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7 **BEFORE THE ARIZONA CORPORATION COMMISSION**

8
9 IN THE MATTER OF THE APPLICATION)
OF TUCSON ELECTRIC POWER)
10 COMPANY FOR THE ESTABLISHMENT)
OF JUST AND REASONABLE RATES AND)
11 CHARGES DESIGNED TO REALIZE A)
REASONABLE RATE OF RETURN ON)
12 THE FAIR VALUE OF THE PROPERTIES)
OF TUCSON ELECTRIC POWER)
13 COMPANY DEVOTED TO ITS)
OPERATIONS THROUGHOUT THE)
14 STATE OF ARIZONA AND FOR RELATED)
APPROVALS.)

Docket No.: E-01933A-15-0322
E-01933A-15-0239
**INTERVENOR IBEW LOCAL 1116'S
NOTICE OF FILING SURREBUTTAL
TESTIMONY OF SCOTT NORTHRUP
AND SARITA MORALES**

15
16 Pursuant to the Administrative Law Judge's Rate Case Procedural Order and Notification
17 of Intervention dated December 14, 2015 (p. 3), Intervenor, the International Brotherhood of
18 Electrical Workers, AFL-CIO, CLC Local Union 1116 by and through undersigned counsel,
19 hereby provide notice of their filing of the attached Surrebuttal Testimony of Scott Northrup and
20 Sarita Morales in this docket.

21 ///

Arizona Corporation Commission
DOCKETED
AUG 25 2016

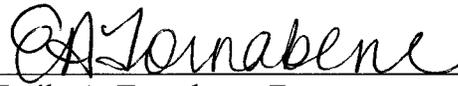
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24

1 RESPECTFULLY SUBMITTED this 25th day of August, 2016.

2 LUBIN & ENOCH, P.C.

3 

4 Emily A. Tornabene, Esq.
5 Attorneys for Intervenors

6 Original and thirteen (13 copies) of IBEW 1116's Surrebuttal Testimony filed this 25th of
7 August, 2016, with:

8 Arizona Corporation Commission
9 Docket Control Center
10 1200 W. Washington Street
11 Phoenix, Arizona 85007-2996

12 Copies of the foregoing transmitted
13 Via mail or email this same date to:
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1 **Q1. Please state your name and business address.**

2 A1. Scott Northrup. My business address is 4601 South Butterfield Drive, Tucson, Arizona
3 85714.

4 **Q2. Are you the same Scott Northrup whose direct testimony was filed in this docket on**
5 **June 3, 2016.**

6 A2. Yes.

7
8 **Q3. On whose behalf are you filing your Surrebuttal Testimony?**

9 A3. My Surrebuttal Testimony is filed on behalf of IBEW Local 1116 (“IBEW” or the
10 “Union”).

11
12 **Q4. What is the purpose of your testimony?**

13 A4. My Surrebuttal Testimony addresses the Rebuttal Testimony filed on behalf of TEP. In
14 particular, I will respond to Susan Gray, Kenton Grant, and Frank Marino. In addition, I
15 will address IBEW’s position on the Settlement Agreement Regarding Revenue
Requirement filed by TEP.

16 **Q5. In her Rebuttal Testimony, Susan Gray states that “TEP has maintained an**
17 **exemplary safety and reliability record for the past several years” and that she**
18 **“absolutely disagree[s]” that there has been a marked deterioration in the reliability**
19 **and safety of TEP’s operations. Do you have any examples that would support your**
20 **position?**

21 A5. Yes. I have several examples that are illustrative of IBEW’s safety and reliability
22 concerns. To begin, TEP is utilizing an antiquated and obsolete 4kV distribution system.
23 This type of equipment is nearly identical to what was used in the 1800’s, not 2016. In
24 fact, Thomas Edison’s first installations were very similar to the system that TEP is

1 operating. In addition, there is not a fuse on the transformer; rather, it is connected
2 directly to the main line. What this means is that when it does fail, an employee will
3 have to open the circuit breaker at the substation to clear the fault, thereby causing a
4 much greater outage. Thus, not only is the outdated system unsafe, it directly impacts
TEP's ability to deliver reliable service.

5
6 Another example involves an old, rotted electrical pole. Typically, when a bad or rotted
7 pole is replaced, the old pole has to be removed or 'pulled.' The picture attached as
8 Exhibit A shows a rotted pole and a new pole side-by-side. The date on the new pole is
9 2012, which means that in all likelihood the rotted pole has been sitting for 4 years
10 without having been pulled. This rotted pole presents a significant danger as it could fall
11 at any time. It needs to be removed.

12 There is a transformer that is well over 40 years old at Warehouse Substation 2029 E. 20th
13 St. This transformer has been leaking oil for many years, if not decades. Rather than fix
14 the leak or replace the transformer, TEP placed a piece of plywood down so that people
15 would not sink into the soil. This oil leak is dangerous; it presents serious environmental
16 issues; and the transformer should have been replaced years ago. A picture of this
17 transformer is attached as Exhibit B.

