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7 **BEFORE THE ARIZONA CORPORATION COMMISSION**

8 **COMMISSIONERS:**
9 **SUSAN BITTER SMITH, Chairperson**
10 **BOB STUMP**
11 **BOB BURNS**
12 **DOUG LITTLE**
13 **TOM FORESE**

14 IN THE MATTER OF THE
15 APPLICATION OF UNS ELECTRIC,
16 INC. FOR THE ESTABLISHMENT OF
17 JUST AND REASONABLE RATES AND
18 CHARGES DESIGNED TO REALIZE A
19 REASONABLE RATE OF RETURN ON
20 THE FAIR VALUE OF THE
21 PROPERTIES OF UNS ELECTRIC, INC.,
22 DEVOTED TO ITS OPERATIONS
23 THROUGHOUT THE STATE OF ARIZONA
24 AND FOR RELATED APPROVALS

DOCKET NO. E-04204A-15-0142

**NOTICE OF FILING DIRECT
TESTIMONY OF KENT R. SIMER
ON BEHALF OF FRESH PRODUCE
ASSOCIATION OF THE AMERICAS**

25 The Fresh Produce Association of the Americas ("FPAA"), through its undersigned
26 counsel, hereby provides notice that it has this day filed the attached direct testimony of
Kent R. Simer.

21 //
22 //
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26 //

Arizona Corporation Commission

DOCKETED

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DOCKETED BY

1 DATED this 9th day of December, 2015.

2 MOYES SELLERS & HENDRICKS

3
4 

5 Jason Y. Moyes
6 Jay I. Moyes

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8 *of the Americas*

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10 the foregoing filed this
11 9th day of December, 2015 with:

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16 Phoenix, AZ 85007

17 COPIES of the foregoing
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19 9th day of December, 2015 with:

20 All Parties of Record

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I. EXECUTIVE SUMMARY

The Fresh Produce Association of the Americas (“FPAA”) is comprised of over 100 member companies involved in the importation and distribution of fresh produce from Mexico. The FPAA is focused on critical business objectives that ensure the health and viability of the produce industry. Trucks from Mexico cross the border carrying already sorted, packaged and palletized produce, and these trucks offload the produce into U.S. refrigerated warehouses. As a counter-seasonal business by nature, the produce warehouses tend to use more electricity during the months of October through June, and largely are dormant or operating well below capacity during the summer months of July through September.

Mr. Simer provides testimony that addresses specific changes in rate design that have resulted in a rate impact that is greater than was intended in the past rate case. Mr. Simer testifies on the use of ratcheted demands in rate design and the unintended impacts that ratcheted demands can have on certain customer types; namely seasonal, low load factor, and off-peak consumers. Mr. Simer provides examples of tools implemented by other Utility Commissions to address these shortcomings.

Mr. Simer explains that it is important for the Commission and UniSource Energy Services (“UNSE”) to recognize the unique operating characteristics of FPAA members and evaluate whether the existing ratchet demand imposed on large general service customers is appropriate for FPAA members. Mr. Simer believes UNSE should provide additional review of its methodology for determining the current ratchet demand, and evaluate the possibility of establishing a separate rate class for counter-seasonal agricultural customers that recognizes the unique operating characteristics and system benefits these customers provide. Mr. Simer encourages the Commission to explore any options that might lessen the financial impacts imposed on FPAA members.

1 **II. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME, ADDRESS AND OCCUPATION.**

3 A. My name is Kent R. Simer. My business address is 160 N. Pasadena, Suite
4 101, Mesa, Arizona. I am a Utility Rate Consultant for K. R. Saline & Associates, PLC, a
5 firm that provides electrical engineering services, management consulting, and ongoing
6 business operational services primarily to wholesale public electric utilities.

7 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL QUALIFICATIONS**
8 **AND EXPERIENCE.**

9 A. I have been employed at K. R. Saline & Associates, PLC for the past
10 seventeen years, providing various services to our clients. For the past ten years my
11 primary responsibilities have included performing cost-of-service and rate design,
12 economic analyses and computer-aided modeling for power supply planning, load
13 forecasting, financial forecasting, and cost/benefit analysis for various municipal, tribal
14 and public utilities throughout Arizona.

