

ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

2013 DEC -6 A 10:45

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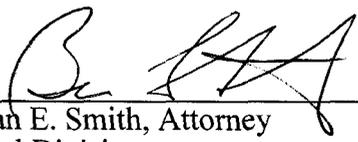
IN THE MATTER OF THE APPLICATION OF
COLUMBUS ELECTRIC COOPERATIVE,
INC. FOR AN INCREASE IN RATES AND
FOR OTHER RELATED APPROVALS.

DOCKET NO. E-01851A-13-0252

**STAFF'S NOTICE OF FILING DIRECT
TESTIMONY**

Staff of the Arizona Corporation Commission ("Staff") herby files the Direct Testimony of
Crystal S. Brown, Julie McNeely-Kirwan, Margaret "Toby" Little and Candrea Allen in the above
docket.

RESPECTFULLY SUBMITTED this 6th day of December 2013.



Brian E. Smith, Attorney
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

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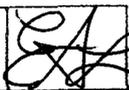
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Arizona Corporation Commission

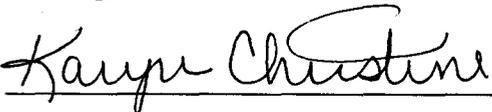
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DEC 06 2013

Copy of the foregoing mailed this
6th day of December 2013 to:

DOCKETED BY 

Charles C. Kretek, General Counsel
Columbus Electric Cooperative, Inc.
Post Office Box 631
Deming, New Mexico 88031-0631



Kaye Christine

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)
COLUMBUS ELECTRIC COOPERATIVE, INC.,)
FOR AN INCREASE IN RATES AND FOR)
OTHER RELATED APPROVALS.)
_____)

DOCKET NO. E-01851A-13-0252

DIRECT

TESTIMONY

OF

CRYSTAL S. BROWN

PUBLIC UTILITIES ANALYST V

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

DECEMBER 6, 2013

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EXECUTIVE SUMMARY
COLUMBUS ELECTRIC COOPERATIVE, INC.
DOCKET NO. E-01851A-13-0252

Columbus Electric Cooperative, Inc. (“Columbus Electric” or “Cooperative”) is a non-profit rural electric cooperative located in Deming, New Mexico. The Cooperative provides electric service to a total of 5,259 consumers, 4,840 in New Mexico and 419 in Cochise County, Arizona.

On July 22, 2013, Columbus Electric filed an application for a permanent rate increase. The Cooperative states that it incurred an adjusted test year operating loss of \$31,344 in Arizona resulting in no rate of return.

The Cooperative proposes total annual operating revenue of \$861,049 in Arizona. This represents an increase of \$21,590, or 2.57 percent, over test year revenue of \$839,459 in Arizona. The proposed revenue increase would produce an operating loss of \$9,754 for no rate of return on an original cost rate base (“OCRB”) of \$1,789,299 in Arizona.

Staff recommends the same annual operating revenue, \$861,049, as proposed by Columbus Electric. Although the revenue recommended by Staff and the Cooperative provide an operating loss for the Arizona jurisdiction, on a consolidated basis, Columbus Electric would experience an adequate operating Time Interest Earned Ratio (“TIER”) of 3.00.

1 **INTRODUCTION**

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

3 A. My name is Crystal S. Brown. I am a Public Utilities Analyst V employed by the Arizona
4 Corporation Commission ("ACC" or "Commission") in the Utilities Division ("Staff").
5 My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

6
7 **Q. Briefly describe your responsibilities as a Public Utilities Analyst V.**

8 A. I am responsible for the examination and verification of financial and statistical
9 information included in utility rate applications. In addition, I develop revenue
10 requirements, prepare written reports, testimonies, and schedules that include Staff
11 recommendations to the Commission. I am also responsible for testifying at formal
12 hearings on these matters.

13
14 **Q. Please describe your educational background and professional experience.**

15 A. I received a Bachelor of Science Degree in Business Administration from the University
16 of Arizona and a Bachelor of Science Degree in Accounting from Arizona State
17 University.

18
19 Since joining the Commission in August 1996, I have participated in numerous rate cases
20 and other regulatory proceedings involving electric, gas, water, and wastewater utilities. I
21 have testified on matters involving regulatory accounting and auditing. Additionally, I
22 have attended utility-related seminars sponsored by the National Association of
23 Regulatory Utility Commissioners ("NARUC") on ratemaking and accounting designed to
24 provide continuing and updated education in these areas.

1 **Q. What is the scope of your testimony in this case?**

2 A. I am presenting Staff's analysis and recommendations in the areas of rate base, operating
3 revenues and expenses, and revenue requirement regarding Columbus Electric
4 Cooperative Inc.'s ("Columbus Electric" or "Cooperative") application for a permanent
5 rate increase.

6
7 **Q. Who else is providing Staff testimony and what issues will they address?**

8 A. Staff witness Julie McNeely-Kirwan is presenting Staff's base cost of purchased power
9 recommendation. Ms. McNeely-Kirwan is also presenting Staff's recommendation
10 concerning the Cooperative's adjustor mechanism and requested miscellaneous service
11 charges. Staff witness Patrick Lowe is presenting Staff's rate design recommendations.
12 Staff witness Candrea Allen is presenting Staff's recommendations concerning the
13 Cooperative's rules, regulations, and line extensions. Staff witness Margaret Little is
14 presenting Staff's cost of service and engineering analysis and recommendations.

15
16 **Q. What is the basis of your recommendations?**

17 A. I performed a regulatory audit of Columbus Electric's application to determine whether
18 sufficient, relevant, and reliable evidence exists to support the Cooperative's requested
19 rate increase. The regulatory audit consisted of examining and testing the Cooperative's
20 financial information, accounting records, and other supporting documentation and
21 verifying that the accounting principles it applied were in accordance with the United
22 States Department of Agriculture Rural Utilities Service's ("RUS") Uniform System of
23 Accounts - Electric ("USOA").

1 **BACKGROUND**

2 **Q. Please review the background of this Applicant.**

3 A. Columbus Electric is a non-profit rural electric cooperative located in Deming, New
4 Mexico. The Cooperative provides electric service to a total of 5,259 consumers, 4,840 in
5 New Mexico and 419 in Cochise County, Arizona. The Cooperative claims that all
6 consumers by class have the same characteristics and are considered to be identical with
7 equal rights, irrespective of jurisdiction. Consequently, Columbus Electric provides
8 service to each account class under the same tariff regardless of jurisdiction. In addition,
9 the Cooperative maintains a common financial record for all consumers, for ease of
10 administration.

11
12 Columbus Electric's current rates were authorized in Decision No. 71792, dated July 12,
13 2010. That Decision authorized an \$18,466 revenue increase that provided no rate of
14 return on a \$1,699,565 original cost rate base ("OCRB").

15
16 **Q. What is the primary reason for the Cooperative's requested permanent rate**
17 **increase?**

18 A. According to the Cooperative, the primary reason is to recover increased operating
19 expenses.

20
21 **CONSUMER SERVICE**

22 **Q. Please provide a brief history of customer complaints received by the Commission**
23 **regarding Columbus Electric.**

24 A. Staff reviewed the Commission's records for the period January 1, 2010 through October
25 21, 2013, and found 13 complaints as follows:

26 2010 1 Complaint (Billing Dispute)

1 2011 No Complaints
2 2012 2 Complaints (1-Billing Dispute, 1-New Service Main Line Extensions)
3 2013 10 Complaints (7-Billing High & Low, 1 Billing Dispute, 2-Rates&Tariffs)

4
5 All Complaints have been resolved and closed.

6
7 **PUBLIC NOTICE**

8 **Q. Has the Cooperative provided public notice?**

9 A. Yes. The Cooperative complied with the procedural order issued in this case on August
10 30, 2013, which required public notice be provided by October 31, 2013.

11
12 **COMPLIANCE**

13 **Q. Please provide a summary of the compliance status of Columbus Electric.**

14 A. A check of the compliance database indicates that there are currently no delinquencies for
15 Columbus Electric.

16
17 **SUMMARY OF PROPOSED REVENUES**

18 **Q. Please summarize the Cooperative's filing.**

19 A. The Cooperative proposes total annual operating revenue of \$861,049 in Arizona. This
20 represents an increase of \$21,590, or 2.57 percent, over test year revenue of \$839,459 in
21 Arizona. The proposed revenue increase would produce an operating loss of \$9,754 for
22 no rate of return on an OCRB of \$1,789,299 in Arizona.

23
24 **Q. Please summarize Staff's recommended revenue.**

25 A. Staff recommends the same annual revenue, \$861,049, proposed by Columbus Electric.

26

1 **Q. Does Staff's recommended revenue provide adequate coverage of operating expenses**
2 **and debt service?**

3 A. Yes. Although the rates recommended by Staff and the Cooperative provide an operating
4 loss for the Arizona jurisdiction, on a consolidated basis, Columbus Electric would
5 experience an adequate operating TIER of 3.00 as shown on schedule CSB-1. Since the
6 recommended rates for Arizona are identical to the rates adopted in New Mexico, the
7 earnings by customer class are the same in both states.

8
9 **Q. What test year did Columbus Electric use in this filing?**

10 A. Columbus Electric's rate filing is based on the twelve months ended September 30, 2012
11 ("test year").

12
13 **Q. Please summarize the rate base and operating income adjustments addressed in your**
14 **testimony for Columbus Electric.**

15 A. Staff made no adjustments to rate base. Staff's adjustment to operating revenue addresses
16 the following issue:

17
18 Base Cost of Power Revenue and Purchased Power Cost Adjustor ("PPCA") – This
19 adjustment matches the Base Cost of Power Revenue to the Staff recommended Base Cost
20 of Power Expense and eliminates the PPCA revenues from operating revenues. The net
21 result of these adjustments is zero.

