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LUBIN & ENOCH, P.C.
Nicholas J. Enoch
State Bar No. 016473
Jarrett J. Haskovec
State Bar No. 023926
349 North Fourth Avenue
Phoenix, Arizona 85003
Telephone: (602) 234-0008
Facsimile: (602) 626-3586
Email: Nick@lubinandenoch.com
Jarrett@lubinandenoch.com

ORIGINAL

Attorneys for Intervenor-Applicants IBEW Locals 387, 769, and 1116

**BEFORE THE ARIZONA
CORPORATION COMMISSION**

IN THE MATTER OF THE
REORGANIZATION OF UNS
ENERGY CORPORATION.

Docket No. E-04230A-14-0011
Docket No. E-01933A-14-0011

**NOTICE OF FILING
TESTIMONY OF FRANK GRIJALVA
IN SUPPORT OF SETTLEMENT
AGREEMENT**

Pursuant to the Administrative Law Judge's Procedural Orders dated January 31, 2014 (p. 2) and April 18, 2014 (p. 2), Local Unions 387, 769, and 1116 of the International Brotherhood of Electrical Workers, AFL-CIO, CLC, by and through undersigned counsel, hereby provide notice of their filing of the attached Testimony of Frank Grijalva in Support of Settlement Agreement in these dockets.

RESPECTFULLY SUBMITTED this 30th day of May, 2014.

LUBIN & ENOCH, P.C.

Jarrett J. Haskovec
Attorneys for Intervenors IBEW Locals 387,
769, and 1116

Arizona Corporation Commission

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1 Original and thirteen (13) copies of
2 this Notice of Filing
3 filed this 30th day
4 of May, 2014, with:

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

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

12 Bradley Carroll
13 UNS Energy Corporation
14 88 East Broadway Boulevard, MS HQE910
15 P.O. Box 711
16 Tucson, Arizona 85702

17 Michael Patten
18 Roshka DeWulf & Patten, PLC
19 One Arizona Center
20 400 East Van Buren Street, Suite 800
21 Phoenix, Arizona 85004

22 Patricia Lee Refo
23 Snell & Wilmer, L.L.P.
24 One Arizona Center
25 400 East Van Buren Street, Suite 1900
26 Phoenix, Arizona 85004

27 Daniel Pozefsky
28 Chief Counsel
Residential Utility Consumer Office
1110 West Washington Street, Suite 220
Phoenix, Arizona 85007

C. Webb Crockett
Patrick J. Black
Fennemore Craig, P.C.
2394 East Camelback Road, Suite 600
Phoenix, Arizona 85016

Thomas L. Mumaw
Melissa Krueger
Pinnacle West Capital Corporation
P.O. Box 53999, MS 8695
Phoenix, Arizona 85072-3393

1 | Meghan H. Grabel
Arizona Public Service Company
2 | P.O. Box 53999, MS 9708
Phoenix, Arizona 85072-3999
3 |
4 | Cynthia Zwick
Arizona Community Action Association
2700 N. Third Street, Suite 3040
5 | Phoenix, Arizona 85004
6 | Lawrence V. Robertson
Attorney at Law
7 | PO Box 1448
Tubac, Arizona 85646
8 |
9 | Timothy M. Hogan
Arizona Center for Law in the Public Interest
202 E. McDowell Road, Suite 153
10 | Phoenix, Arizona 85004
11 | Jeff Schlegel
SWEEP Arizona Representative
12 | 1167 W. Samalayuca Dr.
Tucson, Arizona 85704-3224
13 |
14 | Michael M. Grant
Jennifer A. Cranston
Gallagher & Kennedy, P.A.
15 | 2575 East Camelback Road
Phoenix, Arizona 85016-9225
16 |
17 | Gary Yaquinto, President & CEO
Arizona Investment Council
2100 North Central Avenue, Suite 210
18 | Phoenix, Arizona 85004
19 | Michael A. Curtis
William P. Sullivan
20 | Larry K. Udall
Curtis, Goodwin, Sullivan, Udall & Schwabb, PLC
21 | 501 E. Thomas Road
Phoenix, Arizona 85012
22 |
23 | Peggy Gillman
Manager of Public Affairs and Energy Services
Mohave Electric Cooperative, Inc.
24 | PO Box 1045
Bullhead City, Arizona 86430
25 |