15 I have a Bachelor's Degree in Interdisciplinary Studies in Business and
16 Communications from Arizona State University. Additionally I have completed the
17 American Public Power Association basic and advanced Utility Cost of Service and Retail
18 Rate Design courses and coursework towards a Master's Degree in Business
19 Administration.

20 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS**
21 **COMMISSION?**

22 A. Yes. I provided testimony in Docket W-01303A-10-0448 and W-01303A-
23 09-0343.

24 **Q. ON WHOSE BEHALF ARE YOU APPEARING IN THIS**
25 **PROCEEDING?**

26 A. I am appearing on behalf of the Fresh Produce Association of the Americas

1 ("FPAA").

2
3 **III. PURPOSE**

4 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY TODAY?**

5 A. The purpose of my testimony is to introduce the FPAA and its economic
6 contributions to Santa Cruz County, as well as describe the power usage profile of this
7 large group of UNSE customers. On behalf of the FPAA, I will be requesting rate relief
8 for FPAA members who currently are receiving service under the UNSE large general
9 service tariff and will be subject to the terms of the proposed medium general service
10 tariff. Specifically, my testimony will address the impacts that the demand ratchet has had
11 on FPAA's members due to their unique, counter-seasonal operations. Because of the
12 FPAA's unique operating characteristics, UNSE's ratchet rate design is punitive in nature
13 and has the potential to cause a loss of this large and important customer base, which
14 would not be in the public interest. Finally, I discuss how UNSE's proposed rate design
15 and allocation methodology will only further increase the financial burdens faced by
16 FPAA members.

17 **IV. FRESH PRODUCE ASSOCIATION OF THE AMERICAS**

18 **Q. CAN YOU PLEASE DESCRIBE THE FRESH PRODUCE**
19 **ASSOCIATION OF THE AMERICAS?**

20 A. The FPAA was founded by produce distributors in 1944. Today the FPAA
21 has over 100 member companies involved in the importation and distribution of fresh
22 produce from Mexico. The FPAA is focused on critical business objectives that ensure
23 the health and viability of the produce industry. The members of the FPAA consist of
24 U.S. distributors and associate members. Distributors directly import fresh produce from
25 growing operations in Mexico. Associate members are a variety of companies, from
26 unique buyers procuring product from distributors to industry-associated companies such

1 as custom-house brokers, seed companies, packaging providers, trucking firms, financial
2 institutions, insurance companies, and more.

3 The FPAA reports that a recent study conducted revealed that fresh produce
4 imports account for \$437.7 million in direct and secondary economic output in Santa Cruz
5 County, \$45 million in tax revenues to the state and county, and approximately 4,000
6 direct and secondary jobs, representing \$190 million in wages. FPAA's members have a
7 significant presence and economic influence in the Santa Cruz Valley, with the industry's
8 direct and secondary impacts accounting for more than one-third of the county's economic
9 output.

10 **Q. HOW ARE FPAA OPERATIONS UNIQUE COMPARED TO OTHER**
11 **COMMERCIAL AND INDUSTRIAL CUSTOMERS?**

12 A. Trucks from Mexico cross the border carrying already sorted, packaged and
13 palletized produce, and these trucks offload the produce into U.S. warehouses. The
14 produce is held in these refrigerated warehouses until it is loaded onto U.S. trucks that
15 carry it to buyers across the United States and Canada.

16 A majority of the volume crosses counter-seasonally to production times in the
17 U.S. The major commodities imported include tomatoes, watermelons, bell peppers,
18 cucumbers, eggplant, squash, green beans, melons, and more. The produce season
19 typically begins in October with light volume, reaches peak volumes in January and
20 February continuing through to April and May, and winds down with a focus on grape
21 production in May, June, and July. As a counter-seasonal business by nature, the produce
22 warehouses tend to use more electricity during these winter, fall and spring months, and
23 **are largely dormant or operating well below capacity during the hottest summer**
24 **months of July through September.**