18 Attached hereto as Exhibit C is a picture of a 13.8 feeder riser that is connected to the
19 substation bus. Industry standards call for this to be protected by a 600A breaker below
20 the main breaker in the switch gear. When this cable fails, the fault will have to be
21 cleared by first traveling through, and possibly damaging, the substation transformer and
22 tripping the 138kV breaker on the primary side.

23 Also, TEP is using cables that are well over 20 years old – the industry standard. In fact,
24 some cables appear to be 40 years old. In one incident an old cable was shielded with a
separate neutral so fault indicators were used. The shielding was in such a degraded
condition that the fault indicators did not go off and actually gave a false reading.

1 According to the fault indicators, the bad section was between the transformer and the
2 riser. When the employee isolated that section of the cable and closed at the normal
3 condition to restore power, an arc flash occurred. The 'B' position elbow and bushing
4 failed catastrophically which resulted in a second 8000-volt arc flash. This could have
5 caused the employees involved to suffer severe burns or even a fatality. A picture of the
6 elbow is attached as Exhibit D.

7 TEP has many substation transformers that are at 60% of rated capacity. Industry
8 standards are to build a new feeder line when a current one is at 60% capacity. Outdated
9 and overloaded equipment create serious safety and reliability problems. The most recent
10 example of this was the massive outage at Hart Substation in Green Valley.

11 Finally, in Susan Gray's Rebuttal Testimony a Total Recordable Incident Rate chart is
12 included to demonstrate the number of recordable injuries. The number of injuries that
13 occurred throughout the entire year during 2012 was 0.08 per 100 workers. The number
14 of injuries that occurred in the first six months of 2016 was 1.59 per 100 workers. This is
15 nearly double the amount of injuries in half the amount of time. An increase in numbers
16 of this magnitude is alarming.

17 **Q6. Susan Grey states that you contradict yourself in your Direct Testimony when you
18 assert that TEP does not have enough linemen per customer as Central Hudson and
19 later state that crews do not have enough work to stay busy. Do you believe that
20 these statements are contradictory?**

21 **A6.** No. The reason crews do not have enough work to stay busy is because TEP is assigning
22 the work to subcontractors like Sturgeon and Adkins. These subcontractors are
23 completing enough work to staff three crews. While TEP claims that the use of
24 subcontractors is due to the inconsistent nature of the work, this has not been the case.
Over the past three years the amount of subcontracted work has not declined.

1 **Q7. In her Rebuttal Testimony, Susan Grey claims that TEP maintains records for all**
2 **substation breakers. Has the Union ever requested these records?**

3 A7. Yes. The Union requested breaker maintenance records for the northeast substation after
4 an incident occurred there. TEP could not provide any records in response to the Union's
5 request. Additionally, substation employees have stated that TEP does not maintain
6 records unless it is a "CIP" critical breaker. Finally, because the Journeyman Substation
7 Electrician position is insufficiently staffed, it is impossible for TEP to properly maintain
8 all of the breakers.

9 **Q8. Susan Grey does not agree with your statement that Designers and Designer**
10 **Apprentices are not qualified. Do you have any further explanation for this**
11 **statement?**

12 A8. Yes. The Design Department at TEP is critically low on Designers, and historically TEP
13 has been dangerously slow on replacing Designers who have left or retired. The two
14 Distribution Design contractors that TEP recently hired have no training on TEP's
15 system, tools or standards. Though they have been working for several months, they
16 have produced no work. This is disconcerting.

17 **Q9. In your Direct Testimony you expressed concerns about TEP subcontracting work.**
18 **Do you have any specific examples of how subcontracting work has caused**
19 **problems at TEP?**

20 A9. Recently, there was an incident in Kingman where a Surgeon crew was working in a
21 substation, and the crew violated the Lock Out/ Tag Out procedure. The crew did not get
22 clearance from TEP and only had it from APS. This is extremely dangerous.
23
24

1 **A10. You express concerns regarding the “aging workforce” problem and TEP’s**
2 **workforce planning initiatives in your Direct Testimony. Do you have anything else**
3 **that you would like to add to explain your concerns?**

4 A10. Yes. TEP gave a presentation to the Union regarding its workforce planning for the
5 Transmission & Distribution group. A summary of this process is below:

- 6 1. TEP looks at the past three years’ worth of work, overtime, outages,
7 retirees, apprentice levels, storm outages and repairs, contracted out
8 work, Priority A, B, and C work, and several other factors.
- 9 2. TEP looks at the following items for the next two to three years:
10 employees who could retire, improvement projects, apprentice levels,
11 expected Operation & Maintenance, estimates of storm damage,
Priority A, B, and C. TEP then sets the goals based on this
information.

12 TEP runs all of this information through a formula that indicates how many employees to
13 hire to meet all of the criteria it set.