26 | ///
27 | ///
28 | ///

1 Joe L. Machado
2 Michael J. Masee
3 City Attorney's Office
4 777 N. Grand Avenue
5 Nogales, Arizona 85621

6 Charles R. Moore
7 Navopache Electric Cooperative
8 1878 West White Mountain Boulevard
9 Lakeside, AZ 85929

10 Court S. Rich
11 Rose Law Group PC
12 6613 North Scottsdale Road, Suite 200
13 Scottsdale, Arizona 85250

14 Christopher Hitchcock
15 Law Offices of Christopher Hitchcock
16 PO Box AT
17 Bisbee, Arizona 85603-0115

18 Jack Blair
19 Sulphur Springs Valley
20 Electric Cooperative, Inc.
21 311 East Wilcox Drive
22 Sierra Vista, AZ 85635-2527

23 Garry D. Hays
24 Law Offices of Garry D. Hays
25 1702 East Highland Avenue, Suite 204
26 Phoenix, Arizona 85016

27 Giancarlo G. Estrada
28 Estrada-Legal PC
29 One East Camelback Road, Suite 550
30 Phoenix, Arizona 85012

31 /s/ Cristina Sanidad

32 F:\Law Offices\client directory\IBEW L. 1116\037\2014-5-21 (1575-037) Notice of Filing of Testimony in support of settlement agreement.wpd

1 **Q1. Please state your name.**

2 A1. Frank Grijalva.

3
4 **Q2. Are you the same Frank Grijalva whose direct testimony was filed in these dockets**
5 **on April 30, 2014?**

6 A2. Yes.

7
8 **Q3. Do Intervenors Local Unions 387, 769, and 1116, International Brotherhood of**
9 **Electrical Workers, AFL-CIO, CLC (“the IBEW Locals”) support the adoption of**
10 **the May 16, 2014 Settlement Agreement filed in these dockets (“the Settlement**
11 **Agreement”)?**

12 A3. Yes. On behalf of the nearly one-thousand (1,000) non-managerial employees of Tucson
13 Electric Power Company (“TEP”), UNS Gas, Inc. (“UNS Gas”), and UNS Electric, Inc.
14 (“UNS Electric”) (collectively, “the Arizona Utilities”) who are represented by the IBEW
15 Locals, we would like to express our unqualified support for the proposed Settlement
16 Agreement. As noted in my direct testimony, there was much to like in the proposed
17 acquisition of UNS Energy Corporation (“UNS Energy”) by a subsidiary of Fortis Inc.
18 (“Fortis”) (together, “the Joint Applicants”) in the form in which it was originally
19 proposed. However, as a result of the settlement process, in which the numerous parties
20 to these proceedings were able to raise and address any issues and concerns they may
21 have had about the proposed acquisition, further conditions of approval, including
22 enhanced conditions yielding significant benefits to the customers and employees of the
23 Arizona Utilities, emerged. Indeed, the IBEW Locals recognize that the consummation
24 of a comprehensive Settlement Agreement among at least twelve (12) different parties
25 with diverse and often competing interests is no small feat. We submit the resulting
26 terms and conditions contained in the Settlement Agreement are just and reasonable and
27 in the public interest and, consequently, we respectfully urge the approval of the
28 Agreement in its entirety.

1
2 **Q4. Are there specific portions of the Settlement Agreement in which the IBEW Locals**
3 **were particularly interested and/or involved in negotiating?**

4 A4. Yes. While the IBEW Locals support the adoption of the proposed Settlement
5 Agreement in its current form and in its entirety, the IBEW Locals participated in
6 negotiating, or are otherwise particularly interested in, ¶ 1.8 of the proposed Settlement
7 Agreement and ¶¶ 27, 30, and 41(ii) of the Settlement Conditions attached to the
8 Settlement Agreement as Attachment A.

9
10 **Q5. Please explain why the IBEW Locals are particularly interested in ¶ 1.8 of the**
11 **Settlement Agreement.**

12 A5. Paragraph 1.8 represents an acknowledgment of the fact that Article XV, § 3 of the
13 Arizona Constitution expressly recognizes the employees of public service corporations
14 as central stakeholders whose interests are on par with those of patrons with respect to
15 any potential Commission action. More precisely, this section of the Constitution
16 provides that the Commission shall “make and enforce reasonable rules, regulations, and
17 orders for the convenience, comfort, and safety, and the preservation of the health, of the
18 *employees* and patrons of [public service] corporations” (emphasis added).