Combined Profile of FPAA Members Sampled

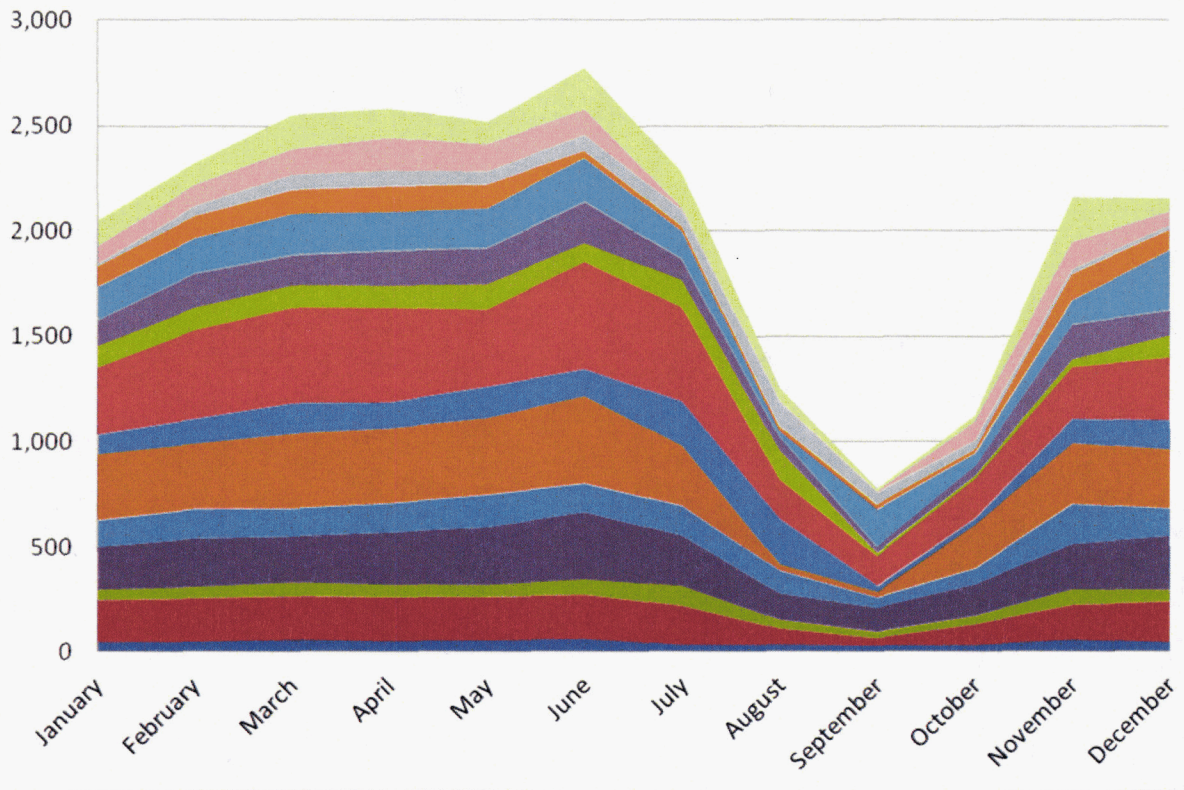


Figure 1 – 12 Month profile of metered demands for sample of 15 FPAA members.

From an electrical demand standpoint, during the dormant months, customer loads related to the storage and refrigeration of produce drop significantly and remain low until the next season begins. The facilities being shut off by a typical FPAA member during this time can equate to as much as a 200 kW drop in load. Looking at the FPAA as a group, the load drop-off becomes much more apparent. Provided above in Figure 1 is a sample 12-month profile of metered demands for a small portion¹ of the FPAA members requesting rate relief. Figure 1 demonstrates the unique operational characteristics of typical FPAA members. For the 15 samples included in the chart, there is a nearly 2,000 kW drop-off from the peak to the trough. Based on my preliminary analysis, the inclusion

¹ The FPAA has not been able to thoroughly analyze the load characteristic of every individual FPAA member. However, Figure 1 is typical of the load characteristics of FPAA members providing refrigeration services for counter-seasonal produce imports. Additionally, FPAA members represent only 50 to 60 percent of the total produce import industry in Santa Cruz County and it is likely that many, if not most, other non-member refrigeration providers demonstrate similar operating characteristics as those illustrated in Figure 1.

1 of all of its refrigeration members would amount to a total kilowatt drop-off during these
 2 dormant months of more than 5 MW. A 5MW load curtailment in the late monsoon
 3 summer months provides additional benefit to UNSE that is currently not being
 4 recognized and attributed to FPAA members through the existing rate design.

5 Typical industrial and general service customers have a more level demand month-
 6 to-month, or mirror the system load profile that is representative of Arizona's climate.
 7 That is to say, long hot summers that last into late October and drive cooling related loads.
 8 In Arizona, general service customers who do not operate from August to October, such
 9 as FPAA members, are uncommon and certainly offer a beneficial form of load diversity
 10 to the system.

