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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS
BOB STUMP, CHAIRMAN
GARY PIERCE
BRENDA BURNS
ROBERT B. BURNS
SUSAN BITTER SMITH

2013 JUL 26 P 3:53

ARIZONA CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION
OF ARIZONA ELECTRIC POWER
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-01773A-12-0305

**MOHAVE ELECTRIC COOPERATIVE,
INCORPORATED'S NOTICE OF
FILING TESTIMONY SUMMARIES**

Mohave Electric Cooperative, Incorporated ("MEC") by and through
undersigned counsel, gives notice of the filing of Testimony Summaries of J. Tyler Carlson and
Carl N. Stover.

DATED this 26th day of July, 2013.

CURTIS, GOODWIN, SULLIVAN,
UDALL & SCHWAB, P.L.C.

Arizona Corporation Commission
DOCKETED

JUL 26 2013

DOCKETED BY
NR

By:

Michael A. Curtis
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501 East Thomas Road
Phoenix, Arizona 85012-3205
Attorneys for Mohave Electric
Cooperative, Incorporated

PROOF OF AND CERTIFICATE OF MAILING

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I hereby certify that on this 26th day of July, 2013, I caused the foregoing document to be served on the Arizona Corporation Commission by delivering the original and thirteen (13) copies of the above to:

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

Two copies of the foregoing delivered
this 26th day of July, 2013 to:

The Office of Commissioner Bob Stump, Chairman
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

The Office of Commissioner Gary Pierce
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

The Office of Commissioner Brenda Burns
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The Office of Commissioner Bob Burns
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The Office of Commissioner Susan Bitter Smith
Arizona Corporation Commission
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Phoenix, Arizona 85007

1 COPY of the foregoing delivered
this 26th day of July, 2013 to:

2 Teena Jibilian
3 Administrative Law Judge
4 Hearing Division
5 Arizona Corporation Commission
6 1200 West Washington
7 Phoenix, Arizona 85007

8 Janice Alward, Chief Counsel
9 Legal Division
10 Arizona Corporation Commission
11 1200 West Washington
12 Phoenix, Arizona 85007

13 Steven M. Olea, Director
14 Utilities Division
15 Arizona Corporation Commission
16 1200 West Washington
17 Phoenix, Arizona 85007

18 Copy of the foregoing mailed
19 this 26th day of July, 2013 to:

20 Michael M. Grant
21 Jennifer Cranston
22 Gallagher & Kennedy, P.A.
23 2575 East Camelback Road
24 Phoenix, Arizona 85016

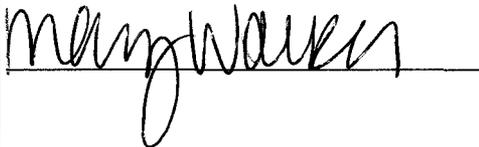
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SUMMARY OF TESTIMONY OF J. TYLER CARLSON
ON BEHALF OF
MOHAVE ELECTRIC COOPERATIVE, INCORPORATED
(Docket No. E-01773A-12-0305)

Mr. J. Tyler Carlson, is the Chief Executive Officer of Mohave Electric Cooperative, Incorporated ("Mohave"). He filed Rebuttal testimony in support of Arizona Electric Power Company's (AEPCO) application to decrease its annual revenue requirement by \$4.287 million (or 2.77%) and to reduce rates to MEC and its other Members in accordance with AEPCO's proposed rate design. Areas discussed by Mr. Carlson include:

- The relationship between Mohave and AEPCO;
- Staff's inaccurate suggestion that AEPCO's relationship with its PRMs is dysfunctional; and
- Staff's inappropriate recommendation that AEPCO's revenue requirement remain unchanged and that none of the operational cost savings AEPCO is achieving flow back to its Members and their customers.

In summary Mr. Carlson requests the Commission reject the recommendation of Staff and approve the rate decrease and rate design proposed by AEPCO.

SUMMARY OF TESTIMONY OF CARL N. STOVER
ON BEHALF OF
MOHAVE ELECTRIC COOPERATIVE, INCORPORATED
(Docket No. E-01773A-12-0305)

Mr. Stover is the Chairman of the Board of C. H. Guernsey & Company, Engineers • Architects • Consultants. He has filed Rebuttal and Rejoinder testimony on behalf of Mohave Electric Cooperative, Incorporated (MEC) in support of Arizona Electric Power Company's (AEPCO) proposed \$4.287 million decrease its annual revenues, and passing reduced operating costs through to AEPCO's Member distribution cooperatives, including MEC, through lower energy rates.

Mr. Stover testifies regarding:

- The relationship between AEPCO and its members, noting that AEPCO's relationship with its Members continues to evolve, with its three largest members (MEC, Trico Electric Cooperative and Sulphur Springs Valley Electric Cooperative) becoming partial requirements members (PRMs) over the last decade;
- The changed AEPCO rate design, which continues in this case, to more closely track and recover,
 - fixed costs through monthly Fixed Charges, O&M Charges and PPFAC-Fixed Fuel Costs Base and
 - variable costs through various per kWh charges;
- The reduced financial risk faced by AEPCO due to the foregoing changes;
- The other risk factors evaluated by Staff, explaining why these same factors do not support Staff's recommendation to reject AEPCO's proposed rate reduction in order to allow AEPCO to achieve a 1.55 Debt Service Coverage (DSC) instead of the 1.32 DSC requested by AEPCO and adopted by the Commission for AEPCO in AEPCO last rate case (Decision No. 72055);
- How Mr. Mazzini is incorrect in suggesting ST1 is not used and useful; and
- The preference of a properly designed Environmental Compliance Adjustment Rider (ECAR) Surcharge to setting rates to achieve an unnecessarily high DSC of 1.55.