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BEFORE THE ARIZONA CORPORATION C

**COMMISSIONERS**

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

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ARIZONA CORPORATION COMMISSION  
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Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WASTEWATER RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE.

DOCKET NO. SW-01428A-13-0042

IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE.

DOCKET NO. W-01427A-13-0043

**STAFF NOTICE OF FILING TESTIMONY**

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") hereby files James R. Armstrong's Direct Testimony regarding Settlement Agreement in the above-referenced matter.

RESPECTFULLY SUBMITTED this 12<sup>th</sup> day of December, 2013.

Robin R. Mitchell, Staff Attorney  
Matthew Laudone, Staff Attorney  
Legal Division  
Arizona Corporation Commission  
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28 ...

1 Original and thirteen (13) copies  
2 of the foregoing filed this  
3 12<sup>th</sup> day of December, 2013 with:

4 Docket Control  
5 Arizona Corporation Commission  
6 1200 West Washington Street  
7 Phoenix, AZ 85006

8 Copy of the foregoing mailed and/or emailed  
9 this 12<sup>th</sup> day of December, 2013 to:

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

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

IN THE MATTER OF THE APPLICATION OF )  
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DOCKET NO. W-01427A-13-0043

DIRECT TESTIMONY

OF

JAMES R. ARMSTRONG

CHIEF OF FINANCIAL AND REGULATORY ANALYSIS

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

DECEMBER 12, 2013

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

2 A. My name is James R. Armstrong. I am the Chief of Financial and Regulatory Analysis  
3 employed by the Arizona Corporation Commission (“ACC” or “Commission”) in the  
4 Utilities Division (“Staff”). My business address is 1200 West Washington, Phoenix,  
5 Arizona 85007.

6  
7 **Q. Please describe your educational background and professional experience.**

8 A. I hold a Bachelor of Science degree with a concentration in Finance, and a Master of  
9 Business Administration degree with a concentration in Accounting, both from Kansas  
10 State University. I am also a Certified Public Accountant. My professional experience  
11 includes serving on the staff of the Kansas Corporation Commission, the staff of the  
12 Residential Utility Consumer’s Office in Arizona, and on the staff of the Oklahoma  
13 Corporation Commission. In addition, I worked as Manager of Rates for Oklahoma  
14 Natural Gas Company for approximately twelve years, and for approximately two years, I  
15 was a regulatory consultant to Westar Energy operating out of Topeka, Kansas. I joined  
16 the ACC Staff in September, 2012 as the Chief Accountant for the Utilities Division.

17

18 **Q. What is the purpose of your testimony?**

19 A. The purpose of my testimony is to address the reasons why Staff is not a signatory to the  
20 Settlement Agreement (“Agreement”) between the Residential Utility Consumer Office  
21 (“RUCO”) and Litchfield Park Service Company (“LPSCO” or “Company”).

22

23 **Q. Did Staff participate in the settlement discussions?**

24 A. Yes, Staff participated and assisted in the drafting of certain schedules relating to rate  
25 design, however, Staff was not involved in all discussions.

1 **Q. Will there be other Staff witnesses providing testimony in this case?**

2 A. Yes. Dorothy Hains will testify on engineering issues relating to the Company's request  
3 for a System Improvement Benefits surcharge. Darron Carlson will testify on any  
4 remaining questions regarding the Purchase Power Adjustor Mechanism and the Declining  
5 Use Adjustment.

6  
7 **Q. Did Staff have an opportunity to review the Agreement?**

8 A. Yes.

9  
10 **Q. Why did Staff choose not to be a signatory to the Agreement?**

11 A. Staff has no opposition to any of the terms contained in the Agreement. At the time of the  
12 filing of the Company's rejoinder testimony, Staff had limited number of unresolved issues  
13 with the Company. Because of the narrow list of unresolved issues, Staff believes that, in  
14 time, a result very similar to the resolution reached in this Agreement could have been  
15 achieved through stipulation between the Company and Staff. Simply having Staff  
16 stipulate to the terms contained in the existing Agreement was viewed as preferable and  
17 more efficient than engaging in more negotiation because the settlement process can be  
18 complex and can take a considerable amount of time.

19  
20 **Q. Does Staff recommend that the Commission adopt the Agreement?**

21 A. Yes.

22  
23 **Q. Does this conclude your testimony?**

24 A. Yes, it does.