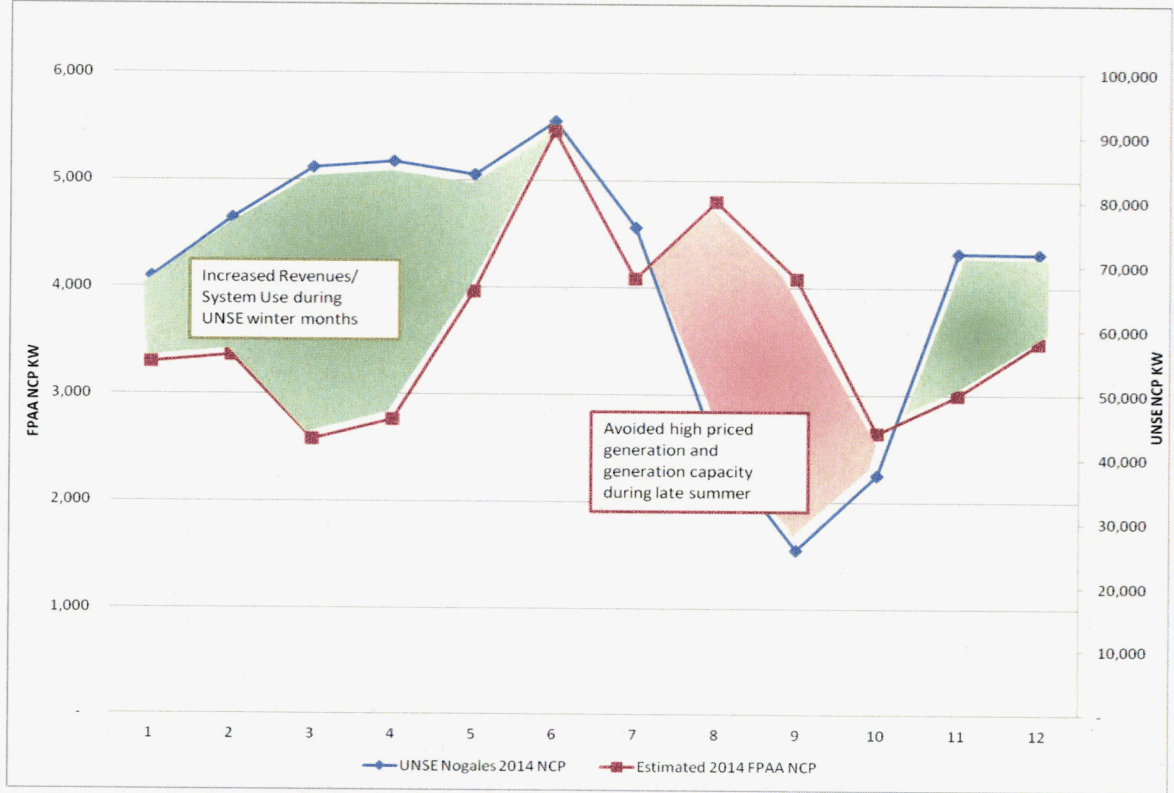


Figure 1 - Conceptual demonstration of how FPAA provides counter-seasonal benefits.

1 When you compare FPAA's unique operating characteristics to the local
2 system use in the Nogales area, FPAA members provide additional revenues and system
3 use during the winter months when UNSE system sales are down. In the late summer
4 months they provide benefits via periods of avoided use, and therefore, avoided purchases
5 of higher priced power and generation capacity. The current rate design does not take into
6 consideration these unique benefits.

7 **Q. WHY ARE FPAA MEMBERS SEEKING RATE RELIEF NOW?**

8 A. In Decision 74235² the Commission, in addition to approving a 9% increase
9 over adjusted test year revenue, approved a new large general service tariff for UNSE,
10 which included a ratcheted demand provision that would adjust the monthly billing
11 demand to the maximum of either the monthly metered demand or 75% of the greatest
12 demand in the preceding 11 months. Due to the unique operations of FPAA members,
13 essentially turning their facilities off for several months, the ratchet demand has had a
14 very significant and detrimental economic impact. Since the rates approved by Decision
15 74235 went into effect on January 1, 2014, many FPAA customers have experienced a
16 rate impact of 20% or more as a direct result of the demand ratchet mechanism. This rate
17 impact is greater than was intended by the rate design approved by the Commission in
18 Decision 74235. In the present case pending before the Commission, UNSE proposes
19 additional increases in customer charges and demand charges, as well as a new cost-
20 allocation methodology, which will only serve to further exacerbate the problems being
21 faced by FPAA members.

