

ARIZONA PUBLIC SERVICE COMPANY

DOCKET NO. E-01345A-11-0224

**TESTIMONY IN SUPPORT
OF SETTLEMENT AGREEMENT**

OF

JODI A. JERICH

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

JANUARY 18, 2012

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1 **INTRODUCTION**

2 **Q. Please state your name, occupation and business address for the**
3 **record.**

4 A. My name is Jodi Jerich. I am the Director of the Arizona Residential Utility
5 Consumer Office (RUCO). My business address is 1110 W. Washington
6 Street, Suite 220, Phoenix, Arizona 85007.

7
8 **Q. Please state your educational background and qualifications in the**
9 **utility regulation field.**

10 A. My educational background and qualifications are set forth in Exhibit A.

11

12 **Q. What is the purpose of your testimony?**

13 A. The purpose of my testimony is to explain RUCO's support of the
14 Settlement Agreement.

15

16 **Q. Did you represent RUCO during the previous APS rate case**
17 **negotiations and ultimately provide testimony in support of that**
18 **Settlement Agreement which resulted in Decision No. 71448?**

19 A. Yes.

20

21

22

1 **Q. Have you in your role as RUCO Director, participated in other**
2 **settlement negotiations?**

3 A. Yes. As Director, I have participated in settlement negotiations in other
4 matters that have come before the Corporation Commission.¹ The majority
5 of these negotiations have resulted in RUCO reaching an accord with the
6 utility and the other settling parties and signing a settlement agreement. On
7 the other hand, I have walked away from settlement talks when negotiations
8 produced a result that RUCO found was not in the best interest of
9 residential ratepayers. RUCO does not enter into settlements lightly.
10 RUCO will not agree to settle simply as a means of avoiding litigation.
11 However, in this matter, negotiations did produce reasonable and fair terms
12 that RUCO can and does support.

13
14
15 **THE SETTLEMENT PROCESS**

16
17 **Q. Was the negotiation process that resulted in the Settlement**
18 **Agreement a proper and fair process?**

19 A. Yes. The Settlement Agreement is the result of numerous hours of
20 negotiation and a willingness among the parties to compromise. The

¹ 2008 APS Rate Case, Docket No. E-01345A-08-0172 (Decision No. 71448); 2010 Qwest/CenturyLink Merger, Docket No. T-04190A-10-0194 (Decision No. 72232), 2010 SW Gas Rate Case, Docket No. G-01551A-10-0458 (Decision No. 72723). Goodman Water Rate Case, Docket No. W-02500A-10-0382 (pending), Arizona-American rate case, Docket No. A-01303A-10-0448 (pending).

1 negotiations were conducted in a fair and reasonable way that allowed
2 each party the opportunity to participate. All intervenors had an
3 opportunity to participate in every step of the negotiation. Notice for each
4 scheduled meeting was sent to all parties electronically. Persons were
5 able to participate via teleconference if necessary. Furthermore, APS
6 created a secure website that allowed all parties to view all documents
7 submitted as part of settlement negotiations. All parties were allowed to
8 express their positions fully.

9
10 On December 9, 2013, Staff filed a Notice of Status and Preliminary Term
11 Sheet which reflected the terms of the negotiations up to that date. The
12 Commission held a Special Open Meeting on December 16, 2011 to
13 review the Preliminary Term Sheet and have the opportunity to ask
14 questions of any of the intervenors. RUCO, along with the other parties,
15 attended the Special Open Meeting and answered questions posed by the
16 Commissioners.

17
18 By RUCO's count, 22 parties signed the Settlement Agreement. These
19 signatories represent a wide range of interests from agricultural interests,
20 governmental entities, business and retail interests, industrial interests,
21 low income advocates, union representatives, Commission Staff, AARP
22 and RUCO.

23

1 **Q. Did all the parties sign the proposed Settlement Agreement?**

2 A. No. At the very end, a handful of parties choose not to sign the
3 Agreement. These parties have the opportunity to file testimony to explain
4 their reasons why they ultimately did not sign the Settlement Agreement.

