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2018 AUG 16 A 11:59

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

TOM FORESE, CHAIRMAN
BOB BURNS
BOYD DUNN
JUSTIN OLSON
ANDY TOBIN

Arizona Corporation Commission

DOCKETED

AUG 16 2018

DOCKETED BY

IN THE MATTER OF THE FORMAL
COMPLAINT AGAINST ARIZONA PUBLIC
SERVICE COMPANY FILED BY STACEY
CHAMPION AND OTHER ARIZONA
PUBLIC SERVICE COMPANY
CUSTOMERS.

DOCKET # E-01345A-18-0002

**PREPARED TESTIMONY IN
REBUTTAL TO APS's DIRECT
TESTIMONY**

Warren Woodward (“Woodward”), Intervenor in this proceeding and customer of Arizona Public Service Company (“APS”), hereby submits his prepared testimony in rebuttal to the direct testimony of Arizona Public Service Company (“APS”).

Q. PLEASE STATE YOUR NAME AND ADDRESS.

A. Warren Woodward, 200 Sierra Road, Sedona, Arizona 86336.

**Q. ARE YOU THE SAME WARREN WOODWARD WHO PREVIOUSLY
SUBMITTED TESTIMONY IN THIS DOCKET?**

A. Yes.

Q. PLEASE SUMMARIZE YOUR REBUTTAL TESTIMONY.

A. I testify to the deficiency of APS's direct testimony arguments that attempt to justify the unreasonable bill impacts that resulted from Arizona Corporation Commission (“ACC”) Decision 76295 (“76295”).

Q. HOW IS AHMAD FARAQUI'S TESTIMONY DEFICIENT?

A. At page 3 of his testimony, APS witness Ahmad Faraqui (“Faraqui”) stated that “... the 4.54% rate increase must be understood in the appropriate context. It is the amount of increase in the base rate portion of the class average residential customer's bill based on Test Year data and exclusive of the adjustor sweep.” However, there is no such restrictive context in ACC Decision 76295. In actual fact, 76295 states:

IV. BILL IMPACT

4.1 When new rates become effective, customers will have on average a 3.28% bill impact.

a. Residential customers will have on average a 4.54% bill impact.

b. General Service customers will have on average a 1.93% bill impact.

[76295, pp. 8 & 9]

The straightforward language of 76295 is at odds with Faraqui's attempt to redefine “Bill Impact” as meaning “Base Rate Impact.” As such, Faraqui's testimony is worthless since it is based on a straw man of his own creation.

Faraqui spent four pages of his report (pp. 4 – 7) discussing the rate making process in order to reach the conclusion that “... APS's ratemaking process is entirely

consistent with industry practices.” However, the issue in this case is *not* APS's ratemaking process but rather bill impacts that are far greater than the 4.54% average increase. Thus Faraqui's ratemaking process discussion is also worthless. Additionally, if Faraqui's ratemaking process discussion is an attempt to legitimize the unjust, unreasonable bill impacts that have resulted from 76295, then Faraqui's attempt is a failure. Just because standard industry practice is followed does not mean the process is infallible, always producing just and reasonable rates. Appeals and formal complaints such as the instant case are also part of the process. If standard industry practice was infallible then there would be no need for statutes that establish procedure for appeals and formal complaints.

Q. HOW IS JESSICA HOBBICK'S TESTIMONY DEFICIENT?

A. Like Faraqui, Jessica Hobbick (“Hobbick”) spent several pages (pp. 2 – 4) discussing the ratemaking process. Like Faraqui's discussion, Hobbick's is worthless because the instant case is not about the process but about the result. And by Hobbick's own admission via her Attachment JEH-1DR, the result is unjust and unreasonable bill impacts for many APS customers. Hobbick's Attachment JEH-1DR shows that 107,446 APS residential customers (11.3%) have bill impacts *more than three times greater* than a 4.54% average increase, that is, increases from 15.8% greater up to 95.3% greater! A 4.54% average increase cannot be just or reasonable if that average is the result of such inequitable extremes whereby 11.3% of customers are so dreadfully financially

punished.

Q. HOW IS LELAND SNOOK'S TESTIMONY DEFICIENT?

A. Like Faraqui and Hobbick, Leland Snook (“Snook”) wasted pages (pp. 3 to 6) discussing the ratemaking process when, again, the issue in this case is the inequitable result of the process, not the process itself. Regarding the process, at page 10 Snook concluded with this classic example of circular reasoning:

This level of revenue was determined by the Commission to be just and reasonable under Test Year conditions. Therefore, the rate and charges approved by the Commission and accurately implemented by APS are just and reasonable.

Snook provided another irrelevant and equally preposterous argument at pages 6 to 7 where he listed features of the rate case Settlement Agreement that he perceived “benefited APS's customers and contributed to the overall just and reasonable outcome of the rate review,” as if those questionable “benefits” somehow made inequitable rates just and reasonable by extension. Quoting from Hobbick's Attachment JEH-1DR again, it is extremely doubtful that the 25,587 customers whose bills have increased 20.7%, or the 2,641 customers whose bills have increased 30.7%, think they are getting a good deal because APS promised not to ask for another rate increase until June 1 next year, or because APS made a deal with the solar industry, or for any of the other so-called Settlement Agreement “benefits” that Snook listed. In brief, this particular argument of Snook's is nothing short of ridiculous.

At page 7, Snook attempted to dismiss customers' grossly higher bills as

“anecdotal.” But Hobbick's Attachment JEH-1DR clearly shows that grossly higher bills are not anecdotal; they are actual and relevant data. Snook stated, “Anecdotally higher than average results ignore the customers that have smaller than average increases or even rate decreases.” The existence of such customers is *not* justification for the 11.3% of customers who, by APS's own admission, have bill impacts *more than three times greater* than the average 4.54% increase, that is, increases from 15.8% greater up to 95.3% greater.

Q. DO YOU HAVE ANY CONCLUDING REMARKS?

A. Yes. Hobbick's Attachment JEH-1DR dooms any argument that the residential rates established by 76295 are just and reasonable. But since Complainant Stacey Champion's expert, Abhay Padgaonkar, concluded in his direct testimony at page 28 (and proved in his accompanying report) that the actual average residential customer bill impact is almost three times higher than 4.54%, then the numbers in Hobbick's Attachment become that much worse. Therefore, 76295 must be reheard.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

RESPECTFULLY SUBMITTED this 15th day of August, 2018.

By 

Warren Woodward
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Original and 13 copies of the foregoing hand delivered on this 16th day of August, 2018, to:

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Copies of the foregoing e-mailed this 16th day of August, 2018, to:

Docket Service List