22 **Q. DOES THE PROPOSED RATE DECREASE FOR GENERAL SERVICE**
23 **CUSTOMERS PROVIDE ADEQUATE RATE RELIEF?**

24 A. No. Under the proposed rate design, FPAA members will be included in the
25 new Medium General Service rate class and will receive a 9.67% rate decrease. The rate

26 ² Decision 74235, Docket No. E-04204A-12-0504, December 31, 2013.

1 decrease is occurring solely via an adjustment to the base fuel charge; meanwhile, the
2 basic service charge, the demand charge, and the energy delivery charges are all
3 increasing. Though the adjustment to the base fuel charge will create an immediate rate
4 decrease, it is highly unlikely that fuel costs will remain at today's low prices. It will not
5 take a significant increase in fuel supply pricing to offset the proposed rate decrease
6 through an increased purchase power and fuel adjustor. The increases in the non-fuel rate
7 components however, will result in a rate increase of 2-5% for the typical FPAA member.
8 This increase in the customer and demand rates, combined with the last rate case's
9 increase, will be greatly felt during the period in which the customers operations go
10 dormant and minimal energy is consumed.

11 The continued use of the current ratcheted demand and the proposed
12 changes to rates and cost allocation methods will increase the financial impact imposed on
13 FPAA members. In my opinion, the Commission should support changes to UNSE's rate
14 tariffs that will recognize the unique operations of the FPAA members and the benefits
15 they provide to UNSE's system.

16
17 **V. RATCHETED DEMANDS**

18 **Q. CAN YOU BRIEFLY DESCRIBE RATCHETED DEMANDS?**

19 **A.** Certainly. A ratcheted demand is a rate design tool that is intended to help
20 provide revenue stability and to distribute cost responsibility equitably among the general
21 service rate class according to the costs that each member of the class generates. The
22 ratcheted demand benefits the serving utility by setting a minimum billing demand (e.g.
23 75% of the prior 11 month peak) for a customer, which in turn provides revenue stability.
24 Conceptually, by establishing a minimum billing demand across the rate class, each
25 customer bears an equitable share of revenue responsibility based on their proportionate
26 size compared to the class. Of course, this assumes that the actual demands of all

1 customers across the rate class are somewhat proportional throughout the year.

2 **Q. WHAT ARE SOME DRAWBACKS OF RATCHETED DEMANDS?**

3 A. Ratcheted demands assume that the cost-causation level for each customer is
4 relative to their annual peak non-coincident demand. However, this does not hold true for
5 all customers. Low load-factor, seasonal, and off-peak users may not have incurred the
6 same cost responsibility as their counterparts and, especially in the case of FPAA, are
7 imposing a lower average capacity requirement during the four coincident peak summer
8 months. By assigning them the same cost responsibility, low load-factor, seasonal, and
9 off-peak users may experience a significant financial hardship for their off-peak use of the
10 system, which equates to an intra-class subsidy for other customers.

11 Additionally, ratcheted demands incentivize unnecessary consumption
12 during a customer's non-peak demand period. For instance, FPAA members could elect
13 to just leave their refrigerators on, even if they are not storing produce, simply because
14 they are already paying a majority of the costs through their ratchet billing demand. Rate
15 policy that incentivizes unnecessary consumption seems to be in opposition to general
16 energy efficiency goals supported by the Commission.