14 The flaw in this planning process is that it generally takes 5 years to turn out an
15 apprentice to a Journeyman. After that, a Journeyman typically needs 3-5 years of experience
16 before being fully trained. TEP does not hire apprentices or any new bargaining employees until
17 someone retires. Sometimes they do not replace the position at all. This prohibits any passing
18 on of knowledge in the areas that do not have apprenticeships. There have been employees with
19 30 plus years of experience who have departed from TEP without passing any knowledge along.

20 **Q11. In their Rebuttal Testimony, Frank Marino and Kenton Grant state that they are**
21 **not aware of any cross-subsidization of UNS by TEP. Do you have an example of**
22 **the cross-subsidization you reference?**

23 A11. Yes. A simple example occurs in the customer service department. Even though TEP
24 and UNS maintain two separate telephone lines for their customers, UNS customers
frequently phone the TEP line. These customers are assisted by TEP representatives.

1 **Q12. Do you believe that a 2% union increase for 2017 is reasonable like Kenton Grant**
2 **states in his Direct Testimony?**

3 A12. Yes. While the Union believes that TEP should have requested a larger revenue
4 requirement, the Union is in accord with TEP regarding the 2% union increase. The
5 Union does not agree with a 2% non-union increase due to the instability inherent in
6 being at-will employees. The Union was not a signatory to the Settlement Agreement
7 Regarding Revenue Requirement, and it is unclear from that agreement how TEP is
8 treating this increase.

9 **Q13. Why do you believe that TEP should have requested a larger revenue requirement?**

10 A13. Given the express concerns about the aged infrastructure coupled with the overall safety
11 and reliability issues TEP has experienced, the Union believes that TEP is entitled to a
12 larger amount. Maintaining the status quo is not in the best interest of TEP patrons, TEP
13 employees, and the overall public.

14 **Q14. Does this conclude your Surrebuttal Testimony?**

15 A14. Yes.

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1 **Q1. Please state your name and business address.**

2 A1. Sarita Morales. My business address is 4601 South Butterfield Drive, Tucson, Arizona
3 85714.

4 **Q2. Have you previously filed testimony in this docket?**

5 A2. No.

6
7 **Q3. What is your position with IBEW Local 1116?**

8 A3. My title is Business Representative. In that capacity, *inter alia*, I work directly with the
9 customer service representatives in the call center.

10 **Q4. On whose behalf are you filing your Surrebuttal Testimony?**

11
12 A4. My Surrebuttal Testimony is filed on behalf of IBEW Local 1116

13 **Q5. What is the purpose of your testimony?**

14
15 A5. My Surrebuttal Testimony addresses the Rebuttal Testimony filed by Denise Smith.

16 **Q6. In her Rebuttal Testimony, Denise Smith states that the part-time customer service**
17 **representatives have significantly contributed to the customer service TEP provides.**
18 **Do you agree?**

19 A6. No. The part-time customer service representatives have created havoc in the customer
20 service department.

21
22 **Q7. In what way have the part-time customer service representatives created havoc?**

23

24

1 A7. These part-time customer service representatives are quite limited in the types of calls
2 they can take. For some reason, they are only allowed to handle calls related to billing.
3 However, billing issues can be some of the most involved calls that a customer service
4 representative handles. The part-time representatives only receive two weeks of training
5 and are unequipped to handle these calls. Because they are given such limited training,
6 the part-time representatives require a great deal of hands on training from core
7 employees. The result is that the core employees are pulled away from the phones to
8 conduct this training, but they are not given any credit for this time.

9 Also, when the part-time representatives cannot successfully handle a call, the assistance
10 of a core employee is required. What generally happens is that a core employee will take
11 over the call (usually an irate or highly confused customer) and resolve the issues. This
12 takes a great deal of time. The core employee does not get credit for talk time related to
13 the call, or even for being on the call itself. The credit goes to the part-time
14 representative who failed to resolve the issue. Not only is this unfair, but it is forcing
15 core employees off the phones and seriously impacting their ability to meet their
16 performance goals. Additionally, core employees are spending much of their time
17 cleaning up the errors that the part-time representatives caused.

18 There are safety implications as well. Despite being so limited in their duties, the part-
19 time representatives answer all of TEP's calls. TEP and UNS have two separate
20 telephone numbers. Notwithstanding this fact, customers frequently use both numbers
21 interchangeably. It is not uncommon for a customer experiencing a gas emergency to
22 call the TEP number. If a part-time representative receives one of these calls, the call
23 must be put back into the cue, getting bounced around the system, until it reaches an
24 employee who can handle it. Not only is this inefficient, it is extremely dangerous.

All of these issues have caused a marked decrease in morale in the customer service
department.

1 **Q8. Does this conclude your Surrebuttal Testimony?**

2 A8. Yes.

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EXHIBIT A



DEAD
END

NOTICE
IN THIS AREA

EXHIBIT B



EXHIBIT C



EXHIBIT D