5

6 **Q. Why is a negotiated settlement process an appropriate way to
7 resolve this matter?**

8 A. By its very nature, a settlement finds middle ground that the parties can
9 support. All the parties that participated in the settlement talks were
10 sophisticated parties well seasoned in the Commission's regulatory
11 processes and veterans of the negotiating table. All parties except Ms.
12 Cynthia Zwick were represented by counsel. The fact that so many
13 parties representing such varied interests were able to come together to
14 reach consensus illustrates the balance, moderation and compromise of
15 the document.

16

17 Settlement negotiations began only after each party had the opportunity
18 to analyze the Company's Application, file its Direct Testimony and read
19 the Direct Testimony of other Intervenors. Of course, the Settlement
20 Agreement in no way eliminates the Commission's constitutional right and
21 duty to review this matter and to make its own determination whether the
22 Settlement is truly balanced and the rates are just and reasonable.

23

1 **EXECUTIVE SUMMARY**

2

3 **Q. Please summarize your testimony.**

4 A. The Settlement Agreement reflects an outcome that is fair to both the
5 consumer and the Company and is in the public interest. Furthermore,
6 this is a comprehensive Settlement Agreement. Its terms settle a wide
7 range of issues that were of significant interest to several of the
8 Intervenors.

9

10 RUCO supports this Agreement in its entirety because it contains
11 numerous benefits to the consumer including an overall zero dollar base
12 rate increase (and even a modest overall bill decrease in 2012) while
13 keeping the Company on a path of financial health as set forth in the
14 previous Settlement Agreement. Most notably, this proposed Settlement
15 Agreement resolves the contentious and hotly debated issue of
16 “decoupling”. The proposed Settlement Agreement provides the
17 Company with the “Lost Fixed Cost Recovery” (“LFCR”) mechanism plus a
18 viable “opt out” rate for residential customers who do not wish to be
19 subject to the LFCR. The LFCR allows APS to recover lost revenues that
20 are solely and directly attributable to lost sales due to Commission-
21 approved energy efficiency programs. The opt out rate allows residential
22 customers to choose an alternative base rate and not be subject to the

1 annually increasing LFCR. This rate design flexibility is in the public
2 interest for several reasons which will be set forth in greater detail below.

3
4 **THIS SETTLEMENT AGREEMENT BUILDS ON THE PREVIOUS**
5 **AGREEMENT WHILE ADDRESSING NEW CHALLENGES**
6

7 **Q. What were RUCO’s priorities during the last rate case (Docket No. E-**
8 **01345A-08-0172)?**

9 A. As I stated in my testimony in support of the 2009 APS Settlement
10 Agreement:

11 “RUCO is deeply concerned with APS’s continuous marginal credit
12 rating and constant claims that a downgrade to “junk bond” status is
13 imminent...The Settlement Agreement is a comprehensive strategy
14 that provides a guiding hand for the utility to improve its financial
15 condition in both the short and long term...The Settlement
16 Agreement helps to align the interests of stockholders and
17 ratepayers, and it sets forth a reasonable and rational strategy that
18 is likely to improve APS’s financial metrics and, in the long run,
19 stem the constant flow of rate increases that would be likely to
20 occur if the Commission were simply to continue to increase rates
21 incrementally without addressing the root of the Company’s weak
22 financial position.” (Jerich Testimony in Support of the Settlement
23 Agreement, July 1, 2009, pp. 9, 11)
24
25

26
27 **Q. Does RUCO believe the 2009 Settlement Agreement has had a**
28 **positive effect?**

29 A. Absolutely. APS’s credit rating has been upgraded to BBB with a positive
30 outlook from BBB-. RUCO believes this is due in large part to APS’s
31 compliance with the terms of the 2009 Settlement Agreement such as (1)

1 issuing the first tranche of \$250 million equity infusion out of the total
2 commitment of \$700 million equity infusion by December 31, 2014
3 (Section 8.1), (2) achieving a Test Year 54% adjusted debt/adjusted total
4 capitalization ratio by “striving to reduce total debt from 57% to 52%”
5 (Section 8.3) ,and (3) reducing expenses to total \$150 million at the end of
6 five years. (Section 7.1).