17 **Q. HOW HAVE OTHER COMMISSIONS DEALT WITH THE**
18 **DRAWBACKS OF RATCHETED DEMANDS?**

19 A. Texas, as a state, has recognized the significant drawbacks and financial
20 harm that can result from the use of ratcheted demands. Both the State of Texas and the
21 Public Utility Commission of Texas have dealt with both low load factor and seasonal
22 customers on different occasions, the most significant of which is HB1064. In 2011,
23 Texas signed into law HB1064 of the 82nd Legislature, Regular Session, which required
24 transmission and distribution owning utilities to "waive the application of demand ratchet
25 provisions for each nonresidential secondary service customer that has a maximum load
26

1 factor equal to or below a factor set by commission rule.”³

2 Subsequently, The Public Utility Commission of Texas adopted ruling
3 §25.244 that waived demand ratchet provisions for nonresidential secondary service
4 customers that had a maximum load factor equal to or below 25 percent. That
5 Commission held that such a rule:

6 **Strikes a balance between a threshold that is high enough to**
7 **provide demand ratchet relief to low-load-factor customers with**
8 **primarily off-peak usage, but not so high as to affect customers**
9 **with a large degree of on-peak usage or interfere with a utility’s**
10 **ability to reasonably recover the costs of providing distribution**
11 **service while avoiding significant intra-class subsidization.**⁴

12
13 Additionally, in Order 40 in Docket No. 22344, the Public Utility Commission of
14 Texas “acknowledged the unique characteristics of seasonal agricultural customers” and
15 granted an exception from demand ratchet provisions and an option to recover distribution
16 charges without the use of a demand ratchet.

17 The Public Utility Commission of Texas has shown significant support to seasonal
18 agricultural customers and has recognized that significant financial impacts are imposed
19 on low load-factor, seasonal, and off peak customers when ratcheted demands are used.

20 **Q. WHY IS THE PUBLIC UTILITY COMMISSION OF TEXAS**
21 **RELEVANT?**

22 A. The Public Utility Commission of Texas is relevant for two reasons. One, it
23 illustrates the degree of flexibility that Commissions have in determining the appropriate
24 use and applicability of ratcheted demands across various customer classes and types.

25
26 ³Texas Utility Code §36.009.

⁴ Order Adopting §25.244, Project No. 39829, Public Utility Commission of Texas. May 18, 2012. Pg.21.

1 Texas has recognized that seasonal, low load factor, and off peak system users face
2 significant financial burdens when ratchet demands are imposed and have shown a
3 willingness to carve out exceptions to lessen those burdens.

4 Secondly, and more importantly, the **Arizona-based produce importers**
5 **are increasingly under pressure to relocate their businesses to Texas.** Indeed, Texas
6 has grown its market share considerably. According to the Eller College of Economics
7 and Business at the University of Arizona, Nogales generated \$2.8 billion in trade in
8 2010, while Pharr, Texas generated \$1.3 billion in trade. That year, Nogales had 57.1
9 percent of the Mexican fresh produce import market share compared to Pharr's 26.5
10 percent. In 2014, Nogales' lead in market share had shrunk significantly. Nogales had
11 \$2.9 billion of fresh produce trade compared to \$2.5 billion for Pharr. Nogales had 41.4
12 percent of the market share while Pharr had increased to 35.7 percent.

13 According to representatives of the FPAA, Texas economic development
14 groups have hosted meetings in Nogales to lure away importers. They offer considerable
15 concessions in the form of tax breaks, more permissive building codes, and economic
16 improvement zones. Combined with the policy being set by the Public Utility
17 Commission of Texas, the incentives begin to stack up to support the moving of
18 operations from the Santa Cruz Valley to southern Texas. **Should FPAA members opt**
19 **to relocate, this would likely have a compounding effect as the loss of major local**
20 **employment opportunity would likely lead to the loss of other associated businesses**
21 **and UNSE customers.**

22 **Q. SHOULD THIS COMMISSION CONSIDER SIMILAR POLICY TO**
23 **HELP REMEDY THE IMPACT EXPERIENCED BY FPAA**
24 **MEMBERS?**

25 A. It would help. This Commission should recognize the unique seasonality of
26 FPAA members' operations and the significant financial burden imposed by the ratchet

1 demand during this period. Through development of seasonal and low load factor
2 exceptions, the Commission could lessen the financial hardship and still not “interfere”
3 with a utility’s ability to reasonably recover its costs. However, the Commission can also
4 require UNSE to evaluate the appropriateness of the use of ratchet demands, the
5 applicability to the customers within the medium and large general service classes and the
6 appropriate ratchet level to be applied.

