070	\$ 0.020	\$ 0.020	
12. FERC Optional Ancillary Services												
13.	Schedule 3 - Network - Reg. & Freq. Resp. - \$/kW/mo.	\$ 0.5325	\$ 0.2602	\$ (0.001)	\$ 0.2589	\$ -	\$ 0.2589	\$ (0.001)	\$ 0.2575	\$ (0.2750)	\$ (0.2750)	
14.	Schedule 4 - Network - Energy Imbalance - Eng. In Kind +/- 1.5% \$/MWh	\$ 36.68	\$ 32.63	\$ (4.05)	\$ 32.63	\$ -	\$ 32.63	\$ 0.00	\$ 32.63	\$ (4.05)	\$ (4.05)	
15.	AEPCO Pays Positive Imbalance	\$100.00	\$ -	\$ -	\$100.00	\$ -	\$100.00	\$ -	\$100.00	\$ -	\$ -	
16.	Customer Pays Negative Imbalance	\$ 0.7060	\$ 0.7232	\$ 0.0172	\$ 0.7196	\$ (0.0036)	\$ 0.7196	\$ (0.0039)	\$ 0.7157	\$ 0.0097	\$ 0.0097	
17.	Schedule 5 - Network - Operating Reserves - Spinning - \$/kW/mo.	\$ 0.4981	\$ 0.5009	\$ 0.0028	\$ 0.4985	\$ -	\$ 0.4985	\$ (0.0026)	\$ 0.4959	\$ (0.0022)	\$ (0.0022)	
18.	Schedule 6 - Network - Operating Reserves - Supplemental - \$/kW/mo.	\$ 0.4981	\$ 0.5009	\$ 0.0028	\$ 0.4985	\$ -	\$ 0.4985	\$ (0.0026)	\$ 0.4959	\$ (0.0022)	\$ (0.0022)	
19. Direct Assignment Facilities												
20.	Trico Electric Only - \$/mo.	\$ 133,210	\$ 133,210	\$ -	\$ 133,210	\$ -	\$ 133,210	\$ -	\$ 133,210	\$ -	\$ -	

Southwest Transmission Cooperative, Inc.
PROOF OF REVENUE AND SUMMARY BY RATE CLASS
PRESENT AND PROPOSED RATES
STAFF ADJUSTED SURREBUTTAL TESTIMONY POSITION

