

BEFORE THE ARIZONA CORPORATION COMMISSION



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Commissioner
KRISTIN K. MAYES
Commissioner

Arizona Corporation Commission

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IN THE MATTER OF UNS ELECTRIC,
INC. AND UNS GAS, INC. - FILING TO
MODIFY C.A.R.E.S. PRICING PLANS

DOCKET NOS. E-04204A-04-0744
G-04204A-04-0744

DECISION NO. 67434

ORDER

Open Meeting
November 23 and 24, 2004
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. UNS Electric, Inc. ("UNSE") and UNS Gas, Inc. ("UNSG") are certificated to provide electric service as a public service corporation in the State of Arizona.

2. On October 13, 2004, UNSE and UNSG filed an application to modify their Customer Assistance Residential Energy Support ("C.A.R.E.S.") pricing plans. The UNSE plans are Pricing Plan C.A.R.E.S. and Pricing Plan C.A.R.E.S. - M (Low Income Medical Life Support Program). The UNSG plan is Pricing Plan R-12. These pricing plans provide discounts for low-income customers. UNSE and UNSG have waived the 30-day statutory deadline for acting on this application until the November 23 and 24, 2004 Open Meeting.

Pricing Plan C.A.R.E.S.

3. Pricing Plan C.A.R.E.S. provides a discount to residential customers of UNSE whose income is not more than 150 percent of the Federal Poverty Level Guideline. The amount of discount varies with consumption level.

1 4. UNSE proposes to modify the pricing plan by removing a reference to the Arizona
2 Department of Economic Security ("DES") and by changing the recertification time period.
3 Currently, the pricing plan provides for DES to verify income levels. UNSE intends to do the
4 verification itself, thereby reducing processing time. It has taken DES 30 to 45 days to process an
5 application. UNSE intends to process applications within 20 days.

6 5. Currently, to continue eligibility, customers must provide certification of income
7 each year. UNSE proposes to modify the pricing plan by re-certifying random samples of
8 participants every two years prior to January 1 and when a customer changes residence.

9 6. Staff has recommended approval of the modifications to Pricing Plan C.A.R.E.S.
10 because the changes would shorten the application processing time and would reduce the burden
11 on customers.

12 7. Staff has further recommended that UNSE file tariff pages consistent with the terms
13 of this Decision within 15 days from the effective date of the Decision.

14 Pricing Plan C.A.R.E.S. - M

15 8. Pricing Plan C.A.R.E.S. - M allows for bill discounts for UNSE customers at higher
16 consumption levels when the customer requires the use of medical equipment for sustaining life
17 and a physician verifies the situation. UNSE proposes to extend the time period for physician re-
18 verification from annual to every two years.

19 9. Staff has recommended approval of the modification to Pricing Plan C.A.R.E.S. -
20 M. Staff has also recommended that UNSE file tariff pages consistent with the terms of this
21 Decision within 15 days from the effective date of the Decision.

22 Pricing Plan R-12

23 10. Pricing Plan R-12 provides a discount to residential customers of UNSG whose
24 income is not more than 150 percent of the federal poverty level. The amount of the discount is
25 \$0.15 per therm for the first 100 therms per month during the billing months of November through
26 April.

27 11. UNSG proposes to modify the pricing plan by removing a reference to DES, by
28 changing the recertification time period, and by removing a reference to pools, spas, and hot tubs.

1 Currently, the pricing plan provides for DES to verify income levels. UNSG intends to do the
2 verification itself as described above for Pricing Plan C.A.R.E.S.

3 12. Currently, to continue eligibility, customers must provide certification of income
4 each year prior to November 1 and when a customer changes residence. UNSG proposes to
5 modify the pricing plan by re-certifying random samples of participants every two years prior to
6 October 1 and when a customer changes residence.

7 13. The current pricing plan contains a provision that customers with connected service
8 to pools, spas, or hot tubs are eligible for the pricing plan only if usage is prescribed in writing by a
9 licensed physician. UNSG proposes to eliminate this statement.