7

8 Mr. Hatfield’s direct testimony on behalf of APS discusses APS’s improved
9 financial condition since the last rate case and its compliance with the
10 terms of the 2009 Settlement Agreement.

11

12 **Q. Must APS continue to comply with the terms of the previous**
13 **Settlement Agreement as ordered by Decision No. 71448?**

14 A. Yes. Decision No. 71448 approved the terms of the 2009 Settlement
15 Agreement which established the five year “Plan Term” which ends
16 December 31, 2014. The Settlement Agreement in this rate case must be
17 read in harmony with the provisions of the 2009 Settlement Agreement.

18

19 **Q. Do you believe the terms of this Settlement Agreement are**
20 **consistent with the priorities articulated by RUCO in the previous**
21 **rate case?**

22 A. Yes. RUCO finds that this Settlement Agreement has several
23 components that benefit the utility and allow it to maintain its

1 creditworthiness. In summary, these include a 10.0% authorized ROE,
2 the Lost Fixed Cost Recovery mechanism, the inclusion of Four Corners in
3 rate base should the Commission approve and APS acquire Southern
4 California Edison's interest and the creation of the Environmental
5 Improvement Surcharge. The Settlement eliminates the current EIS that
6 collects ratepayer money to pay for environmental improvements up front
7 and is treated as CIAC.² The new EIS reimburses APS for shareholder
8 funds used for environmental improvements and is treated as revenues.

9
10 **SETTLEMENT PROVISIONS**

11
12 **Q. In summary, what are the benefits to the residential consumer?**

13 **A.** The benefits to the residential consumer are:

- 14 • A zero dollar base rate increase. (1.5)
- 15 • A zero dollar bill impact (or slight decrease) for the remainder of 2012.
16 (1.5)
- 17 • APS agrees not to raise base rates prior to July 1, 2016. (1.5)
- 18 • A lower base rate of fuel to recognize lower fuel costs. (7.1)
- 19 • The probability of a lower PSA costs if APS's acquisition of SCE's
20 interest in Four Corners is approved and APS makes off-system sales
21 of electricity generated from Units 1-3 prior to their closure. (10.2)

² See Decision No. 69663 (Docket No. E-01345A-05-0816)

- 1 • The application of interest on overcollections of the PSA (in lieu of the
2 90/10 sharing provision). (7.3)
- 3 • Periodic audits of APS's fuel procurement practices. (7.4)
- 4 • Establishment of a limited mechanism (the "LFCR") to recover lost
5 revenues directly and solely attributable to the Company's energy
6 efficiency and distributed generation goals as mandated by the
7 Commission. (Section IX)
- 8 • Capping the amount the LFCR may collect from residential ratepayers
9 to 1% year over year of total company revenues. (9.4)
- 10 • Ability to opt out of paying the annually increasing LFCR by selecting a
11 fixed rate in lieu of the LFCR that is approximately 1% - 2% higher than
12 the current base rate. (9.2, 9.8)
- 13 • Allowing customers to change from the LFCR to the opt out rate (within
14 certain parameters) to understand which alternative works better for
15 them. (9.12)
- 16 • A Company sponsored education and outreach program to inform
17 customers about the LFCR and their chose between the LFCR and the
18 opt out rate. (9.9)
- 19 • Withdrawal of APS's request to recover the cost of chemicals through
20 the PSA. (7.2)
- 21 • Deferral of a portion of any property tax rate increases with no interest
22 applied to the deferrals, but full recognition of any property tax rate
23 decrease. (12.1)

- 1 • \$5 million of shareholder funds to augment APS's bill assistance
2 program.
- 3 • Stakeholder meetings subsequent to the rate case to develop
4 recommendations to the Commission on how to make the APS bill
5 easier to understand. (Section XVI)