22
23

1 **RATE BASE**

2 **Fair Value Rate Base**

3 **Q. Did the Cooperative prepare a schedule showing the elements of Reconstruction Cost**
4 **New Rate Base?**

5 A. No, the Cooperative did not. The Cooperative requested that its OCRB be treated as its
6 fair value rate base.

7

8 **Rate Base – Arizona Jurisdiction**

9 **Q. Please summarize Staff's adjustments to the Cooperative's rate base.**

10 A. Staff made no adjustments to rate base. Staff reviewed the Cooperative's filing and found
11 that Columbus Electric appropriately omitted construction work in progress ("CWIP")
12 from rate base as CWIP is not used and useful. Moreover, the Cooperative appropriately
13 omitted working capital from rate base as the working capital was not supported by a lead-
14 lag study.

15

16 **Q. What is Staff's recommendation?**

17 A. Staff recommends adoption of the Cooperative proposed rate base of \$1,789,299 as shown
18 on Schedule CSB-2.

19

20 **Operating Margin – Arizona Jurisdiction**

21 **Operating Margin Summary**

22 **Q. What are the results of Staff's analysis of test year revenues, expenses and operating**
23 **margin?**

24 A. As shown on Schedules CSB-3 and CSB-4, Staff's analysis resulted in test year revenues
25 of \$839,459, expenses of \$870,803 and an operating loss of \$31,344.

26

1 **Operating Margin Adjustment No. 1 – Base Cost of Power Revenue and Purchased Power**
2 **Cost Adjustor**

3 **Base Cost of Power Revenue**

4 **Q. What is the base cost of power (“BCOP”) rate and how is it calculated?**

5 A. The BCOP rate is the portion of the base rate that recovers the test year purchased power
6 expense. The BCOP rate is calculated by dividing the test year purchased power expense
7 by the number of kWh’s sold in the test year.

8
9 **Q. For ratemaking purposes, should the revenues generated from the BCOP rate match**
10 **purchased power expense?**

11 A. Yes, the revenues generated from the BCOP rate (“BCOP revenue”) should match the
12 purchased power expense since the BCOP rate is designed to recover the test year level of
13 purchased power expense.

14
15 Further, the Cooperative has a purchased power adjustor mechanism that facilitates full
16 recovery of all purchased power costs. The adjustor mechanism ensures that the
17 Cooperative neither over- nor under- recovers purchased power cost. This means that
18 changes in the cost of purchased power do not affect income. The difference between the
19 amount collected from customers and the amount paid to power suppliers for purchased
20 power in any year due to timing differences is reflected on the balance sheet as an asset or
21 liability, rather than on the income statement.

22
23 Failure to recognize equal amounts for the revenue and expense associated with purchased
24 power when an adjustor mechanism is in effect could lead to an over- or under- recovery
25 of purchased power costs.

1 **Q. Did Columbus Electric's test year BCOP revenue match the purchased power**
2 **expense?**

3 A. No, the BCOP revenue is \$273,640 and the purchased power expense is \$511,638; a
4 difference of \$237,998 as shown on Schedules CSB-5 and CSB-6.

5
6 **Q. What was the cause of the mismatch?**

7 A. The Cooperative has proposed a new BCOP rate of \$0.07851 to recover its proposed
8 purchased power expense of \$511,638 as discussed in greater detail by Staff witness Julie
9 McNeely-Kirwan. However, the Cooperative did not make a pro forma adjustment to
10 reflect this new BCOP rate in test year revenue.

11
12 **Q. How does the Cooperative use the BCOP rate?**

13 A. The Cooperative uses the BCOP rate to determine the amount of under- or over- collection
14 of power costs that should flow through the Cooperative's fuel bank.

15
16 **Q. What is Staff's recommendation?**

17 A. Staff recommends increasing the BCOP revenue by \$237,998 to match the purchased
18 power expense as shown on Schedules CSB-5 and CSB-6.

19
20 **Purchased Power Cost Adjustor Revenue**

21 **Q. Explain the purpose of the break-out of the total revenue from sales of electricity into**
22 **components as shown on Schedules CSB-5 and CSB-6.**

23 A. The purpose is to show the portion of revenue that is generated from base rates separately
24 from revenue that is generated from the purchased power cost adjustor.

25

1 **Q. Is it appropriate to include monies collected through the Cooperative's power cost**
2 **adjustor in operating revenues as the Cooperative has done?**

3 A. No, it is not appropriate. Staff's base rates are designed to recover the Cooperative's total
4 revenue requirement which consists of the Cooperative's operating expenses (including
5 the test year purchased power expense of \$511,638) plus a return on rate base.
6 Consequently, since the base rates recover the Cooperative's total revenue requirement,
7 the revenue generated by the PPCA rate would no longer reflect recovery of any expense
8 in the revenue requirement and, therefore, should be eliminated for ratemaking purposes.

9
10 Further, the PPCA revenues are set using a mechanism that is separate from that used to
11 set base rates. Moreover, the Cooperative can change the PPCA rate, without action by
12 the Commission, based on over- or under-collections in the Cooperative's fuel bank.

13
14 **Q. What is Staff's recommendation?**

15 A. Staff recommends decreasing the PPCA revenue shown in the Cooperative's filing by
16 \$237,998 to eliminate the PPCA revenue as shown on Schedules CSB-5 and CSB-6.

17
18 **Q. What is the net effect of Staff's recommendation?**

19 A. There is no net change to income since the changes to power revenue are offset by
20 purchased power expense.

21
22 **Q. Does this conclude your direct testimony?**

23 A. Yes, it does.

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
		COMPANY ORIGINAL COST			STAFF ORIGINAL COST
		Total System	New Mexico	Arizona	Arizona
1	Adjusted Rate Base	\$ 24,340,318	\$ 22,455,315	\$ 1,789,299	\$ 1,789,299
2	Adjusted Operating Margins (Loss) Before Interest on L.T. Debt	\$ 1,002,320	\$ 1,033,663	\$ (31,344)	\$ (31,344)
3	Current Rate of Return (L2 / L1)	4.12%	4.60%	-1.75%	-1.75%
4	Proposed Operating Margins Before Interest on L.T. Debt	\$ 1,117,319	\$ 1,127,163	\$ (9,754)	\$ (9,754)
5	Proposed Rate of Return (L1 / L4)	4.59%	5.02%	-0.55%	-0.55%
6	Operating Income Deficiency (L4 - L2)	\$ 115,000	\$ 93,410	\$ 21,590	\$ 21,590
7	Gross Revenue Conversion Factor	1.0000	1.0000	1.0000	1.0000
8	Required Revenue Increase (L7 * L6)	\$ 115,000	\$ 93,410	\$ 21,590	\$ 21,590
9	Adjusted Test Year Revenue	\$ 13,332,233	\$ 12,492,864	\$ 839,459	\$ 839,459
10	Proposed Annual Revenue (L8 + L9)	\$ 13,447,233	\$ 12,586,274	\$ 861,049	\$ 861,049
11	Required Increase in Revenue (%)	0.86%	0.75%	2.57%	2.57%
12	Interest Expense on Long-term Debt	\$ 558,003	\$ 513,586	\$ 44,417	\$ 44,417
13	Operating TIER (L4+L12)/L12	3.00	3.19	0.78	0.78

RATE BASE - ORIGINAL COST					
LINE NO.	[A] Total New Mexico and Arizona as Filed	[B] New Mexico as Filed	[C] Arizona as Filed	[D] Staff Adjustments	[E] Staff as Adjusted
1	\$ 37,884,763	\$ 34,849,491	\$ 3,035,272	\$ -	\$ 3,035,272
2	(15,217,020)	(13,989,850)	(1,227,170)	-	(1,227,170)
3	\$ 22,667,743	\$ 20,859,641	\$ 1,808,102	\$ -	\$ 1,808,102
4	685,549	685,549	-	-	-
5	\$ 23,353,292	\$ 21,545,190	\$ 1,808,102	\$ -	\$ 1,808,102
6					
7	<u>LESS:</u>				
8	\$ -	\$ -	\$ -	\$ -	\$ -
9	(293,780)	(274,977)	(18,803)	-	(18,803)
10	Total	(293,780)	(274,977)	(18,803)	(18,803)
11					
12	<u>ADD:</u>				
13	\$ 607,249	\$ 607,249	\$ -	\$ -	\$ -
14	444,782	444,782	-	-	-
15	133,071	133,071	-	-	-
16	\$ 1,185,102	\$ 1,185,102	\$ -	\$ -	\$ -
17					
18	Total Rate Base	\$ 24,244,614	\$ 22,455,315	\$ 1,789,299	\$ 1,789,299

References:

Column A, Cooperative Corrected Schedule B-1
Columns B & C: Cooperative Schedule B-1.1
Column D: Schedule CSB-3
Column E: Column C + Column D