10 14. Staff has recommended approval of the modifications to Pricing Plan R-12 because
11 the changes would shorten the application processing time and would reduce the burden on
12 customers.

13 15. Staff has also recommended that UNSG file tariff pages consistent with the terms of
14 this Decision within 15 days from the effective date of the Decision.

15 Reporting Requirements

16 16. Decision No. 66861 ordered UNSG to docket semi-annual reports with the
17 Commission on January 30 and July 30, documenting C.A.R.E.S. program participation levels.
18 Staff has recommended that UNSG continue to file these reports and that UNSE begin to file such
19 reports. The reports should list by month, the number of participants, the total amount of
20 discounts, the average amount of discount per customer, and the amount of administrative
21 expenses.

22 Outreach

23 17. Decision No. 66861 required UNSG to inform the public in all areas served by
24 UNSG of the availability and benefits of participation in the C.A.R.E.S. program, including radio,
25 television, and newspaper ads, as well as quarterly bill inserts in both Spanish and English. The
26 outreach was to include working with community agencies to increase C.A.R.E.S. program
27 participation. Staff has recommended that UNSG continue its outreach efforts and that UNSE
28 participate in such outreach efforts.

1 Fair Value Implications

2 18. Staff analyzed this application in terms of whether there were fair value
3 implications. Compared to UNSE's and UNSG's total revenue, any impact from these programs
4 would be de minimus, and any impact on UNSE's and UNSG's fair value rate base and rate of
5 return would also be de minimus.

6 CONCLUSIONS OF LAW

7 1. UNSE and UNSG are Arizona public service corporations within the meaning of
8 Article XV, Section 2, of the Arizona Constitution.

9 2. The Commission has jurisdiction over UNSE and UNSG and over the subject
10 matter of the application.

11 3. Approval of the proposed modifications to the tariffs does not constitute a rate
12 increase as contemplated by A.R.S. Section 40-250.

13 4. The Commission, having reviewed the application and Staff's Memorandum dated
14 November 5, 2004, concludes that it is in the public interest to approve the tariff modifications.

15 ORDER

16 THEREFORE, IT IS ORDERED that the proposed modifications to Pricing Plan
17 C.A.R.E.S., Pricing Plan C.A.R.E.S. - M, and Pricing Plan R-12 be and hereby are approved.

18 IT IS FURTHER ORDERED that UNSE file tariff pages for Pricing Plan C.A.R.E.S. and
19 Pricing Plan C.A.R.E.S. - M consistent with the terms of this Decision within 15 days from the
20 effective date of the Decision.

21 IT IS FURTHER ORDERED that UNSG docket tariff pages for Pricing Plan R-12
22 consistent with the terms of this Decision within 15 days from the effective date of the Decision.

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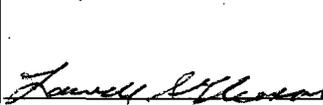
1 IT IS FURTHER ORDERED that UNSE and UNSG docket semi-annual reports as
2 described in Finding of Fact No. 16.

3 IT IS FURTHER ORDERED that UNSG continue its outreach efforts and UNSE
4 participate in outreach efforts as described in Finding of Fact No. 17.

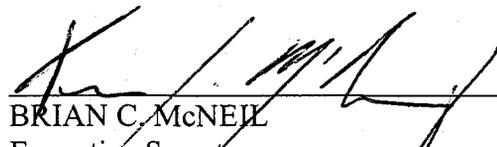
5 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

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7 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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CHAIRMAN COMMISSIONER COMMISSIONER

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COMMISSIONER COMMISSIONER

14 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
15 Secretary of the Arizona Corporation Commission, have
16 hereunto, set my hand and caused the official seal of this
17 Commission to be affixed at the Capitol, in the City of
18 Phoenix, this 3rd day of Dec., 2004.

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BRIAN C. McNEIL
21 Executive Secretary

22 DISSENT: _____

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24 DISSENT: _____

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1 SERVICE LIST FOR: UNS ELECTRIC, INC., AND UNS GAS, INC.
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