6

7 **Q. In summary, what are the benefits to the Company?**

8 A. The benefits to the Company are:

- 9 • A 10.0% authorized ROE.
- 10 • Creation of the LFCR to allow the Company to recover lost revenues
11 associated with EE and DG programs. (9.2, 9.3)
- 12 • 15 months of post test year plant in rate base. (3.1)
- 13 • The establishment of the Environmental Improvement Surcharge
14 adjuster. (Section XI)
- 15 • Elimination of the 90/10 sharing provision of the PSA. (7.3)
- 16 • Application of interest to any undercollection of the PSA. (7.3)
- 17 • Rate base treatment of the acquisition of SCE's interests in Units 4 & 5
18 at Four Corners should the Commission approve their purchase and
19 find the costs prudent. (Section X)

20

21

22

23

1 **PUBLIC INTEREST**

2 **Q. How is the public interest satisfied by the Settlement Agreement?**

3 A. At the most fundamental level, the settlement satisfies the public interest
4 from RUCO's perspective in that it provides a framework that provides for
5 a zero dollar base rate increase, a zero dollar overall bill impact in 2012
6 while allowing the Company to maintain its financial health through
7 enumerated benefits including the LFCR and inclusion of Four Corners in
8 rate base.

9
10 The Settlement Agreement also satisfies the public interest by providing a
11 fair and balanced approach to addressing the Company's lost revenue.
12 RUCO believes that providing the Company a narrowly tailored
13 mechanism to recover lost revenue directly and solely associated with
14 Commission-mandated EE and DG programs while providing the
15 ratepayer the ability to opt out of the LFCR with a slightly higher base rate
16 is a reasonable solution to what is undoubtedly the most contentious issue
17 in this case. The Company can meet whatever energy efficiency
18 requirements the Commission sets through the LFCR without shifting the
19 risks of the economy, weather and other factors on to the ratepayer.

20

21

22

23

1 **RATE IMPACT**

2 **Q. What was RUCO's position in its direct case?**

3 A. In its Direct Testimony, RUCO recommended a 10.0% ROE and a zero
4 dollar base rate increase. These positions have been incorporated into
5 the Settlement Agreement.

6
7 **Q. Does a zero base rate increase until 2016 translate into a zero overall
8 bill impact for that same period?**

9 A. No it does not. The existing APS rate design includes several adjusters
10 that adjust annually outside of any rate case. These adjusters, such as
11 the Power Supply Adjuster (PSA), the Transmission Cost Adjuster (TCA),
12 the Renewable Energy Surcharge (RES) and the Demand Side
13 Management Adjuster Mechanism (DSMAC) will all adjust at their
14 regularly scheduled times through 2016. The Settlement Agreement was
15 able to achieve a zero base rate impact and a slight decrease in the
16 overall bill because of the lower cost of fuel and the overcollected balance
17 in the PSA. The Settlement Agreement reduces the base rate of fuel. It
18 also defers resetting the PSA until February 2013 instead of resetting it
19 concurrently with the implementation of new rates as in the previous rate
20 case. It is this delay in the resetting of the overcollected balance of the
21 PSA that allows the customers to continue to receive a PSA credit through
22 February 2013. At that time, the PSA will be reset as it does every year.

23

1 **Q. Are there other provisions in the Settlement Agreement that may**
2 **affect the ratepayer's bill outside of the setting of the base rate?**

3 A. Yes. Section X of the Settlement Agreement provides for the possible
4 inclusion of the SCE interests in Units 4 and 5 at Four Corner if the
5 Commission approves APS's request to purchase this interest and the
6 Commission finds the transaction prudent. If that happens, the Company
7 will seek to include the costs as set forth in Section 10.2 in ratebase and
8 recover those costs through a Four Corners rate rider adjustment. Such
9 adjustment may not occur prior to July 1, 2013. The inclusion of APS's
10 additional interest in Units 4 and 5 in ratebase will increase the bill by
11 approximately \$2.08 per month for the average E-12 residential customer.
12 However, the additional increase in the bill for putting the Four Corners
13 plant into ratebase will likely be offset to some degree by any off system
14 sales APS makes from Units 1-3 until those units close. These sales will
15 affect the PSA calculation.