SUMMARY OF RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	[A]	[B]	[C]	[D]	[E]
			Total	New Mexico	Arizona		
			New Mexico and Arizona AS FILED	New Mexico AS FILED	Arizona AS FILED	Staff Adjustments	STAFF ADJUSTED
			REF: Cooperative Schedule E-5	REF: Cooperative Schedule E-5.1	REF: Cooperative Schedule E-5.2		
1		<u>PLANT IN SERVICE:</u>					
		<u>Intangible Plant</u>					
2	301	Organization	\$ 411	\$ 377	\$ 34	\$ -	\$ 34
3		<u>Transmission Plant</u>					
4	350	Right of Way	\$ 13,557	\$ 12,424	\$ 1,133	\$ -	\$ 1,133
5	355	Poles and Fixtures	871,754	798,907	72,847	-	72,847
6	356	OH Conductors	561,728	514,788	46,940	-	46,940
7	359	Roads and Trails	19,200	17,596	1,604	-	1,604
8		Subtotal	\$ 1,466,239	\$ 1,343,715	\$ 122,524	\$ -	\$ 122,524
9		<u>Distribution Plant</u>					
10	360	Land and Land Rights	\$ 38,317	\$ 35,296	\$ 3,021	\$ -	\$ 3,021
11	362	Station Equipment	3,130,649	2,865,865	264,784	-	264,784
12	364	Poles, Towers, and Fixtures	10,941,642	9,929,693	1,011,949	-	1,011,949
13	365	OH Conductors	6,783,591	6,211,772	571,819	-	571,819
14	367	Distribution URD Plant	950,056	668,929	281,127	-	281,127
15	368	Line Transformers	6,293,850	6,250,349	43,501	-	43,501
16	369	Services	2,513,410	2,139,549	373,861	-	373,861
17	370	Meters	1,880,329	1,833,201	47,128	-	47,128
18	371	Installation On Consumer's Premises	378,667	363,126	15,541	-	15,541
19		Subtotal	\$ 32,910,511	\$ 30,297,780	\$ 2,612,731	\$ -	\$ 2,612,731
20							
21		<u>General Plant</u>					
22	389	Land and Land Rights	\$ 21,947	\$ 19,953	\$ 1,994	\$ -	\$ 1,994
23	390	Structures and Improvements	1,078,442	989,715	88,727	-	88,727
24	391	Office Furniture and Equipment	409,340	368,883	40,457	-	40,457
25	392	Transportation Equipment	1,543,809	1,421,886	121,923	-	121,923
26	393	Stores Equipment	14,831	13,484	1,347	-	1,347
27	394	Shop & Garage Equipment	99,661	89,896	9,765	-	9,765
28	395	Laboratory Equipment	183,948	168,534	15,414	-	15,414
29	396	Power Operated Equipment	40,167	26,183	13,984	-	13,984
30	397	Communications Equipment	115,457	109,085	6,372	-	6,372
31		Subtotal	\$ 3,507,602	\$ 3,207,619	\$ 299,983	\$ -	\$ 299,983
32							
33		Total Plant in Service	\$ 37,884,763	\$ 34,849,491	\$ 3,035,272	\$ -	\$ 3,035,272
34		Construction Work In Progress (CWIP)	685,549	685,549	-	-	-
35		Total Plant in Service and CWIP	\$ 38,570,312	\$ 35,535,040	\$ 3,035,272	\$ -	\$ 3,035,272
36							
37		<u>Accumulated Depreciation</u>					
38		Accumulated Depr-Transmission Plant	\$ (1,173,622)	\$ (1,075,550)	\$ (98,072)	\$ -	\$ (98,072)
39		Accumulated Depr-Distribution Plant	(11,856,930)	(10,914,827)	(942,103)	-	(942,103)
40		Accumulated Depr-General Plant	(2,186,468)	(1,999,473)	(186,995)	-	(186,995)
41		Total Accumulated Depreciation & Amortization	\$ (15,217,020)	\$ (13,989,850)	\$ (1,227,170)	\$ -	\$ (1,227,170)
42							
43		Net Plant in Service	\$ 23,353,292	\$ 21,545,190	\$ 1,808,102	\$ -	\$ 1,808,102
44							
45		<u>LESS:</u>					
46		Deferred Credits	\$ -	\$ -	\$ -	\$ -	\$ -
47		Consumer Deposits	(293,780)	(274,977)	(18,803)	-	(18,803)
48		Total	\$ (293,780)	\$ (274,977)	\$ (18,803)	\$ -	\$ (18,803)
49							
50		<u>ADD:</u>					
51		Cash Working Capital Allowance	\$ 607,249	\$ 607,249	\$ -	\$ -	\$ -
52		Materials and Supplies	444,782	444,782	-	-	-
53		Prepayments	133,071	133,071	-	-	-
54		Total	\$ 1,185,102	\$ 1,185,102	\$ -	\$ -	\$ -
55							
56		Rounding	\$ -	\$ -	\$ -	\$ -	\$ -
57							
58		Total Rate Base	\$ 24,244,614	\$ 22,455,315	\$ 1,789,299	\$ -	\$ 1,789,299

OPERATING MARGIN - TEST YEAR AND STAFF RECOMMENDED

Line No.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
		TOTAL	COOPERATIVE - TEST YEAR	ARIZONA*	STAFF TEST YEAR ADJUSTMENTS	ADJ. NO.	STAFF TEST YEAR AS ADJUSTED	STAFF RECOMMENDED CHANGES	STAFF RECOMMENDED
REVENUES:									
1	Margin Revenue (Non-Power Base Rates)	\$ 4,063,936	\$ 3,737,816	\$ 326,120	\$ -	1	\$ 326,120	\$ 21,590	\$ 347,710
2	Base Cost of Power Revenue	\$ 5,264,881	\$ 4,992,285	\$ 272,616	\$ 240,401		\$ 513,017	\$ -	\$ 513,017
4	Reconciling Amount	\$ 223,444	\$ 222,420	\$ 1,024	\$ (2,403)		\$ (1,379)	\$ -	\$ (1,379)
5	Total Base Cost of Power Revenue	\$ 5,488,325	\$ 5,214,685	\$ 273,640	\$ 237,998	1	\$ 511,638	\$ -	\$ 511,638
6	Purchased Pwr Cost Adjustor (PPCA) Revenue	\$ 3,753,485	\$ 3,515,487	\$ 237,998	\$ (237,998)	1	\$ -	\$ -	\$ -
8	Total Base Rates and PPCA Revenue	\$ 13,305,746	\$ 12,467,988	\$ 837,758	\$ 0		\$ 837,758	\$ 21,590	\$ 859,348
10	Other Revenues	\$ 26,577	\$ 24,876	\$ 1,701	\$ -		\$ 1,701	\$ -	\$ 1,701
12	Total Revenues	\$ 13,332,323	\$ 12,492,864	\$ 839,459	\$ 0		\$ 839,459	\$ 21,590	\$ 861,049
EXPENSES:									
14	Cost of Power	\$ 7,930,705	\$ 7,419,067	\$ 511,638	\$ -		\$ 511,638	\$ -	\$ 511,638
15	Transmission Expense	17,902	16,468	1,434	-		1,434	-	1,434
16	Distribution - Operations	942,890	867,365	75,525	-		75,525	-	75,525
17	Distribution - Maintenance	336,152	309,226	26,926	-		26,926	-	26,926
18	Customer Accounts	630,545	577,831	52,714	-		52,714	-	52,714
19	Customer Accounts & Information	95,935	87,915	8,020	-		8,020	-	8,020
20	Administrative & General	1,202,907	1,102,344	100,563	-		100,563	-	100,563
21	Depreciation	1,162,512	1,069,395	93,117	-		93,117	-	93,117
22	Other Interest	6,175	5,659	516	-		516	-	516
23	Other Deductions	4191	3841	350	-		350	-	350
24	Total Operating Expenses	\$ 12,329,914	\$ 11,459,111	\$ 870,803	\$ -		\$ 870,803	\$ -	\$ 870,803
25	Operating Margin Before Interest on L.T. - Debt	\$ 1,002,409	\$ 1,033,753	\$ (31,344)	\$ 0		\$ (31,344)	\$ -	\$ (9,754)
27	INTEREST ON LONG-TERM DEBT & OTHER DEDUCTIONS	\$ 558,003	\$ 513,586	\$ 44,417	\$ -		\$ 44,417	\$ -	\$ 44,417
29	Interest on Long-term Debt	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
30	Interest - Other	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
31	Other Deductions	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
32	Total Interest & Other Deductions	\$ 558,003	\$ 513,586	\$ 44,417	\$ -		\$ 44,417	\$ -	\$ 44,417
33	MARGINS (LOSS) AFTER INTEREST EXPENSE	\$ 444,406	\$ 520,167	\$ (75,761)	\$ 0		\$ (75,761)	\$ -	\$ (54,171)
34	NON-OPERATING MARGINS	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
35	Interest Income	\$ 55,430	\$ 51,882	\$ 3,548	\$ -		\$ 3,548	\$ -	\$ 3,548
36	Other Margins	\$ 507,855	\$ 475,352	\$ 32,503	\$ -		\$ 32,503	\$ -	\$ 32,503
37	G&T Capital Credits	\$ 17,633	\$ 16,504	\$ 1,129	\$ -		\$ 1,129	\$ -	\$ 1,129
38	Other Capital Credits	\$ 580,918	\$ 543,738	\$ 37,180	\$ -		\$ 37,180	\$ -	\$ 37,180
39	Total Non-Operating Margins	\$ 1,025,324	\$ 1,063,905	\$ (38,581)	\$ 0		\$ (38,581)	\$ -	\$ (16,991)
40	NET MARGINS (LOSS)	\$ 1,002,409	\$ 1,033,753	\$ (31,344)	\$ 0		\$ (31,344)	\$ -	\$ (9,754)

References:
Column A: Column B + Column C
Column B and C: Cooperative Schedule C-1.1 and C-1.2
Column D: Schedule CSB-7
Column E: Schedule CSB-7
Column F: Column C + Column D
Column G: Schedule CSB-1
Column H: Column F + Column G

