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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS

- DOUG LITTLE -Chairman
- BOB STUMP
- BOB BURNS
- TOM FORESE
- ANDY TOBIN

IN THE MATTER OF THE APPLICATION OF
 GARKANE ENERGY COOPERATIVE, INC. FOR
 A DETERMINATION OF 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 AND
 REQUEST FOR WAIVER.

DOCKET NO. E-01891A-15-0176

**STAFF'S NOTICE OF FILING
SURREBUTTAL TESTIMONY**

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission")
 hereby files the Surrebuttal Testimony of Staff witness Eric Hill, in the above-captioned matter.

RESPECTFULLY SUBMITTED this 7th day of March, 2016.

Robin R. Mitchell
 Matthew Laudone
 Attorneys, Legal Division
 Arizona Corporation Commission
 1200 West Washington Street
 Phoenix, Arizona 85007
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Original and thirteen (13) copies of the
foregoing filed this 7th day of March, 2016, with:

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

Arizona Corporation Commission

DOCKETED

MAR 07 2016

DOCKETED BY

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BEFORE THE ARIZONA CORPORATION COMMISSION

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Chairman
BOB STUMP
Commissioner
BOB BURNS
Commissioner
TOM FORESE
Commissioner
ANDY TOBIN
Commissioner

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DEVELOP SUCH RETURN AND REQUEST A)
WAIVER.)
_____)

DOCKET NO. E-01891A-15-0176

SURREBUTTAL

TESTIMONY

OF

ERIC A. HILL

EXECUTIVE CONSULTANT

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

MARCH 7, 2016

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**EXECUTIVE SUMMARY
GARKANE ENERGY COOPERATIVE, INC.
DOCKET NO. E-01891A-15-0176**

Staff's surrebuttal testimony addresses issues raised in the rebuttal testimony of Garkane Electric Cooperative, Inc ("Garkane" or "Cooperative") witness David Hedrick.

Staff recommends that the energy rate for the Colorado City residential service rate class be set at \$0.099800 per kWh.

Garkane should file a revised Prepaid Service Tariff and work with Staff to develop an application and file a Bill Estimation Tariff for Commission approval within 60 days of the effective date of the Decision in this case.

Staff will work with Garkane to make revisions to the draft Plan of Administration for the Wholesale Power Cost Adjustment mechanism that Garkane filed with its rebuttal testimony no later than at the hearing.

1 **INTRODUCTION**

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

3 A. My name is Eric Hill. I am an Executive Consultant employed by the Arizona Corporation
4 Commission (“Commission”) in the Utilities Division (“Staff”). My business address is 1200
5 West Washington Street, Phoenix, Arizona 85007.

6
7 **Q. Have you previously filed testimony in this docket?**

8 A. Yes. I filed direct testimony concerning the base cost of power, the wholesale power cost
9 adjustment mechanism, and rate design for Garkane Energy Cooperative, Inc.

10
11 **Q. What is the subject matter of this surrebuttal testimony?**

12 A. My testimony is in response to the proposals contained in Garkane witness David Hedrick’s
13 rebuttal testimony.

14
15 **COLORADO CITY ENERGY RATE**

16 **Q. Does Staff agree with Garkane’s proposed energy rate for Colorado City?**

17 A. Yes. Staff recommends the energy rate for the Colorado City residential rate class be set at
18 \$0.099800 per kWh.

19
20 **Q. Why does Staff now recommend adopting this rate?**

21 A. The only difference between Garkane’s proposed rates and those proposed in Staff’s rate design
22 testimony is an energy charge for the Colorado City residential rate class that is very slightly
23 lower (by \$0.0018 per kWh). The purpose of Garkane’s filing was to make its Arizona rates
24 uniform with Utah, and the difference between proposals is so minimal that it makes sense to
25 meet that objective by adopting Garkane’s proposal.

26

1 **ELECTRIC SERVICE REGULATIONS**

2 **Q. Garkane included a red-line of its Electric Service Regulations in its Rebuttal**
3 **Testimony. Does Staff recommend approval of Garkane's changes?**

4 **A. Yes, Staff has reviewed the changes and recommends approval of the revised Electric Service**
5 **Regulations.**

6
7 **PREPAID SERVICE AND BILL ESTIMATION TARIFFS**

8 **Q. Garkane has stated it will revise its Prepaid Service Tariff and work with Staff to develop**
9 **an application and file a Bill Estimation Tariff within 60 days. Does Staff agree with**
10 **these proposals?**

11 **A. Yes, Garkane made these proposals in response to Staff witness Eric Van Epps' testimony.**
12 **Staff wishes to clarify Garkane should file the tariff and application as a compliance item in this**
13 **docket for Commission approval within 60 days of the effective date of the Decision in this**
14 **case.**

15
16 **WHOLESALE POWER COST ADJUSTMENT MECHANISM PLAN OF**
17 **ADMINISTRATION**

18 **Q. Garkane has filed a draft Plan of Administration ("POA") for its Wholesale Power Cost**
19 **Adjustment mechanism ("WPCA"). Does Staff recommend approval of the proposed**
20 **POA?**

21 **A. Staff intends to work with the Cooperative to make some revisions to the draft POA that**
22 **Garkane filed with its rebuttal testimony, and Staff will address the POA no later than at the**
23 **hearing.**

24

1 **SUMMARY OF RECOMMENDATIONS**

2 **Q. Please provide a brief summary of your recommendations.**

3 A. Staff has the following recommendations:

4 1. The energy rate for the Colorado City residential rate class should be \$0.099800 per
5 kWh as first proposed in Garkane's application.

6 2. The revised Electric Service Regulations included with Garkane's rebuttal testimony
7 should be approved.

8 3. Garkane should file a revised Prepaid Service Tariff and work with Staff to develop and
9 application and file a Bill Estimation Tariff for Commission approval within 60 days of the
10 effective date of the Decision in this case.

11 4. Staff will work with Garkane to make revisions to the draft POA for the WPCA that
12 Garkane filed with its rebuttal testimony no later than at the hearing.

13

14 **Q. Does this conclude your surrebuttal testimony?**

15 A. Yes, it does.