



0000166171

RECEIVED

BEFORE THE ARIZONA CORPORATION COMMISSION

2015 SEP 16 P 12:33

Arizona Corporation Commission

DOCKETED

SEP 16 2015

AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS

- SUSAN BITTER SMITH, Chairman
- BOB STUMP
- BOB BURNS
- DOUG LITTLE
- TOM FORESE

ORIGINAL

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF THE ARIZONA ELECTRIC POWER COOPERATIVE, INC. FOR A HEARING TO DETERMINE THE FAIR VALUE OF ITS PROPERTY FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RETURN THEREON AND TO APPROVE RATES DESIGNED TO DEVELOP SUCH RETURN

Docket No. E-01773A-12-0305

**AEPCO'S NOTICE OF FILING
REBUTTAL TESTIMONY RE
ECAR**

GALLAGHER & KENNEDY, P.A.
2575 E. CAMELBACK ROAD
PHOENIX, ARIZONA 85016-9225
(602) 530-8000

Arizona Electric Power Cooperative, Inc. hereby submits the rebuttal testimony of Peter Scott.

RESPECTFULLY SUBMITTED this 16th day of September, 2015.

GALLAGHER & KENNEDY, P.A.

By
 Jennifer A. Cranston
 2575 East Camelback Road
 Phoenix, Arizona 85016-9225
 Attorneys for Arizona Electric Cooperative, Inc.

Original and 13 copies filed this 16th day of September, 2015, with:

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

1 **Copies** of the foregoing delivered
this 16th day of September, 2015, to:

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

9
10 Bridget Humphrey
11 Legal Division
12 Arizona Corporation Commission
13 1200 West Washington Street
14 Phoenix, Arizona 85007

15
16 Terri Ford
17 Utilities Division
18 Arizona Corporation Commission
19 1200 West Washington Street
20 Phoenix, Arizona 85007

21
22 Barbara Keene
23 Utilities Division
24 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

25
26 Candrea Allen
27 Utilities Division
28 Arizona Corporation Commission
29 1200 West Washington Street
30 Phoenix, Arizona 85007

31 **Copies** of the foregoing mailed and/or e-mailed
this 16th day of September, 2015, to:

32
33 Michael W. Patten
34 Snell & Wilmer
35 One Arizona Center
36 400 East Van Buren, Suite 1900
37 Phoenix, Arizona 85004-2202
38 Attorneys for Trico Electric Cooperative, Inc.

39

40

1 Vincent Nitido
Karen Cathers
2 Trico Electric Cooperative, Inc.
8600 West Tangerine Road
3 P.O. Box 930
Marana, Arizona 85653
4
5 Jeffrey W. Crockett
Crockett Law Group PLLC
1702 East Highland Avenue, Suite 204
6 Phoenix, Arizona 85016
Attorneys for Sulphur Springs Valley
7 Electric Cooperative, Inc.
8 Kirby Chapman
Surphur Springs Valley Electric
9 Cooperative, Inc.
311 East Wilcox Drive
10 Sierra Vista, Arizona 85635
11 Michael A. Curtis
William P. Sullivan
12 Curtis, Goodwin, Sullivan,
Udall & Schwab, P.L.C.
13 501 East Thomas Road
Phoenix, Arizona 85012-3205
14 Attorneys for Mohave Electric Cooperative, Inc.
15 Tyler Carlson
Mohave Electric Cooperative, Inc.
16 P.O. Box 1045
Bullhead City, Arizona 86430
17
18 Peggy Gillman
Mohave Electric Cooperative, Inc.
P.O. Box 1045
19 Bullhead City, Arizona 86430

20
21 
10421-67/5048756

22
23
24

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

IN THE MATTER OF THE APPLICATION OF THE
ARIZONA ELECTRIC POWER COOPERATIVE,
INC. FOR A HEARING TO DETERMINE THE
FAIR VALUE OF ITS PROPERTY FOR
RATEMAKING PURPOSES, TO FIX A JUST AND
REASONABLE RETURN THEREON AND TO
APPROVE RATES DESIGNED TO DEVELOP
SUCH RETURN

Docket No. E-01773A-12-0305

GALLAGHER & KENNEDY, P.A.
2575 E. CAMELBACK ROAD
PHOENIX, ARIZONA 85016-9225
(602) 530-8000

Rebuttal Testimony of Peter Scott

on Behalf of

Arizona Electric Power Cooperative, Inc.

ECAR Application

September 16, 2015

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
ELIMINATION OF DISPUTED ISSUES.....	1

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

INTRODUCTION

Q. Mr. Scott, are you the same Peter Scott who sponsored direct testimony in this docket for Arizona Electric Power Cooperative, Inc. (“AEPCO” or the “Cooperative”) in July 2012 and June 2015?

A. Yes, I am. Specifically, my June 19, 2015 direct testimony concerned AEPCO’s request for an Environmental Compliance Adjustment Rider (“ECAR”). My testimony – along with the direct testimony sponsored by Joe King – provided additional information in support of the Cooperative’s request that a limited category of chemical expenses (RUS Account 502 – Steam Expenses incurred solely due to environmental regulations, but excluding any indirect expenses such as overhead) be approved as eligible for recovery through the ECAR.

ELIMINATION OF DISPUTED ISSUES

Q. Have you reviewed the direct testimony of Candrea Allen, which was filed on behalf of the Commission’s Utilities Division Staff (“Staff”) in this matter on August 26, 2015?

A. Yes, I have. Ms. Allen’s testimony states that Staff initially took the position that chemical costs should not be eligible for recovery through the ECAR. However, based on the additional information provided by AEPCO, Staff now agrees that recovery of RUS Account 502 chemical expenses through the ECAR is appropriate.

1 **Q. In light of Ms. Allen's testimony, are there any other ECAR-related disputes for the**
2 **Commission's consideration at this time?**

3 A. No. In addition to agreeing that chemical costs should be eligible for recovery, Ms.
4 Allen's testimony also confirms Staff's agreement with a change proposed by AEPCO
5 regarding the ECAR cost recovery methodology. As described in Mr. King's direct
6 testimony, AEPCO originally drafted the ECAR to recover costs through a fixed monthly
7 charge. However, upon further reflection, AEPCO now proposes that environmental
8 compliance capital costs be collected through a fixed monthly charge while operations'
9 costs (including chemical costs) be recovered through a variable energy rate (\$/kWh).
10 The Cooperative's proposed ECAR Tariff and Plan of Administration, attached as
11 exhibits to Mr. King's direct testimony, reflect these two types of charges and Staff has
12 recommended approval of the same.

13
14 **Q. Do you have any concluding remarks?**

15 A. I do. We appreciate both Staff's willingness to re-evaluate its position in light of the
16 additional information provided by AEPCO and Staff's support of the ECAR as revised.
17 Therefore, we ask that the Commission enter its Order approving the ECAR Tariff and
18 Plan of Administration in the form attached as Exhibits JK-1 and JK-2 to Mr. King's June
19 19, 2015 direct testimony.

20
21 **Q. Does this conclude your rebuttal testimony concerning the ECAR?**

22 A. Yes, it does.
23