SUMMARY OF OPERATING MARGIN ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	[A] ARIZONA COMPANY	[B] ADJ #1 Base Cost of Power and Pwr Cost Adjustor Ref: Sch CSB-6	[C] STAFF ADJUSTED
REVENUES:				
1	Margin Revenue (Non-Power Base Rates)	\$ 326,120	\$ -	\$ 326,120
2				
3	Base Cost of Power Revenue	\$ 272,616	\$ 240,401	\$ 513,017
4	Reconciling Amount	\$ 1,024	(2,403)	(1,379)
5	Total Base Cost of Power Revenue	\$ 273,640	\$ 237,998	\$ 511,638
6				
7	Purchased Pwr Cost Adjustor (PPCA) Revenue	\$ 237,998	\$ (237,998)	\$ -
8				
9	Total Base Rates and PPCA Revenue	\$ 837,758	\$ 0	\$ 837,758
10				
11	Other Revenues	\$ 1,701	-	1,701
12	Total Revenues	\$ 839,459	\$ 0	\$ 839,459
13				
OPERATING EXPENSES:				
15	Cost of Power	\$ 511,638	\$ -	\$ 511,638
16	Transmission Expense	1,434	-	1,434
17	Distribution - Operations	75,525	-	75,525
18	Distribution - Maintenance	26,926	-	26,926
19	Customer Accounts	52,714	-	52,714
20	Customer Accounts & Information	8,020	-	8,020
21	Administrative & General	100,563	-	100,563
22	Depreciation	93,117	-	93,117
23	Other Interest	516	-	516
24	Other Deductions	350	-	350
25	Total Operating Expenses	\$ 870,803	\$ -	\$ 870,803
26				
27	Operating Margin Before Interest on L.T.- Debt	\$ (31,344)	\$ 0	\$ (31,344)
28				
INTEREST ON LONG-TERM DEBT & OTHER DEDUCTIONS				
30	Interest on Long-term Debt	\$ 44,417	\$ -	\$ 44,417
31	Interest - Other	\$ -	-	-
32	Other Deductions	-	-	-
33	Total Interest & Other Deductions	\$ 44,417	\$ -	\$ 44,417
34				
35	MARGINS (LOSS) AFTER INTEREST EXPENSE	\$ (75,761)	\$ 0	\$ (75,761)
36				
NON-OPERATING MARGINS				
38	Interest Income	\$ -	\$ -	\$ -
39	Other Margins	3,548	-	3,548
40	G&T Capital Credits	32,503	-	32,503
41	Other Capital Credits	1,129	-	1,129
42	Total Non-Operating Margins	\$ 37,180	\$ -	\$ 37,180
43				
44	EXTRAORDINARY ITEMS	\$ -	\$ -	\$ -
45				
46	NET MARGINS (LOSS)	\$ (38,581)	\$ 0	\$ (38,581)

**OPERATING MARGIN ADJUSTMENT NO. 1 - BASE COST OF POWER REVENUE AND
PURCHASED POWER COST ADJUSTOR REVENUE**

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Revenues			
2	Base Cost of Power Revenue ("BCOP") From Line 21	\$ 272,616	\$ -	\$ 272,616
3	To Increase BCOP Revenue to Match Pur Pwr Exp (From Line 21)	-	240,401	240,401
4	Reconciling Amount	1,024	(2,403)	(1,379)
5	Total BCOP Revenue	\$ 273,640	\$ 237,998	\$ 511,638
6				
7	To Eliminate Purchased Power Cost Adjustor ("PPCA")	237,998	(237,998)	-
8				
9	Total Base Cost of Power and PPCA Revenue	\$ 511,638	\$ 0	\$ 511,638
10				
11	Expenses			
12	Total Purchased Power Expense	\$ 511,638	\$ -	\$ 511,638
13	Operating Margin (Line 9 - Line 13)	\$ (0)	\$ 0	\$ (0)

	Current BCOP	Difference	Proposed BCOP
18	Test Year Sales (In kWhs)	-	6,534,412
19	Multiplied by: Base Cost of Power per kWh	0.0367900	0.07851
20	Total Base Cost of Power	\$ 240,401	\$ 513,017

References:

- Column A: Cooperative Schedules C-1.2 and F-4
- Column B: Testimony, CSB
- Column C: Column A + Column B

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)
COLUMBUS ELECTRIC COOPERATIVE, INC.)
FOR AN INCREASE IN RATE AND FOR)
OTHER RELATED APPROVALS.)
_____)

DOCKET NO. E-01851A-13-0252

DIRECT

TESTIMONY

OF

JULIE MCNEELY-KIRWAN

PUBLIC UTILITIES ANALYST V

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

DECEMBER 6, 2013

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**EXECUTIVE SUMMARY
COLUMBUS ELECTRIC COOPERATIVE, INC.
DOCKET NO. E-01851A-13-0252**

Staff's testimony concerns Columbus Electric Cooperative's ("Columbus" or "the Cooperative") base cost of purchased power, its purchased power adjustor mechanism and its miscellaneous charges.

Staff recommends a \$0.078510 base cost of purchased power, as requested by Columbus. Staff also recommends that the Cooperative be allowed to include its Arizona service area in a system-wide purchased power adjustor mechanism. However, while Staff recommends that a Temporary Balance Resolution Charge be used to resolve the remaining balance for the existing Arizona purchased power adjustor, that charge should be capped at \$0.01 per kWh, not \$0.02 per kWh. Staff also recommends that the Cooperative file a Plan of Administration ("POA") regarding the system-wide purchased power adjustor mechanism. Staff recommends that Columbus be allowed to retain its existing fees and charges, as requested.

1 **INTRODUCTION**

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

3 A. My name is Julie McNeely-Kirwan. I am a Public Utilities Analyst V employed by the
4 Arizona Corporation Commission (“ACC” or “Commission”) in the Utilities Division
5 (“Staff”). My business address is 1200 West Washington Street, Phoenix, Arizona
6 85007.

7
8 **Q. Briefly describe your responsibilities as a Public Utilities Analyst V.**

9 A. My duties as a Public Utilities Analyst V include reviewing and analyzing applications
10 filed with the Commission, and preparing memoranda and proposed orders for Open
11 Meetings. In addition, my duties have included preparing written testimony in multiple
12 rate cases, and testifying during the related hearings. I have also acted as lead in several
13 rate cases and have performed evaluations of energy efficiency implementation plans.

14
15 **Q. Please describe your educational background and professional experience.**

16 A. In 1979, I graduated Magna Cum Laude from Arizona State University, receiving a
17 Bachelor of Arts degree in History. In 1987, I received a Master’s Degree in Political
18 Science from the University of Wisconsin, Madison. I have been employed by the
19 Commission since September of 2006. Since that time, I have attended seminars and
20 classes on general regulatory issues, including demand-side management and the gas and
21 electric industries.

1 **Q. What is the scope of your testimony in this case?**

2 A. My testimony addresses Columbus Electric Cooperative's ("Columbus" or "the
3 Cooperative") base cost of purchased power, its purchased power adjustor mechanism
4 and its miscellaneous charges.

5

6 **BASE COST OF POWER**

7 **Q. What is the current base cost of power for customers in the Cooperative's Arizona**
8 **territory?**

9 A. The current base cost of power for the Cooperative's Arizona customers is \$0.04172 per
10 kWh.

11

12 **Q. What is the current base cost of power for customers in the Cooperative's New**
13 **Mexico territory?**

14 A. The current base cost of power for the Cooperative's New Mexico customers is
15 \$0.078510 per kWh. This base cost of power took effect in September 2013.

16

17 **Q. What is the base cost of power proposed by Columbus for its Arizona customers?**

18 A. Columbus has proposed a base cost of \$0.078510 per kWh for its Arizona customers, as
19 calculated based on a total purchased power cost of \$7,930,705 and sales of 101,015,436
20 kWh. This calculation uses the Cooperative's total system-wide costs and sales for the
21 test year, rather than Arizona costs and sales alone. A base cost of \$0.078510 per kWh
22 for Arizona customers would make the base cost of power for the Cooperative's Arizona
23 and New Mexico customers identical.

1 **Q. Did Columbus make any adjustments to its test year cost of power?**

2 A. Yes. Columbus made an adjustment of \$56,552 for the entire system, \$52,894 for New
3 Mexico customers and \$3,658 for Arizona customers. (The allocation is based on usage).
4 This adjustment was made in order to annualize an increase in the cost of power and
5 equals \$0.00055984 per kWh sold.

6
7 **Q. Is this adjustment to the cost of power reasonable?**

8 A. Yes. Annualizing such an increase allows the base cost to be calculated to more closely
9 reflect what the actual cost of power is likely to be.

10
11 **Q. Is it reasonable to calculate the base cost using total system costs and sales?**

12 A. Yes. Columbus has a total of 5,259 customers in New Mexico and Arizona. Of those
13 customers, 4,840, or approximately 92%, are located in New Mexico. In comparison, the
14 Cooperative's territory in Arizona consists of 419 customers, or approximately 8% of the
15 Cooperative's customer total. Maintaining a separate base cost for a much smaller, and
16 essentially similar, customer group is burdensome, impractical and can create a
17 perception of inequity.

18
19 In addition, Columbus witness E. L. Moss has indicated that the administrative benefits
20 of a uniform rate schedule and equal treatment of members are of greater importance to
21 the Cooperative than the difference in the rate of return between jurisdictions when
22 identical rates are applied.

1 **Q. Are there any questions with respect to the Cooperative's testimony on base cost**
2 **that need to be addressed?**

3 A. Yes. In his testimony, Chris Martinez references a proposed base cost of \$0.077950,
4 while Mr. Moss proposes a base cost of \$0.078510 per kWh. In communication with the
5 Company, Staff was informed that the base cost mentioned in Mr. Martinez's testimony
6 was a preliminary estimate and that Columbus actually proposes a base cost of
7 \$0.078510.

8
9 **Q. What base cost of power does Staff recommend for Columbus?**

10 A. Staff recommends a base cost of power of \$0.078510 per kWh, as proposed by
11 Columbus. Setting the base cost at \$0.078510 reflects the system-wide cost of power and
12 would make the base cost of purchased power for Arizona and New Mexico customers
13 equal.