7 **Q. WHEN IS THE USE OF RATCHETS APPROPRIATE?**

8 A. In general, ratchets used in rate design should be representative of class load
9 characteristics to minimize intra-class subsidization. Class characteristics are usually
10 compared to system characteristics to establish appropriate ratchets and billing demands
11 for a customer class. If a class has a class coincidence factor of 80%, than an 80% ratchet
12 may be appropriate. As a customer’s load factor increases, so does their coincidence
13 factor. Ratchet demands are most commonly applied to large and industrial customers
14 with high load factors. FPAA members’ consumption patterns only equate to an
15 approximate 45% load factor during operating months, and less than 20% during the
16 dormant months. It is quite likely the FPAA members do not share the same load
17 characteristics as other customers in the proposed medium and large general service
18 classes. In my opinion, the existing ratchet may not be appropriate at all for FPAA
19 members, or is set too high, leading to intra-class subsidization at FPAA member’s
20 expense.

21 **Q. HOW DID UNSE DETERMINE THE APPROPRIATENESS OF THE**
22 **CURRENT RATCHET?**

23 A. It is unclear how UNSE came to their ratchet determination. UNSE
24 originally requested a 100% ratchet demand and only settled on a 75% ratchet as a result
25 of settlement negotiations. UNSE should provide data that supports their justification for
26 the use and level of ratchet demands. UNSE should also review if it is more appropriate

1 to establish a class specifically for the produce refrigerators, recognizing that their unique
2 load characteristics may be materially different than other medium and large general
3 service customers and may in fact may provide a benefit to UNSE with increased usage in
4 the spring, winter and fall when utility revenues are depressed, and reduced usage in late
5 summer when system-wide demands are generally at peak.

6 **VI. OTHER ISSUES**

7 **Q. PLEASE DESCRIBE THE CHANGES IN COST ALLOCATION THAT**
8 **UNSE IS PROPOSING.**

9 A. UNSE is proposing in this case to change how it allocates demand costs
10 from a Peaks and Average methodology to an Average & Excess methodology. As
11 illustrated in the Direct Testimony of Craig Jones⁵ in this Docket, the proposed change in
12 allocation methodology will cause an additional \$1,652,648 in demand related costs to be
13 allocated to the newly proposed medium general service rate class, than would have
14 otherwise been allocated under the historically used Peaks and Average methodology.
15 This increases the return on rate base for medium and large general service customers
16 from 9.84% to 12.96%.

17 **Q. IS THE CHANGE IN COST ALLOCATION METHODOLOGY**
18 **APPROPRIATE AT THIS TIME?**

19 A. No. UNSE has not sufficiently demonstrated the need for a change in the
20 cost allocation methodology. More importantly, UNSE has stated they strive to achieve
21 rate parity, where customer classes generate sufficient revenues to earn a return on plant
22 that matches the overall return on invested capital. The proposed change in allocation
23 methodology will actually move rates further away from rate parity for the proposed
24 medium and large general service rate classes. It appears that, should UNSE adopt the
25

26 ⁵ Direct Testimony of Craig A. Jones, pg. 25.

1 Average & Excess cost allocation methodology, UNSE would be earning a greater rate of
2 return for this customer class than has been previously allowed or currently being
3 requested.

4 **Q. HAVE YOU HAD THE OPPORTUNITY TO ANALYZE THE COST**
5 **ALLOCATION METHODS USED IN THE COST OF SERVICE STUDY?**

6 A. No. Due to our late intervention in early November, and general procedural
7 issues, I have not received a copy or been able to readily access the Cost of Service study
8 to make my own evaluations. Additional examples and supporting exhibits may be
9 provided when surrebuttal testimonies are provided.

10 **Q. ARE THERE ANY OTHER ISSUES YOU WOULD LIKE TO**
11 **ADDRESS AT THIS TIME?**

12 A. NO.

13 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

14 A. Yes.

15

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**STATEMENT OF QUALIFICATIONS
OF
KENT R. SIMER**

EDUCATION

BIS, Business and Communication, Arizona State University. 2003

MBA, (Coursework toward), University of Phoenix

CERTIFICATIONS & TRAINING

American Public Power Association – Basic Utility Cost of Service and Retail Rate Design (2005)

American Public Power Association – Advanced Utility Cost of Service and Retail Rate Design (2005)

American Public Power Association – Rate and Utility Management Seminars (Ongoing)

TESTIMONY BEFORE REGULATORY COMMISSIONS

Arizona Corporation Commission, Docket No. W-01303A-10-0448: Application of Arizona-American Water for a determination of the current fair value of its utility plant and property and for increases in its rates and charges based thereon for utility service by its Agua Fria Water District, Havasu Water District, and Mohave Water District .

