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BEFORE THE ARIZONA CORPORATION COMMISSION

2015 NOV 12 P 4 38

COMMISSIONERS

AZ CORP COMMISSION
DOCKET CONTROL

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

IN THE MATTER OF THE APPLICATION OF
GRAHAM COUNTY ELECTRIC COOPERATIVE,
INC. TO AMEND ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY AND TO
TRANSFER CERTAIN OF ITS ASSETS TO THE
CITY OF SAFFORD

Docket No. E-01749A-09-0185

**GRAHAM COUNTY ELECTRIC
COOPERATIVE NOTICE OF
FILING RESPONSE
TESTIMONY**

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

Pursuant to the October 21, 2015 Procedural Order, attached is the response testimony of
Kirk Gray on behalf of Graham County Electric Cooperative, Inc.

RESPECTFULLY SUBMITTED this 12th day of November, 2015.

GALLAGHER & KENNEDY, P.A.

Arizona Corporation Commission

DOCKETED

NOV 12 2015

DOCKETED BY

By _____

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Original and 13 copies filed this
12th day of November, 2015, with:

Docket Control
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2 12th day of November, 2015, to:

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23 **Copy** of the foregoing e-mailed
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Docket No. E-01749A-09-0185

Response Testimony of Kirk Gray

on Behalf of

Graham County Electric Cooperative, Inc.

November 12, 2015

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

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INTRODUCTION

13 **Q. Mr. Gray, are you the same Kirk Gray who sponsored direct testimony in this**
14 **docket for Graham County Electric Cooperative, Inc. (“GCEC” or the**
15 **“Cooperative”)?**

16 A. Yes, I am.

17 **Q. Have you reviewed the Staff Report filed in this docket on November 6, 2015?**

18 A. Yes, I have. GCEC appreciates Staff’s thorough review and analysis of the
19 Cooperative’s Application and approval recommendation. My testimony below responds
20 to a few issues raised in the Staff Report.

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CUSTOMER NOTICE

13 **Q. The Staff Report notes that GCEC is obligated to confirm that notice was provided**
14 **as required by the October 21, 2015 Procedural Order. Has the Cooperative**
15 **complied with the notice requirement?**

16 A. Yes, we have. On November 6, 2015, GCEC filed with Docket Control a Declaration of
17 Mailing and an Affidavit of Publication. The Declaration confirmed the Cooperative’s
18 mailing of the legal notice to customers in the Safford Service Area (“SSA”) on October 30,
19 2015.¹ The Affidavit confirmed publication of the legal notice in the *Eastern Arizona*
20 *Courier*, a newspaper of general circulation in Safford, on October 31, 2015. In the mailing
21 to its SSA customers, GCEC also included a separate notice providing some additional

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¹ The Staff Report also refers to notice to owners of large, undeveloped parcels of land located within the SSA. The requirement to provide such notice was included in a prior procedural order, dated August 31, 2009. The October 21, 2015 Procedural Order – related to GCEC’s currently-pending Application – does not include that requirement.

1 detail regarding how the transfer to Safford will be accomplished. Finally, per the
2 Procedural Order, the Cooperative has posted the legal notice on its website at
3 <http://www.azgcec.coop/>.

4
5 **STAFF RECOMMENDATIONS**

6 **Q. The Staff Report includes six recommendations. Does GCEC have any response to**
7 **Staff's recommendations?**

8 A. Yes. GCEC agrees with Staff's recommendations, with minor clarifications to the fourth
9 and sixth recommendations.

10
11 **Q. What clarification does GCEC have to Staff's fourth recommendation?**

12 A. The recommendation proposes that the Cooperative supplement the record with
13 documentation showing the final purchase price, an updated list of affected customers, and
14 an updated list of the facilities within the SSA to be transferred to Safford. Staff proposes
15 that GCEC file this documentation within seven days after the hearing in this Docket, which
16 is scheduled for November 16, 2015. GCEC is willing to supplement the record with the
17 requested information, but wants to clarify that the purchase price and lists that would be
18 filed within the proposed deadline will not necessarily provide the "final" purchase price or
19 a "final" list of customer locations or facilities to be transferred. This is because the Final
20 Transfer is not scheduled to occur until January 4, 2016 and, as described in my direct
21 testimony, additional customers and facilities may be added between the date of the hearing
22 and the date of transfer. For this reason, GCEC has requested that the Commission's Order

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include authorization to transfer to Safford the facilities identified on the lists as well as any facilities that GCEC may construct within the SSA prior to the Final Transfer.

Q. And what about Staff's sixth recommendation?

A. Staff's sixth recommendation proposes that GCEC file all pertinent documents evidencing the consummation of the transaction no later than 30 days after the effective date of the transaction. The Cooperative does not object to confirming the consummation of the transaction, but proposes that the filing be limited to a bill of sale or similar document confirming receipt of final payment along with the final list of the facilities within the SSA transferred to Safford. GCEC believes that this documentation will provide sufficient evidence and a clear record of the consummation of the transaction.

Q. Does this conclude your response testimony?

A. Yes, it does.