14
15 **ADJUSTOR MECHANISM**

16 **Q. What is the purpose of a purchased power adjustor mechanism?**

17 A. An adjustor mechanism is generally designed to recover the cost of purchased power and
18 to adjust for changes in that cost between rate cases.

19
20 **Q. Does the Cooperative currently have a Commission-approved purchased power**
21 **adjustor mechanism in Arizona?**

22 A. Yes. The Cooperative has a Commission-approved purchased power adjustor mechanism
23 in Arizona. It also has a purchased power adjustor mechanism in New Mexico.

1 **Q. Does the existing adjustor mechanism treat the Arizona and New Mexico service**
2 **areas as a single unit?**

3 A. No. The bank balances for Arizona and New Mexico are separately tracked and the
4 formulae differ between the two states.

5
6 **Q. How is the bank balance in Arizona calculated?**

7 A. The Arizona bank balance is calculated in the following way:

8 1. The purchased power expense for the current month is added to the bank balance
9 carried over from the previous month (“carryover bank balance”);

10 2. The base cost per kWh is multiplied by the kWh sales for the current month and
11 subtracted from the total of the balance and current month’s expense;

12 3. The factor set in the previous month (a per-kWh charge equal to the carryover
13 bank balance divided by the previous month’s usage) is multiplied times the
14 current month’s kWh sales, and this amount is billed. The total actually
15 recovered is then also subtracted from the balance and current month’s expense;

16 4. The remaining bank balance is divided by the current month’s kWh sales to create
17 the factor that will be used the following month.

18

19 **Q. How does the calculation for the New Mexico customers differ?**

20 A. In New Mexico, the factor for the next month is calculated using the number of kWh sold
21 to the Agricultural Rate Class in the current month, instead of the number of kWh sold to
22 the Agricultural Rate Class in the previous month.

1 **Q. What is the purpose of using the kWh sold to the Agricultural Rate Class in the**
2 **current month in the fuel adjustor calculation?**

3 A. To minimize the shifting of costs between customers and rate classes. This primarily
4 protects non-Agricultural ratepayers against cost shifting that could occur due to usage
5 patterns associated with the growing season.
6

7 **Q. Have there been problems or complaints regarding Columbus's existing adjustor**
8 **mechanism formula in Arizona?**

9 A. Yes. Because Arizona's customer population is primarily residential in nature
10 (approximately 419 Residential customers out of 477 total customers), kWh sales can
11 vary significantly with the seasons, producing large swings in adjustor rates. Because the
12 New Mexico customer base is more diverse, and more heavily Non-residential in nature,
13 usage levels are more consistent and adjustor rates are less volatile.
14

15 **Q. Should one adjustor mechanism be used for the Cooperative's entire territory,**
16 **meaning for both its Arizona and New Mexico service areas?**

17 A. Yes. Combining Arizona's small, primarily residential customer population with the far
18 larger and more diverse New Mexico customer population should reduce rate volatility
19 for Arizona customers.
20

21 **Q. What is Staff's recommendation with respect to the adjustor mechanism proposed**
22 **by Columbus?**

23 A. Staff recommends that a single adjustor mechanism be used for the Cooperative's entire
24 service area, meaning for both its Arizona and New Mexico service areas.

1 **Q. Why is Columbus requesting a Temporary Surcharge?**

2 A. To address any under-collection that will remain once the new rates are implemented.
3 Without a Temporary Surcharge any remaining under-collection for Arizona would need
4 to be resolved in one month, creating the potential for rate shock in that month.
5

6 **Q. What type of Temporary Surcharge is Columbus requesting?**

7 A. The actual level of under-collection will not be known until the new rates are
8 implemented and the transition to a single-calculation adjustor rate begins. Columbus is
9 requesting a \$0.02 per kWh cap.
10

11 **Q. Does Staff agree with the Cooperative's proposal for a Temporary Surcharge?**

12 A. Yes, however Staff recommends it be referred to as the Temporary Balance Resolution
13 Charge because Staff believes that "Temporary Balance Resolution Charge" more clearly
14 describe the purpose of the charge. Staff also recommends that the Temporary Balance
15 Resolution Charge be capped at \$0.01 per kWh, rather than \$0.02 per kWh, in order to
16 further limit the potential rate shock. (As an example, with a \$0.02 per kWh cap, the
17 Temporary Balance Resolution Charge could increase an average bill by as much as
18 \$9.82. With a \$0.01 cap the potential increase would be no higher than \$4.91.)
19

20 **PLAN OF ADMINISTRATION**

21 **Q. Should the Company file a Plan of Administration for its adjustor mechanism?**

22 A. Yes. Columbus should file a proposed Plan of Administration ("POA") for its purchased
23 power adjustor mechanism in this docket as a compliance item, within 90 days after the
24 effective date of the Decision in the current rate case. The POA should include a clear

1 and detailed description of how its adjustor mechanism functions. The POA should be
2 filed for Staff's review and recommendation, subject to the Commission's approval.
3

4 **MISCELLANEOUS FEES AND CHARGES**

5 **Q. Has Columbus proposed any changes to its miscellaneous fees and charges in**
6 **Arizona?**

7 A. No. Columbus has proposed to retain its existing fees and charges, as shown in the table
8 below:
9

Type of Fee ¹	Amount
Connect Fee	\$25.00
Collection Fee	\$25.00
Reconnect Fee	\$25.00 (during normal business hours) \$50.00 (outside normal business hours)
Service Call Fee	\$25.00 (during normal business hours) \$50.00 (outside normal business hours)
Returned Check Fee	\$15.00
Meter Test Fee	\$25.00
Meter Tampering Charge	\$150.00 (first offense) \$300.00 (each subsequent offense)

10
11 **Q. How long have these fees and charges been in place?**

12 A. These fees and charges have been in place since 1996.
13

¹ Normally, Staff would roll any fees for work done after hours into a single After hours charge. However, because the majority of Columbus' customers are in New Mexico, it is reasonable to conform Arizona's fees to New Mexico's.

1 **Q. Are the fees and charges the same for the Cooperative's New Mexico and Arizona**
2 **customers?**

3 A. Yes. The fees and charges are the same for customers in both states.
4

5 **Q. Have there been complaints filed with the Commission regarding the Cooperative's**
6 **Miscellaneous Fees and Charges?**

7 A. No. There is no record of any complaints being filed regarding the Cooperative's
8 Miscellaneous Fees and Charges during the last three years.
9

10 **Q. Does Staff agree that the fees and charges in place for Arizona customers should**
11 **remain unchanged?**

12 A. Yes. The Cooperative is not requesting any changes to its Miscellaneous Fees and
13 Charges. Given the absence of complaints about the fees and charges and the fact that
14 the Cooperative is not requesting any increases, it is reasonable to maintain the fees and
15 charges at their current level. Moreover, it would be burdensome and potentially
16 inequitable to order changes that would result in differing fees and charges for a small
17 percentage (8%) of the Cooperative's customer population.
18

19 **SUMMARY OF TESTIMONY AND RECOMMENDATIONS**

20 **Q. Please summarize your testimony.**

21 A. Staff recommends:

- 22 • a base cost of power of \$0.078510 per kWh.
23 • that the Commission approve the adjustor mechanism currently being used in New
24 Mexico for use in the Cooperative's Arizona service territory.

- 1 • approval of a Temporary Surcharge capped at \$0.01 per kWh to resolve any under-
- 2 collection remaining after the new rates take effect.
- 3 • Columbus file a proposed Plan of Administration (“POA”) for its purchased power
- 4 adjustor mechanism in this docket as a compliance item, within 90 days after the
- 5 effective date of the Decision in the current rate case. The POA should be filed for Staff
- 6 review and recommendation, subject to Commission approval.
- 7 • that the Cooperative’s Miscellaneous Fees and Charges remain unchanged, as requested
- 8 by Columbus.
- 9

10 **Q. Does this conclude your direct testimony?**

11 **A. Yes, it does.**

12

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)
COLUMBUS ELECTRIC COOPERATIVE, INC.)
FOR A HEARING TO DETERMINE THE FAIR)
VALUE OF ITS PROPERTY FOR)
RATEMAKING PURPOSES, TO FIX A JUST)
AND REASONABLE RETURN THEREON, TO)
APPROVE RATES DESIGNED TO DEVELOP)
SUCH RETURN AND FOR RELATED)
APPROVALS)
_____)

DOCKET NO. E-01851A-13-0252

DIRECT
TESTIMONY
OF
MARGARET (TOBY) LITTLE
ELECTRIC UTILITIES ENGINEER
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

DECEMBER 6, 2013

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**EXECUTIVE SUMMARY
COLUMBUS ELECTRIC COOPERATIVE
DOCKET NO. E-01851A-13-0252**

Margaret (Toby) Little's testimony discusses Utilities Division Staff's ("Staff") review of the rate case application ("Application") of Columbus Electric Cooperative ("Columbus Electric" or "Cooperative" or "CEC") filed with the Arizona Corporation Commission ("Commission") on July 1, 2013, and presents the results of Staff's engineering evaluation of the Cooperative's electric distribution system in Arizona. The Cooperative's most recent previous rate case was filed in 2009, resulting in Decision No. 71792, dated July 12, 2010.

Based on its review of Columbus Electric's Application and 2008-2011 Construction Work Plan ("Work Plan" or "CWP"), inspection of the Cooperative's electric system and discussions with the Cooperative's Operation Manager, Robert Offutt, and General Manager, Chris Martinez, Staff's conclusions are as follows:

- a. Columbus Electric is operating and maintaining its electrical system properly;
- b. Columbus Electric is carrying out system improvements, upgrades and new additions to meet the current and projected load of the Cooperative in an efficient and reliable manner. These improvements, system upgrades and new construction are reasonable and appropriate. The Cooperative's plant in service for the Arizona service territory is "used and useful;"
- c. The Cooperative has an acceptable level of system losses, consistent with industry guidelines; and
- d. CEC has a satisfactory record of service interruptions in the historic period from 2008 thru 2012, reflecting satisfactory quality of service.