19
20 In addition, this paragraph accounts, among the “substantial and material benefits” of the
21 Agreement and the Merger Transaction, continuing to maintain strong local utilities by
22 maintaining existing employee levels for at least four (4) years, continuing to honor and
23 perform under the existing collective bargaining agreements, and ensuring that local
24 management will be making all future decisions on staffing, employment practices, and
25 labor relations at the Arizona Utilities.

1 **Q6. Please explain why the IBEW Locals are particularly interested in ¶ 27 of the**
2 **Settlement Conditions.**

3 A6. Paragraph 27 of the Settlement Conditions extends the Joint Applicants' previous
4 commitment to maintain employee levels at the Arizona Utilities from two (2) to four (4)
5 years. This extension, which addresses a central concern the IBEW Locals raised in our
6 direct testimony, will ensure continuity in the staffing of the Arizona Utilities and that
7 necessary human resources are maintained to continue to provide safe and reliable service
8 to customers on a going-forward basis. This is particularly critical in light of recent cuts
9 in employment levels at some of the Arizona Utilities during the downturn. As Mr. Paul
10 Bonavia, Chairman and CEO of UNS Energy and TEP, noted in his direct testimony (p.
11 9), these conditions represent important "new guarantees that employment levels and
12 [the] current conditions of employment [for employees of the Arizona Utilities] would
13 not be adversely affected" for the agreed-upon period, "assurances that UNS Energy
14 cannot currently provide."

15
16 Pursuant to ¶ 43 of the Settlement Conditions, the Joint Applicants further committed, on
17 behalf of the Arizona Utilities, to track and report on employee levels for a period of five
18 (5) years following the merger. This reporting obligation represents another benefit
19 afforded by the Agreement; it goes beyond the original condition requiring the Arizona
20 Utilities "to file a report with the Commission within 30 days after the first two
21 anniversary dates of the merger's closing comparing the level of union and management
22 employees on the anniversary date to the levels on the date upon which the merger is
23 closed."

24
25 **Q7. Please explain why the IBEW Locals are particularly interested in ¶ 30 of the**
26 **Settlement Conditions.**

27 A7. Paragraph 30 of the Settlement Conditions commits the Joint Applicants to, *inter alia*,
28 supporting the Arizona Utilities in "providing safe, reliable service to the Regulated

1 Utilities' customers" and "providing a safe workplace for employees." This condition,
2 which addresses another important concern raised by the IBEW Locals in our direct
3 testimony related to succession planning for bargaining unit classifications, further
4 requires the Arizona Utilities to "continue to engage in workforce planning processes to
5 address workforce needs, such as anticipated retirements, training and other relevant
6 factors." Such planning will aid the Arizona Utilities in preparing for, and meeting the
7 challenges associated with, such anticipated retirements and other matters.
8

9 **Q8. Please explain why the IBEW Locals are particularly interested in ¶ 41(ii) of the**
10 **Settlement Conditions.**

11 A8. Paragraph 41(ii) of the Settlement Conditions provides, among other things, that the
12 Arizona Utilities' local management "will continue to make decisions regarding staffing
13 levels and hiring practices" and "will continue to negotiate future collective bargaining
14 agreements." As we noted in our direct testimony, we believe local managers are, all
15 other things being equal, more likely to be sensitive to, and in touch with, local concerns
16 and realities and invested in their communities than would be absentee managers living
17 thousands of miles away.
18

19 **Q9. Do you have any other comments you would like to share with the Commission**
20 **regarding the Settlement Agreement?**

21 A9. Yes. I want to make it abundantly clear to the Commission and the Joint Applicants that,
22 by agreeing to the Settlement Agreement, the IBEW Locals have not, and do not, agree to
23 any modification to, or impairment or abridgment of, the terms and conditions of their
24 collective bargaining agreements with the Arizona Utilities, whether express or implied,
25 in any manner that reduces or eliminates the Arizona Utilities' otherwise existing
26 obligations to the IBEW Locals or any of them. Likewise, such Agreement should not be
27 construed as a waiver or diminution of any rights the IBEW Locals may possess, whether
28 the nature and source of such rights are contractual, statutory, or otherwise. That is not to

1 say that we believe this will ever become a problem in relation to the IBEW Locals'
2 relationship with the Arizona Utilities. In fact, we do not believe that will be the case.
3 Nonetheless, we just want to make certain that there is no confusion in this regard moving
4 forward.

5
6 **Q10. Does this conclude your testimony?**

7 A10. Yes.

8 F: Amanda IBEW L 1116 (Forts acquisition) Testimony in supp of settlement (revised).wpd

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