16
17 **Q. How does the new EIS adjuster impact the customer's bill?**

18 A. There will be no change. The rate set for the new EIS adjuster is the
19 same rate that is currently in place for the existing EIS.

20
21
22
23

1 **Q. How can the Commission better understand how the overall bill will**
2 **change if the Commission approves the Settlement Agreement?**

3 A. APS docketed a letter on January 9, 2012 explaining the bill impacts
4 associated with the Settlement Agreement. Attached to that letter are the
5 bill impact statements for various customer classes through 2013.

6

7 **RUCO'S ACCEPTANCE OF THE LFCR**

8

9 **Q. In light of RUCO's past opposition to full revenue decoupling and**
10 **even the limited decoupling proposal in the Southwest Gas**
11 **Settlement Agreement, why would RUCO support the LFCR in this**
12 **Settlement Agreement?**

13 A. RUCO has consistently stated that a decoupling mechanism is more
14 appropriate for an electric generation utility than a natural gas distribution
15 utility because energy efficiency programs have the ability to delay the
16 need to build more and very expensive plant including new electric
17 generating facilities and transmission lines.

18

19 RUCO supports the LFCR in this rate case because the LFCR (1) allows
20 recovery only for lost revenues directly and solely associated with APS's
21 Commission-mandated energy efficiency and distributed generation
22 programs, (2) cannot exceed 1% year over year of total company
23 revenues, and (3) includes a viable "opt out" rate for customers who elect

1 not to be subject to the LFCR adjuster. The LFCR is narrowly tailored to
2 capture only those lost revenues connected to EE and DG programs. The
3 Company has stated on the record that it does not need full revenue
4 decoupling in order to remain financially viable and meet its energy
5 efficiency obligations. *“Lost Fixed Cost Recovery can accommodate
6 whatever energy efficiency you authorize in the process. It may not be the
7 most robust, but it’s a workable mechanism that we can live with.”*³

8
9 The LFCR is different than the two decoupling alternatives proposed in the
10 Southwest Gas Settlement Agreement. RUCO did not support that
11 settlement agreement because it found neither decoupling options in the
12 best interest of ratepayers. Unlike full revenue decoupling, the LFCR
13 does not allow recovery for lost revenues connected to factors such as
14 home foreclosures, businesses closing their doors, the poor economy,
15 weather or other factors. And unlike the second decoupling proposal in
16 the Southwest Gas case, this LFCR does not shift the risk of lost revenue
17 due to the weather on to the ratepayer. Neither decoupling option was as
18 narrowly tailored as the LFCR in this Settlement Agreement. Neither
19 decoupling mechanism included an opt out rate.

20
21
22

³ Jeff Guldner, APS, Special Open Meeting to discuss APS settlement, 12/16,2011, p. 78.

1 **Q. Why has RUCO opposed decoupling mechanisms in the past?**

2 A. In previous rate cases, RUCO has opposed decoupling for several
3 reasons. First, RUCO has argued loudly that a decoupling mechanism
4 that constantly changes the customer's rates does not provide the correct
5 price signal to encourage conservation. RUCO has consistently voiced
6 the proposition that making a customer share a portion of their savings
7 due to their own efforts to reduce their bill is unfair and can even
8 discourage conservation. Second, RUCO has pointed out that while all
9 residential customers would be subject to the decoupling mechanism, not
10 all customers could participate, or participate fully, in DSM, EE and DG
11 programs. These customers include low usage customers, renters,
12 seniors, customers with limited incomes, and those customers who have
13 already implemented as many programs as practical to reduce
14 consumption. Finally, RUCO believes it is fundamentally unfair to have
15 customers cover the utility's lost revenues due to a poor economy, lost
16 sales due to home foreclosures, businesses that have closed their doors,
17 and extreme weather conditions. Such a mechanism inappropriately shifts
18 the risk of these factors away from the regulated utility that has an
19 opportunity to earn an authorized rate of return to the captive customer.