1 **I. INTRODUCTION**

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

3 A. My name is Margaret (Toby) Little. My business address is 1200 West Washington
4 Street, Phoenix, Arizona 85007.

5
6 **Q. By whom and in what capacity are you employed?**

7 A. I am employed by the Arizona Corporation Commission (“Commission”) as a Utilities
8 Consultant.

9
10 **Q. Please describe your educational background.**

11 A. I received both my Bachelors and Masters Degrees in Electrical Engineering from New
12 Mexico State University. I graduated with my Bachelor’s Degree in July 1972, and
13 received my Masters Degree in January 1979. My Masters Program at New Mexico State
14 University was in Electric Utility Management. I received my Professional Engineering
15 (“P.E.”) License in the state of California in 1980.

16
17 **Q. Please describe your pertinent work experience.**

18 A. I worked at the Commission from September 2010 to February 2011 as a Utilities
19 Consultant, was employed by the Commission from February 2011 to February 2012 as an
20 Electric Utilities Engineer, and have been a Utilities Consultant since February 2012.
21 During this time I have performed engineering analyses for financing and rate cases,
22 coordinated the Seventh Biennial Transmission Assessment, reviewed utilities’ load
23 curtailment plans and summer preparedness plans, and conducted various other
24 engineering analyses. From 1983 through 1987 I was the Supervisor of System Planning
25 for Anchorage Municipal Light and Power, the second largest utility in Alaska. There I
26 had overall responsibility for distribution, transmission and resource planning for the

1 utility and supervised six electrical engineers. From 1979 through 1982 and 1987 through
2 1988 I worked for R.W. Beck and Associates, a nationally recognized engineering firm.
3 There I performed many types of engineering analyses involving resource and
4 transmission planning and worked on the engineer's reports for the financing of a major
5 generation facility in northern California. Prior to that, I worked in the System Planning
6 Sections of San Diego Gas and Electric Company and Hawaiian Electric Company, where
7 I had responsibility for short and long range distribution planning.
8

9 **II. PURPOSE OF TESTIMONY**

10 **Q. As part of your assigned duties at the Commission, did you perform an analysis of**
11 **the application that is the subject of this proceeding?**

12 A. Yes, I did.
13

14 **Q. Is your testimony herein based on that analysis?**

15 A. Yes, it is.
16

17 **Q. What is the purpose of your prefiled testimony?**

18 A. The purpose of my testimony is to discuss Utilities Division Staff's ("Staff") engineering
19 review of Columbus Electric Cooperative's ("Columbus Electric" or "Cooperative" or
20 "CEC") most recent Construction Work Plan (CWP"), and present the results of Staff's
21 engineering evaluation of the Cooperative's electric distribution system in the state of
22 Arizona.
23

1 **III. ENGINEERING REVIEW**

2 **Q. Did you perform an engineering evaluation of Columbus Electric's electrical system?**

3 A. Yes, I did. In response to CEC's rate filing, I inspected CEC's Arizona distribution
4 system facilities on November 20, 2013. I reviewed the Cooperative's most recent CWP
5 and Long Range Work Plan, (both of which will be updated in conjunction with CEC's
6 next RUS Loan Application). I also relied on the responses to Staff's data requests
7 received from Columbus Electric.

8
9 **Q. Could you please provide a background of Columbus Electric including in particular
10 its service to Arizona customers?**

11 A. Columbus Electric's service area is located in southwestern New Mexico and includes a
12 small portion of southeastern Arizona. Headquartered in Deming, New Mexico, the
13 service area covers approximately 7,000 square miles and serves portions of Luna, Grant
14 and Hidalgo counties in New Mexico, and Cochise County in Arizona. See attached
15 Exhibit 1 for the physical location and composition of the CEC's service area.

16
17 CEC's electric system includes over 130 miles of transmission line, 2,098 miles of
18 energized overhead distribution line and 82 miles of underground distribution. The
19 portion of the system within Arizona is comprised of approximately 110 miles of
20 14.4/24.9 kV distribution line of which the majority is single phase overhead construction.
21 There are no CEC substations or transmission lines located within the state of Arizona.

22
23 CEC is a member of Tri-State Generating and Transmission Cooperative, Inc. ("Tri-
24 State") and purchases its full power and energy requirements from Tri-State pursuant to a
25 Wholesale Electric Service Contract, generally described as an all-requirements contract.

1 CEC is allowed to obtain up to five percent of its power requirements from sources other
2 than Tri-State but does not generate its own power and energy.

3
4 **Q. Please describe historic customer and load growth for CEC.**

5 A. At year-end 2012, CEC had an average of 5,259 consumers, with 4,840 (92%) located in
6 New Mexico and 419 (8%) located in Arizona. The number of active accounts in Arizona
7 decreased from 462 to 419 during the four year period from 2008 to 2012. Of the
8 101,612,619 kWh sold in 2012, 6,690 kWh (6.6%) was sold to Arizona consumers. Of the
9 \$13,403,460 in total revenue for 2012, \$854,079 (6.4%) was derived from Arizona
10 consumers.

11
12 Over the past five years (2008-2012), CEC's total system number of customers has grown
13 an average of less than one percent per year; while peak loads have grown at slightly less
14 than five percent, and annual energy purchases have grown at slightly more than five
15 percent per year. When asked about this seeming disparity between customer growth and
16 peak load growth, CEC staff attributed it to the addition of a few relatively large irrigation
17 customers.

18
19 **Q. Please describe Columbus Electric's Quality of Service.**

20 A. Table 1 shows CEC's system reliability, as measured by the System Average Interruption
21 Duration Index ("SAIDI") which measures the average outage minutes per customer on an
22 annual basis, for the period 2008 through 2012. According to the Rural Utilities Service
23 ("RUS") Bulletins 1730A-119 and 1730-1 Exhibit A, which Staff uses to judge the
24 adequacy of a cooperative's reliability, a concern would exist when the SAIDI for the
25 cause of "All Other" exceeds 200 minutes¹. CEC's service quality over the five year

¹ As shown in Table 1 outage statistics are categorized into four major causes. Power Supplier and Planned causes are separated because they represent causes over which the cooperative has virtually no control or total control,

1 period in terms of this metric has ranged from 55.8 minutes to 144.0 minutes with an
2 average of 92.16 minutes, all below the level of concern. Of note is that CEC's outage
3 rate for the "All Other" cause category decreased in the most recent five year period
4 relative to the previous five year period, (116.04 minutes average for 2003-2007; 92.16
5 minutes average for 2008-2012), likely due in part to system improvements made by CEC.
6

YEAR	SYSTEM AVERAGE INTERRUPTION DURATION INDEX - MINUTES					
	<i>Power Supplier</i>	<i>Planned</i>	<i>All Other</i>	<i>Total Excluding Major Events</i>	<i>Major Events</i>	<i>All Events</i>
2008	0.0	0.0	144.0	144.0	75.0	219.0
2009	0.0	0.0	90.0	90.0	18.0	108.0
2010	0.6	0.0	64.2	64.8	51.6	116.4
2011	24.6	0.0	55.8	80.4	63.0	143.4
2012	0.0	0.0	106.8	106.8	8.4	115.2
Five-Year Average	5.04	0.0	92.16	97.2	43.2	140.4

7
8 **Table 4 - Annual System Average Interruption Duration Index in Minutes**
9

- 10 **Q. What were Columbus Electric's historic system losses?**
- 11 A. Columbus Electric is a very rural system, with an average of 2.4 customers per mile of
12 distribution line. As a result, losses can be expected to be greater than on an electric
13 system with a higher customer density; long lines at a distribution voltage result in more
14 system losses. The American Public Power Association's Distribution System Loss
15 Evaluation Manual indicates that system losses of 10% are reasonable for a mostly rural

respectively, and should be analyzed separately. Major Events include outages on major event days which are days when the daily average outage minutes per customer exceed a threshold value. The threshold is determined based upon a formula specified in the RUS Bulletin 1703A-119, can change over time, and is specific to each cooperative. That leaves all other outages included in the All Other cause. All Other and Major Events are segregated to better reveal trends in daily operation in the All Other cause category that would be hidden by the large statistical effect of Major Events.

1 system. CEC's annual historic system losses average 9.56% for the most recent five year
2 period (2008-2012) which is within the guidelines set forth in the Manual. CEC made
3 significant system improvements in late August of 2007, energizing the new Camp Cody
4 substation, which resulted in a reduction of losses. In addition, the Cooperative has
5 implemented several measures to help further reduce losses, such as maintaining proper
6 voltage and correct tap connections on transformers, disconnecting distribution
7 transformers that are not serving load, using capacitors to provide power factor correction,
8 and maintaining a close watch on metering for commercial and industrial consumers.
9

10 **Q. Would you please describe your inspection and engineering evaluation of Columbus**
11 **Electric's Distribution System?**

12 A. On November 20, 2013, I met with Mr. Robert Offutt, CEC's Operations Manager, in
13 Lordsburg, New Mexico, and toured facilities in both New Mexico and Arizona. We also
14 discussed CEC's 2008-2011 CWP, major improvements to the electric system since the
15 last rate case in 2008, various aspects of CEC's maintenance and operations, and plans
16 and expectations for the system in the future.
17

18 SGS Engineering, LLC, of Lubbock, Texas, assisted CEC in preparation of the CWP. The
19 most significant project in the CWP for the distribution system in Arizona is the proposed
20 conversion of 6.7 miles of single-phase to three-phase 1/0 Aluminum Conductor Steel
21 Reinforced ("ACSR") line from the Rodeo substation into Portal, Arizona. This project
22 was originally scheduled for completion in 2010 but has been postponed due to lack of
23 expected load growth. As has been the case with most utilities, when the economy took a
24 downturn CEC did not experience the load growth that was forecast ten years ago. The
25 timing for construction of the project will depend on future load growth in the CEC
26 Arizona service area.