Arizona Corporation Commission, Docket No. W-01303A-09-0343: Application of Arizona-American Water for a determination of the current fair value of its utility plant and property and for increases in its rates and charges based thereon for utility service by its Anthem Water District and its Sun City Water District

RELEVANT WORK EXPERIENCE

Electrical District No. 3 – Annual Cost of Service and Rate Design Analysis (Since 2003)

San Carlos Irrigation Project – Annual Cost of Service and Rate Design Analysis (Since 2005)

Electrical District No. 3 – Load Forecast (Annually)

Imperial Irrigation District – Annual Load Forecast (2001-2008)

Town of Thatcher – Electric Utility Unbundled Cost of Service and Rate Design Study (2004)

San Carlos Irrigation Project – Electric Utility Unbundled Cost of Service and Rate Design Study (2006)

City of Safford – Electric Utility Unbundled Cost of Service and Rate Design Study (2007)

City of Safford – Gas Utility Unbundled Cost of Service and Rate Design Study (2007)

Town of Wickenburg - Electric Utility Unbundled Cost of Service and Rate Design Study (2007)

Electrical District No. 4 – Load Forecast (2008)

Navajo Tribal Utility Authority – Power Requirements Study (2008)

San Carlos Irrigation Project – Electric Unbundled Utility Cost of Service and Rate Design Study (2011)

Multiple Electric Utilities –Revenue Requirement Forecasting / Planning (Ongoing)

Mr. Simer is a rate consultant for K. R. Saline & Associates, PLC. (“KRSA”), which provides ongoing consulting and engineering services for numerous irrigation and electrical districts, municipal utilities and tribal utilities located throughout the Southwest. Many of KRSA’s clients were created to bring electrical service to rural areas to facilitate groundwater pumping for agricultural purposes. Over time these clients have extended their electrical service offerings to residential and commercial customers, and have seen their agricultural wells repurposed for commercial pumping and potable water development. Mr. Simer provides various consulting services for these clients.

Employed since 1998, Mr. Simer’s experience in the utility industry includes economic analyses and computer-aided modeling for power supply planning, load forecasting, financial forecasting, cost/benefit analysis and rate studies. Mr. Simer participates with several regional public power organizations that

seek to find the balance between environmental and cultural stewardship of water resources and federal project power development on the Colorado River. Mr. Simer assists in analysis of Western Area Power Administration rate filings and participates in Public Information Forums and Public Comment Forums for federal rate making for Parker-Davis Project power rates, Parker-Davis Project transmission rates, Pacific NW-SW Intertie transmission rates, Boulder Canyon Project power rates, and Salt Lake City Area Integrated Projects power and transmission rates.

Ongoing Consulting Services Include:

Project: Financial and Economic Studies

Project Description: Economic analysis of operations, financial modeling, forecasting, cash management analyses and electric rate studies, including cost-of-service and bundled and unbundled rate design.

Project: Load Forecasting

Project Description: Long range load forecasting based on econometric and time series techniques that incorporated regional economic, demographic, and climatological data to develop independent energy forecasts for the various customer classes and the peak demand for the total system. Forecasts of energy and demand were developed for low and mid-range as well as high range expectations of future economic conditions.

Project: Integrated Resource Plans.

Project Description: Conservation and Renewable Energy programs, Integrated Resource Plans, evaluation of long-term and short-term power supply alternatives, demand-side planning and special resource pooling and resource integration arrangements.

Special Projects Include:

Project: Standard Market Design Study

Project Description: Investigating the effects of Standard Market Design and the implementation of Locational Marginal Pricing methodologies. This included development of a generation cost data database, simulation of powerflow models under existing and proposed scenarios, and analysis of the data created from the simulations.

Project: Solar Feasibility Study

Project Description: Developed a twenty-year utility rate model based on forecasted commercial load. Load profile was analyzed for its suitability under existing available time-of-use and net metering rate tariffs to determine the most financially beneficial solution. Model included development of utility rate increase assumptions, net metering determination, and calculation of applicable fees and taxes. Feasibility analysis included reviewed of current utility renewable incentives, federal and state tax implications, and project capital planning. Feasibility package included all necessary data and materials to aid customer in making their solar decision.