20

21 In light of Commission-mandated policies that require the utility to sell less
22 energy going forward while setting their rates on a historical test year,
23 RUCO has offered other alternatives to address the utility's revenue

1 erosion. These alternatives have included placing more of the fixed costs
2 into the base rates and providing an ROE premium.

3

4 **Q. What is the Opt Out Rate?**

5 A. The opt out rate is an optional basic service charge, graduated by KWh
6 monthly usage. It recovers only a small portion of fixed costs through an
7 incremental increase in the basic service charge. It does not recover all
8 fixed costs and is not a straight fixed variable rate design.

9

10 **Q. Was the opt out rate a critical component in RUCO's support of the**
11 **Settlement Agreement?**

12 A. Absolutely. Without the opt out rate, it is highly unlikely RUCO would have
13 signed the Settlement Agreement.

14

15 Residential customers who elect the opt out rate will agree to an increase
16 to the basic service charge and that rate will remain fixed for the entire
17 term of the Settlement Agreement. Alternatively, a customer who selects
18 the opt out rate chooses to be subject to an annually increasing LFCR
19 adjuster. RUCO believes this opt out rate provides rate stability and a
20 better price signal to encourage reduced consumption. As shown in
21 Attachment E to the Settlement Agreement, the opt out rate is
22 approximately a 1% to 2% increase in a customer's bill. To further benefit
23 the ratepayer, residential customers on any rate schedule (i.e., Time of

1 Use or Non Time of Use schedules), can stay on their preferred rate
2 schedule and still elect the opt out rate. The Company must perform
3 customer outreach to educate the customers of the LFCR and the opt out
4 rate. If a customer selects the opt out rate, the customer will not be
5 charged the opt out rate until the customers who select the LFCR are
6 charged. Finally, the LFCR Plan of Administration allows a residential
7 customer who has selected one option over the other has to switch to the
8 other option (within certain parameters) to provide maximum choice for the
9 consumer.

10
11 **Q. What are some other benefits to the opt out rate?**

12 A. The opt out rate has several benefits. First, the Commission has
13 witnessed the strong opposition to decoupling from ratepayers around the
14 state. Literally thousands of Arizona residents have voiced their
15 opposition to decoupling. The opt out rate provides customers with the
16 ability to not be subject to the LFCR. Furthermore, the customer can elect
17 to spend some time on both rates to see which one works better from their
18 own experience. Second, by having the LFCR and the opt out rate, APS
19 will be able to collect data on the number of customers participating in
20 either rate. This information will be helpful to the Commission going
21 forward as decoupling, in whatever form for whatever utility, is considered.
22 Third, this opt out rate can help the utility and the Commission achieve
23 good will among ratepayers.

1 **POSSIBLE RATEBASE TREATMENT OF FOUR CORNERS**

2

3 **Q. Why does RUCO support inclusion of the acquisition of SCE's**
4 **interests in Four Corners into rate base?**

5 A. RUCO supported and continues to support APS's request to acquire
6 SCE's interest in Four Corners. RUCO also supported a deferral order in
7 that case. In RUCO's opinion, it makes sense to allow timely recovery for
8 plant whose acquisition RUCO finds in the public interest and provides
9 both a financial and environmental benefit to the ratepayer as well as a
10 vitally needed economic driver for the Navajo Nation.

11

12 **OTHER PROVISIONS**

13

14 **Q. Why does RUCO support applying the PSA and the DSMAC to low**
15 **income ratepayers?**

16 A. This provision was not part of RUCO's Direct Testimony. However, after
17 reading Staff's testimony in support of applying these adjusters to these
18 residential ratepayers and in the course of give and take in the negotiating
19 process, RUCO supports the application of these adjusters to all
20 residential ratepayers. Finally, RUCO notes that the application of these
21 adjusters to low income customers was included in the Preliminary Term
22 Sheet docketed December 9, 2011 which was the subject of a Special
23 Open Meeting on December 16, 2011.