1 I inspected CEC's Animas warehouse and substation facility, CEC's western area
2 construction and maintenance headquarters, and selectively inspected the distribution
3 system emanating from the Pyramid Substation in New Mexico west to the Rodeo
4 substation and into the Portal area of Cochise County, Arizona. I also inspected one of
5 CEC's points of delivery from the Tri-State, Pyramid Substation. CEC's electric system,
6 as observed, seems to be well maintained and the electric facilities in the Arizona area are
7 used and useful.

8
9 **Q. What is CEC's Pole Replacement Policy and Maintenance Program?**

10 A. CEC hires an outside contractor to inspect a minimum of ten percent of the wood poles on
11 their system every year. This policy has resulted in the recent replacement of many poles
12 on the distribution system in Arizona. RUS Bulletin 1730B-121 specifies recommended
13 inspection schedules based upon decay severity zones. For Arizona it is an initial inspection
14 12-15 years after installation and then every 12 years thereafter. CEC inspects its wood poles
15 at least every 10 years. The Cooperative is aggressively developing a GIS system that
16 enables field personnel to obtain information about equipment location, age, and condition
17 on the GPS trackers in their vehicles. CEC also plans to introduce electronic reporting
18 from the field on work that is being done, with direct links to the main office and the GIS
19 system. These improvements will be particularly useful in maintaining a system as remote
20 as that of CEC. The Cooperative has recently acquired a mobile substation that it feels
21 will help a great deal with reliability. It is rated at 5MVA, and can be loaded to 7.5MVA
22 peak, which will allow it to temporarily replace any substation on CEC's system.

1 **Q. What is CEC's Projected Load?**

2 A. Columbus Electric provided the following projections for peak demand growth for its
3 system (including both New Mexico and Arizona service areas) over the next five year
4 period. The projections were based on assumptions and methodologies that include both
5 historical data and projections for the economy over the next few years and are based on
6 disaggregated forecasts by customer class.

7

8	<u>Year</u>	<u>System Peak</u>	<u>Percent Growth</u>
9	2014	24.251 MW	1.01%
10	2015	24.486 MW	0.97%
11	2016	24.773 MW	1.17%
12	2017	25.021MW	1.00%
13	2018	25.275 MW	1.02%

14

15 The average annual growth is projected by Columbus to be approximately one percent per
16 year over the next five year period which is consistent with growth on the system over the
17 past ten years. Future load for the Cooperative is heavily dependent on the growth of
18 agriculture in the area. Based on discussion with CEC personnel about expectations for
19 the addition of irrigation customers, the projected load growth seems reasonable.

20

21 **IV. CONCLUSIONS**

22 **Q. What conclusions are derived based on Staff's engineering evaluation of CEC's**
23 **electric distribution system in Arizona?**

24 A. Staff's conclusions are as follows:

25 a. Columbus Electric is operating and maintaining its electrical system properly;

26

27 b. Columbus Electric is carrying out system improvements, upgrades and new
28 additions to meet the current and projected load of the Cooperative in an efficient

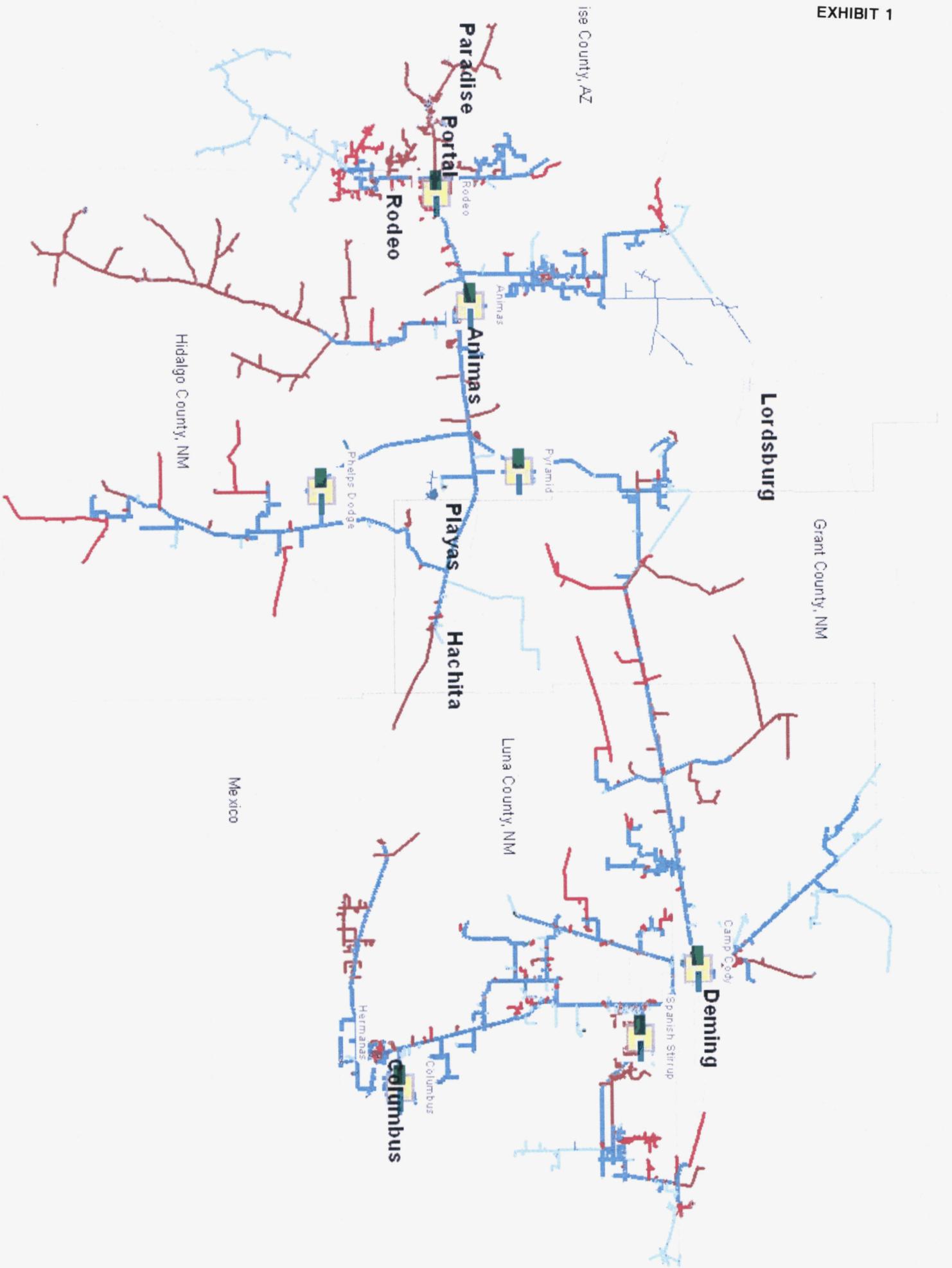
1 and reliable manner. These improvements, system upgrades and new construction
2 are reasonable and appropriate. The Cooperative's plant in service is "used and
3 useful;"

4
5 c. The Cooperative has acceptable level of system losses, consistent with industry
6 guidelines; and

7
8 d. The Cooperative has a satisfactory record of service interruptions in the historic
9 period from 2008 thru 2012, reflecting satisfactory system reliability and quality of
10 service.

11
12 **Q. Does this conclude your testimony?**

13 **A. Yes, it does.**



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)
COLUMBUS ELECTRIC COOPERATIVE, INC.)
FOR AN INCREASE IN RATES AND FOR)
OTHER RELATED APPROVALS.)
_____)

DOCKET NO. E-01851A-13-0252

DIRECT

TESTIMONY

OF

CANDREA ALLEN

PUBLIC UTILITIES ANALYST

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

DECEMBER 6, 2013

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**EXECUTIVE SUMMARY
COLUMBUS ELECTRIC COOPERATIVE, INC.
DOCKET NO. E-01851A-13-0252**

Staff's direct testimony contains its analysis and recommendations regarding the proposed changes to Columbus Electric Cooperative Inc.'s ("Columbus") Line and Service Extensions. In addition, Staff's testimony includes recommendations regarding Columbus' Rules and Regulations which are not addressed in the application.

1 **INTRODUCTION**

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

3 A. My name is Candrea Allen. My business address is 1200 West Washington Street.
4 Phoenix, Arizona 85007.

5
6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by the Utilities Division ("Staff") of the Arizona Corporation Commission
8 ("Commission") as a Public Utilities Analyst.

9
10 **Q. Please summarize your educational background and work experience.**

11 A. I have a Bachelor of Arts in Economics from the University of Oklahoma. I have been
12 employed by the Arizona Corporation Commission for approximately seven years.

13
14 **Q. As part of your employment responsibilities were you assigned to review matters
15 contained in Docket No. E-01851A-13-0252?**

16 A. Yes.

17
18 **Q. What is the purpose of your testimony in this case?**

19 A. My testimony provides Staff's recommendations regarding the proposed changes to
20 Columbus Electric Cooperative Inc.'s ("Columbus" or "Cooperative") Line and Service
21 Extensions. In addition, my testimony includes recommendations regarding general Rules
22 and Regulations not addressed in Columbus' application.