LINE NO.	CLASS OF SERVICE	REVENUE		PROPOSED CHANGE		RATES		PROPOSED CHANGE	
		PRESENT	PROPOSED	AMOUNT	PERCENT	PRESENT	PROPOSED	AMOUNT	PERCENT
Class A MEMBER NETWORK CONTRACTS:									
1.	ANZA	\$ 471,123	\$ 340,143	\$ (130,980)	-27.80%	\$ 2,187,176	\$ 1,579,106	\$ (608,070)	-27.80%
2.	DUNCAN	313,972	226,683	(87,289)	-27.80%	2,187,176	1,579,106	(608,070)	-27.80%
3.	GRAHAM	1,790,296	1,292,565	(497,731)	-27.80%	2,187,176	1,579,106	(608,070)	-27.80%
4.	MOHAVE 1	5,246,541	3,787,919	(1,458,622)	-27.80%	2,187,176	1,579,106	(608,070)	-27.80%
5.	MOHAVE 2	1,656,922	1,015,539	(641,383)	-38.71%	2,056,562	1,260,481	(796,081)	-38.71%
6.	SULPHUR 1	5,567,185	4,019,419	(1,547,766)	-27.80%	2,187,176	1,579,106	(608,070)	-27.80%
7.	SULPHUR 2	2,734,641	1,974,367	(760,274)	-27.80%	2,187,176	1,579,106	(608,070)	-27.80%
8.	TRICO 1	6,551,496	4,730,075	(1,821,420)	-27.80%	2,187,176	1,579,106	(608,070)	-27.80%
9.	TRICO 2	732,136	528,591	(203,546)	-27.80%	2,187,176	1,579,106	(608,070)	-27.80%
10.	Class A TOTAL:	\$ 25,064,310	\$ 17,915,300	\$ (7,149,011)	-28.52%				
OTHER FIRM NETWORK CONTRACTS:									
11.	SAFFORD	\$ 803,517	\$ 580,126	\$ (223,391)	-27.80%	\$ 2,187,176	\$ 1,579,106	\$ (608,070)	-27.80%
12.	THATCHER	273,053	197,140	(75,913)	-27.80%	2,187,176	1,579,106	(608,070)	-27.80%
13.	Total Other Firm Network Contracts	\$ 1,076,569	\$ 777,266	\$ (299,303)	-27.80%				
NETWORK SYSTEM CONTROL & LOAD DISPATCH									
14.	Anza	\$ 21,906	\$ 15,468	\$ (6,438)	-29.39%	\$ 0.2450	\$ 0.1730	\$ (0.0720)	-29.39%
15.	Duncan	15,187	10,724	(4,463)	-29.39%	0.2450	0.1730	(0.0720)	-29.39%
16.	Graham	87,765	61,973	(25,792)	-29.39%	0.2450	0.1730	(0.0720)	-29.39%
17.	Mohave 1	257,497	181,824	(75,672)	-29.39%	0.2450	0.1730	(0.0720)	-29.39%
18.	Mohave 2	76,138	53,763	(22,375)	-29.39%	0.2450	0.1730	(0.0720)	-29.39%
19.	Sulphur 1	286,895	202,583	(84,312)	-29.39%	0.2450	0.1730	(0.0720)	-29.39%
20.	Sulphur 1	131,369	92,763	(38,606)	-29.39%	0.2450	0.1730	(0.0720)	-29.39%
21.	Trico 1	284,606	200,967	(83,639)	-29.39%	0.2450	0.1730	(0.0720)	-29.39%
22.	Trico 2	63,455	44,807	(18,648)	-29.39%	0.2450	0.1730	(0.0720)	-29.39%
23.	Safford	39,100	27,609	(11,491)	-29.39%	0.2450	0.1730	(0.0720)	-29.39%
24.	Thatcher	13,749	9,708	(4,040)	-29.39%	0.2450	0.1730	(0.0720)	-29.39%
25.	Total System Control & Load Dispatch	\$ 1,277,667	\$ 902,189	\$ (375,478)	-29.39%				
26.	TOTAL NETWORK (L10 + L13 + L25)	\$ 27,418,546	\$ 19,594,755	\$ (7,823,792)	-28.53%				
P-T-P Network Transmission Rate									
26.	AEPCO	\$ 13,638,240	\$ 9,722,160	\$ (3,916,080)	-28.71%	\$ 3.6080	\$ 2.5720	\$ (1.0360)	-28.71%
27.	Sulphur Springs Firm Point to Point	0	0	-	#DIV/0!	3.6080	2.5720	(1.0360)	-28.71%
28.	Mohave	389,664	277,776	(111,888)	-28.71%	3.6080	2.5720	(1.0360)	-28.71%
29.	FMI Safford Mine Wheeling	432,960	308,640	(124,320)	-28.71%	3.6080	2.5720	(1.0360)	-28.71%
30.	Total P-T-P Transmission	\$ 14,460,864	\$ 10,308,576	\$ (4,152,288)	-28.71%				
P-T-P Network System Control & Load Dispatch Transmission Rate									
31.	AEPCO	\$ 926,100	\$ 653,940	\$ (272,160)	-29.39%	\$ 0.2450	\$ 0.1730	\$ (0.0720)	-29.39%
32.	Sulphur Springs Firm Point to Point	0	0	-	#DIV/0!	0.2450	0.1730	(0.0720)	-29.39%
33.	Mohave	26,460	18,684	(7,776)	-29.39%	0.2450	0.1730	(0.0720)	-29.39%
34.	FMI Safford Mine Wheeling	29,400	20,760	(8,640)	-29.39%	0.2450	0.1730	(0.0720)	-29.39%
35.	Total P-T-P Transmission	\$ 981,960	\$ 693,384	\$ (288,576)	-29.39%				
36.	TOTAL POINT-TO-POINT (L30 + L35)	\$ 15,442,824	\$ 11,001,960	\$ (4,440,864)	-28.76%				
37.	TOTAL FIRM TRANS & SCHED 1 REV (L 26 + L 36)	\$ 42,861,370	\$ 30,596,715	\$ (12,264,656)	-28.61%				
DIRECT ASSIGNMENT FACILITIES									
38.	Trico	\$ 1,598,521	\$ 1,598,521	\$ -	0.00%	\$ 133,210	\$ 133,210	\$ -	0.00%
39.	Other Direct Assignment Facilities	77,180	77,180	-	-				
40.	Total Direct Assignment Facilities	\$ 1,675,701	\$ 1,675,701	\$ -	-				
OTHER SYSTEM CONTROL REVENUE									
41.	Other Customers	\$ 154,811	\$ 109,315	\$ (45,495)	-29.39%				
42.	CAWCD Adjustment	(35,600)	(25,138)	10,462					
43.	Total Other System Controls	\$ 119,211	\$ 84,177	\$ (35,033)	-29.39%				
44.	OTHER OPERATING REVENUE	\$ 696,543	\$ 696,543	\$ -	-				
SPECIAL CONTRACTS - OTHER									
45.	AEPCO	\$ 37,833	\$ 26,970	\$ (10,863)	-28.71%				
46.	Mohave	178,275	127,085	(51,190)	-28.71%				
47.	Avra & Silverbell	9,731	9,731	-	0.00%				
48.	Sulphur Springs	25,321	18,050	(7,271)	-28.71%				
49.	FMI - Safford Mine	690,212	492,025	(198,187)	-28.71%				
50.	TEP Point to Point	78,028	55,623	(22,405)	-28.71%				
51.	Other Misc	22,408	15,974	(6,434)	-28.71%				
52.	Mohave- Power Factor Adj.	16,526	16,526	-	0.00%				
53.	Trico - Power Factor Adj.	23,125	23,125	-	0.00%				
54.	Total Special Contracts - Other	\$ 1,081,460	\$ 785,110	(296,351)	-27.40%				
55.	TOTAL NETWORK (L37 + L43 + L54)	\$ 46,434,286	\$ 33,838,246	\$ (12,596,040)	-27.13%				

Member with an associated "1" or "2" indicate specific contracts.