

ORIGINAL  
OPEN MEETING



MEMORANDUM  
Arizona Corporation Commission  
DOCKETED

410

TO: THE COMMISSION

NOV 30 2004

FROM: Utilities Division

DOCKETED BY	
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DATE: November 30, 2004

RE: IN THE MATTER OF THE APPLICATION OF SOUTHWEST GAS CORPORATION FOR APPROVAL OF SPECIAL GAS PROCUREMENT AGREEMENT WITH TUCSON ELECTRIC POWER COMPANY (DOCKET NOS. G-01551A-04-0769 AND E-01933A-04-0769)

On October 26, 2004, Southwest Gas Corporation ("Southwest") filed for Arizona Corporation Commission ("Commission") approval of a special gas procurement agreement ("SGPA") with Tucson Electric Power Company ("TEP").

Southwest has served TEP through SGPAs for a number of years. In Decision No. 63846 (June 28, 2001), the Commission approved a five year SGPA between Southwest and TEP. This SGPA contained pricing terms for the first two years of the SGPA. In Decision No. 66753 (January 28, 2004), the Commission approved new pricing terms such that the revised SGPA contained rates which were effective through December 31, 2004.

Southwest's filing in this application requests approval of a one year extension of the rates and delivery volumes contained in the currently approved SGPA, for a twelve month period beginning January 1, 2005. The proposed SGPA differs from the SGPA approved by the Commission in Decision No. 66753 only in that the effective period has been extended a further twelve months.

Staff has reviewed information related to the new SGPA containing the 12 month extension and believes that TEP continues to have a viable alternative to being served by Southwest and that the twelve month extension is reasonable. Ratepayers will continue to benefit from the crediting of Southwest's purchased gas adjustor balance with pipeline capacity credits. Staff recommends approval of the filing. Staff further recommends that the provision contained in past Commission orders approving such SGPAs, indicating that ratepayers are not responsible in any future proceeding for any negative margins resulting from the SGPA be retained.

Ernest G. Johnson  
Director  
Utilities Division

EGJ:RGG:redJG

ORIGINATOR: Robert Gray

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

MARC SPITZER  
Chairman  
WILLIAM A. MUNDELL  
Commissioner  
JEFF HATCH-MILLER  
Commissioner  
MIKE GLEASON  
Commissioner  
KRISTIN K. MAYES  
Commissioner

IN THE MATTER OF THE APPLICATION  
OF SOUTHWEST GAS CORPORATION  
FOR APPROVAL OF A SPECIAL GAS  
PROCUREMENT AGREEMENT WITH  
TUCSON ELECTRIC POWER COMPANY

DOCKET NOS. G-01551A-04-0769  
E-01933A-04-0769  
DECISION NO. \_\_\_\_\_  
ORDER

Open Meeting  
December 14 and 15, 2004  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Southwest Gas Corporation ("Southwest") is engaged in providing natural gas service within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission ("Commission").
2. On October 26, 2004, Southwest filed for Commission approval of a special gas procurement agreement ("SGPA") with Tucson Electric Power Company ("TEP").
3. Southwest has served TEP through SGPAs for a number of years.
4. In Decision No. 63846 (June 28, 2001), the Commission approved a five year SGPA between Southwest and TEP. This SGPA contained pricing terms for the first two years of the SGPA.
- ...
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1 SERVICE LIST FOR: Southwest Gas Corporation and Tucson Electric Power Company  
2 DOCKET Nos. G-01551A-04-0769 and E-01933A-04-0769

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11 Arizona Corporation Commission  
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14 Mr. Ernest G. Johnson  
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