1 **LINE AND SERVICE EXTENSIONS**

2 **Q. Please describe Columbus' current policy for Line and Service Extensions for**
3 **residential and non-residential applicants.**

4 A. Currently, in order to determine if an applicant will be charged for a line and service
5 extension, Columbus performs an economic feasibility study. If the investment is not
6 more than five times the estimated annual revenue less fuel and purchased power that will
7 be received from the applicant, Columbus will construct the line or service extension with
8 no charge to the applicant. In the instance where an applicant would be charged for a line
9 or service extension, the applicant would be required to pay Columbus an Advance in Aid
10 of Construction. Should an applicant request service from a line or service extension in
11 which a customer has already paid an Advance in Aid of Construction, that applicant
12 would be required to pay a pro rata share of the original Advance in Aid of Construction.
13 A refund in the amount of the cost attributable to the additional applicant is given to the
14 original customer.

15
16 **Q. Has Columbus proposed any changes to its policy for Line and Service Extensions?**

17 A. Yes. Columbus has proposed to revise its policy for Line and Service Extensions.
18

19 **Q. Please describe the revisions Columbus is proposing to its policy for Line and Service**
20 **Extensions.**

21 A. Columbus currently requires an applicant requesting a line or service extension to execute
22 a contract guaranteeing the estimated annual revenues. Columbus is proposing to require
23 an applicant requesting a line or service extension to execute a contract guaranteeing the
24 estimated annual kilowatt-hours ("kWh"). Columbus states that if the wholesale cost of
25 power or any other cost component were to increase, the revenues associated with the

1 contract would decrease resulting in under-recovered revenues. However, a contract
2 based on estimated annual kWh, as proposed, would ensure full recovery of revenues.

3 Columbus is proposing to introduce a section to its policy for Line and Service Extensions
4 which defines permanent service and describes additional procedures to be used to
5 determine the establishment of permanent service. Although Columbus does not currently
6 have a written policy, “[s]hould a customer drill a well and/or spend a reasonable amount
7 of money, improving said property to justifiably establish permanency, extension of
8 facilities to serve said customer shall be governed by the formula as set forth in I.B (4).”
9 I.B (4) specifies the formula used to determine the dollar amount, if any, owed by the
10 customer for a line or service extension.

11
12 Columbus is proposing to add a section entitled “Distribution Line Extension Estimates
13 and Fee Schedule” to its policy for Line and Service Extensions. This section states that
14 Columbus would prepare, without charge, a preliminary sketch and rough non-binding
15 estimate of construction costs that would be paid by the applicant. In addition, this new
16 section describes and establishes non-refundable application/design fees an applicant
17 requesting an engineering estimate for new electric service or service upgrades would be
18 required to pay. After receipt of all required documentation and non-refundable
19 application/design fees, Columbus would make available, within 90 days, the construction
20 plans/design estimates for the proposed line extension. An applicant would then have 90
21 days to enter into a line extension agreement with Columbus. If after 90 days a line
22 extension agreement is not entered into, a new request for an engineering design estimate
23 would be required and would be subject to the proposed fees. For subdivisions, Columbus
24 would provide plans/design estimates within 45 days of receipt of an application/design
25 fee.

1 **Q. What are the proposed non-refundable application/design fees?**

2 A. The proposed non-refundable application/design fees charged to applicants requesting
3 engineering design estimates for new electric service or service upgrades are shown in the
4 table below.

5

Type of Service	No. of Service Requests	Proposed Fee
Residential	1 service	\$100
Subdivision	2 or more lots	\$1,000 plus \$10 per lot in excess of 10 lots
Small Commercial (<50 kVA) (Overhead & Underground)	1 service	\$100
Commercial (50-350 kVA) (Overhead & Underground)	1 service	\$200 plus \$100 per service in excess of 1
Commercial (>350 kVA) (Overhead & Underground)	1 service	\$750 plus \$100 per service in excess of 1
Main Distribution (primary voltage)	N/A	\$0.22 per foot

6
7 Staff notes that, according to Columbus, one Arizona customer was given a line extension
8 at no charge in 2011 and none in 2012.

9
10 Columbus is also proposing to add a section to its policy for Line and Service Extensions
11 which details the responsibility of the applicant requesting service. This section specifies
12 that an applicant must provide Columbus with development plans, a valid written legal
13 description (along with a copy of the property deed), and mark any survey corners. For
14 applicants requesting an underground extension, a certification signed by a licensed land
15 surveyor or registered professional engineer would be required prior to staking. In
16 addition, an applicant would be required to provide the trenching and conduit for
17 underground primary and secondary line extensions. Further, Columbus states that an
18 applicant requesting underground facilities where overhead facilities already exist would

1 be required to pay the cost of removing the overhead facilities plus installation of the
2 underground facilities. Should an applicant request underground facilities where overhead
3 facilities would normally be used, the applicant would be required to pay the difference
4 between the cost of underground and overhead facilities. Further, Columbus is proposing
5 to add clarifying language regarding line and service extensions built to provide service to
6 a subdivision or development. Columbus' current policy only specifies the responsibility
7 of the Cooperative and assumes that any item not specifically identified as Columbus'
8 responsibility shall be the responsibility of the applicant.

9
10 Currently, Columbus' policy for Line and Service Extensions does not address idle service
11 billing. Columbus is proposing to add a section that specifies the circumstances in which
12 the Cooperative would consider distribution lines to be idle. The proposed language is a
13 current policy that has been approved by the Board of Trustee. Columbus is also
14 proposing to add clarifying language regarding Rights-Of-Way and Easements.

15
16 Columbus does not currently have a written procedure regarding applicant-built line
17 extensions. The Cooperative is proposing to add language to its policy for Line and
18 Service Extensions that describes the procedures for applicant-built line extensions. The
19 applicant would be required to execute a contract with Columbus. The system would be
20 designed at the applicant's expense. The applicant would be required to provide
21 Columbus easements and rights-of-way, and Columbus would select a Construction
22 Inspector who would have the authority to accept or reject the construction of the system.
23 If the line extension is built in accordance with the Cooperative's requirements, Columbus
24 would then purchase the line extension from the applicant for \$1.00 and assume
25 ownership, maintenance, and operating responsibility for the line extension.
26

1 Columbus is also proposing to introduce a Line and Service Extension Request form and
2 revise its Line and Service Extension Agreement. Currently, Columbus does not have a
3 formal, written process for requests for line and service extensions and is merely
4 clarifying the language in its Line and Service Extension Agreement. In addition,
5 Columbus is proposing to introduce the Consumer Built Line Extensions Requirements
6 Agreement and the Line Extension Sales Agreement for applicant-built line and service
7 extensions.

8
9 Staff notes that, according to Columbus, there were no applicant-built line and service
10 extensions built in 2011, 2012, and 2013 to date, in Arizona.

11
12 **Q. Are there any clarifications that need to be made to Columbus' proposed policy for**
13 **its Line and Service Extensions?**

14 **A.** Yes. Section II, Distribution Line Extension Estimates and Fee Schedules, states that
15 there is a 90 day time frame for Columbus to produce construction plans/design estimates
16 for the proposed line extension and that the construction plans/design estimates would be
17 valid for 90 days. After speaking with the Cooperative, it was brought to Staff's attention
18 that the 90 day time frames indicated should be 60 days. Therefore, Staff recommends
19 that Columbus revise its policy for Line and Service Extensions to reflect the correct time
20 frame of 60 days for construction plans/design estimates as specified in Section II,
21 Distribution Line Extension Estimates and Fee Schedules.

22
23 In addition, the table herein which specifies the proposed non-refundable
24 application/design fees is also included in Columbus' proposed Line and Service
25 Extension Request form. However, the language in the proposed policy for Line and
26 Service Extensions table is slightly different. Staff believes the language from the table in

1 the proposed Line and Service Extension Request form should replace the language in the
2 table in the policy for Line and Service Extensions. After speaking with the Cooperative,
3 Staff was informed that the language in the Line and Service Extension Request form is
4 the language that should apply to both documents.

5
6 **Q. Does Staff have any objections to the proposed revisions to Columbus' policy for
7 Line and Service Extensions?**

8 A. No. Staff does not have any objections to the proposed revisions.
9

10 **RULES AND REGULATIONS**

11 **Q. Does Columbus currently have formal rules and regulations?**

12 A. No. Columbus does not currently have formal rules and regulations. The Cooperative
13 primarily relies on the Arizona Administrative Code regarding the provision of electric
14 service. In addition, Columbus provides a customer calendar which includes service fees
15 and regulations.

16
17 **Q. Should Columbus be required to have formal rules and regulations?**

18 A. Yes. Staff believes that Columbus should have formal rules and regulations on file with
19 the Commission. This would allow its Arizona customers access to a single,
20 comprehensive document that provides the guidelines regarding the provision of electric
21 service. Staff recommends that Columbus file formal rules and regulations for Staff
22 review and Commission approval no later than December 31, 2014.

1 **STAFF RECOMMENDATIONS**

2 **Q. Please summarize Staff's recommendations.**

3 A. 1. Staff recommends that Columbus' proposed revisions to its policy for Line and
4 Service Extensions be adopted, as discussed in this testimony.

5 2. Staff recommends that Columbus revise its policy for Line and Service Extensions
6 to reflect the correct time frame of 60 days regarding construction plans/design
7 estimates.

8 3. Staff recommends that the proposed table indicating the non-refundable
9 application/design fees from the Line and Service Extension Request form be the
10 same table used in its policy for Line and Service Extensions

11 4. Staff recommends that Columbus be required to file formal rules and regulations
12 for Staff review and Commission approval no later than December 31, 2014.

13
14 **Q. Does this conclude your direct testimony?**

15 A. Yes it does.