1 **Q. Why does RUCO support a base rate freeze until 2016?**

2 A. RUCO supported the 2009 Settlement Agreement that called for rates in
3 this case to remain in effect until December 31, 2014. RUCO, in its Direct
4 Testimony, did not consider extending this moratorium past the date
5 agreed to under the previous settlement. However, after reading Staff's
6 Direct Testimony and through the give and take of the negotiations, the
7 Company accepted the extension of the base rate freeze and RUCO finds
8 that that a stable base rate with the ability for the Company to remain
9 financially healthy through changes in its adjusters in the public interest.

10

11 **Q. Why does RUCO support the elimination of the 90/10 sharing**
12 **provision to the PSA?**

13 A. Again, RUCO supported the 2009 Settlement Agreement which retained
14 the 90/10 sharing provision and in our direct testimony did not agree with
15 the Company's request to eliminate it in this rate case. However, in the
16 process of give and take RUCO has agreed to support its elimination in
17 exchange for all the other ratepayer benefits that this Settlement
18 Agreement provides. RUCO also points out that as a substitute for the
19 90/10 sharing provision, the Settlement Agreement assesses interest
20 annually to the benefit of the ratepayer for any overcollection at a rate
21 equal to the Company's authorized ROE or APS's then-existing short term
22 borrowing rate, whichever is greater. The Settlement Agreement also
23 assesses interest annually in favor of the Company, for any

1 undercollection at a rate equal to the Company's authorized ROE or
2 APS's then-existing short term borrowing rate, whichever is less. RUCO
3 finds this mechanism a suitable alternative to the 90/10 sharing provision.

4
5 **Q. Does RUCO support making the APS bill easier for customers to**
6 **understand?**

7 A. Yes. RUCO has some specific ideas regarding the need to provide
8 transparent information on the RES and DSM adjusters to the public.
9 RUCO also has heard several complaints from customers over the
10 confusion of the line item detail of the unbundled elements of the bill.
11 RUCO will participate in the stakeholder work group as set forth in the
12 Settlement Agreement.

13
14 **Q. Does this conclude your testimony?**

15 A. Yes.

16

17

EXHIBIT A

Statement of Qualifications

Jodi A. Jerich
Director
Arizona Residential Utility Consumer Office (“RUCO”)

Governor Brewer appointed me to serve as the Director of RUCO in February 2009. The Arizona State Senate found my qualifications met the statutory requirements found in Arizona Revised Statutes §40-462 and confirmed my appointment. As Director, I oversee and approve all testimony and briefs filed by RUCO. In consultation with my staff, I direct the public policy decisions of the office.

From 2003 through 2005, I was employed at the Arizona Corporation Commission as the Policy Advisor to Corporation Commissioner Mike Gleason. In that role, I advised the Commissioner on matters coming before the Commission. I was actively involved in the utility policy-making decisions of that Commissioner’s office.

Except for the time I was employed by the Commission, from 1997 through 2008, I was employed at the Arizona House of Representatives. I held several positions during my tenure, eventually becoming Chief of Staff and Counsel to the Majority Caucus. Relevant to the question at hand, I advised Legislators on matters involving water, energy, Commission jurisdiction and utility security.

In 2006, when Governor Janet Napolitano appointed Barry Wong to fill the Commission seat vacated by Commissioner Marc Spitzer's appointment to the Federal Energy Regulatory Commission (FERC), I took a leave of absence from the Legislature for a short time in order to assist Commissioner Wong in establishing his office.

I am a Phi Beta Kappa graduate of Indiana University. I also have a law degree from Indiana University and am a member of the Arizona and Tennessee bars.

In my position as RUCO Director, I have filed testimony detailing RUCO's position on numerous matters in several dockets. Most recently, I provided testimony on RUCO's position on decoupling in the pending UNS Gas, Inc. rate case. (Docket No. G-04204A-11-0158)