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ARIZONA CORPORATION COMMISSION

## MEMORANDUM

**DATE:** April 11, 2005

**TO:** Colleen Ryan

**FROM:** Brian C. McNeil, Executive Secretary

A handwritten signature in black ink, appearing to read "Brian C. McNeil".

**SUBJECT:** Decision No. 67730

Attached you will find a copy of a dissent on Decision No. 67730 signed by Chairman Hatch-Miller and Commissioner Gleason. Please consider this memorandum as a request to ensure this dissent is attached to Decision No. 67730 and distributed as appropriate.

cc: Lyn Farmer, Director of Hearing Division  
Chairman Hatch-Miller  
Commissioner Gleason

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## DISSENT

**Docket No. G-04204A-05-0046**

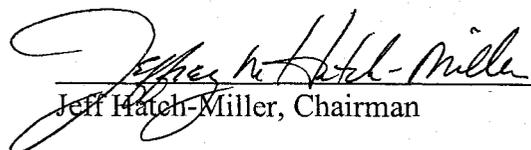
We must respectfully dissent in the Commission's recent decision (No. 67730) authorizing UNS Gas, Inc. ("UNS" or "Company") to collect a temporary purchased gas adjuster ("PGA") surcharge of \$.03/therm.

Due to high natural gas prices, UNS' PGA bank balance was under-collected by over \$9 million at the end of 2004. UNS proposed a \$.06/therm surcharge to reduce the balance to zero by the spring of 2006. Based on its analysis of current gas prices and UNS' projected demand, Staff recommended a \$.05/therm surcharge to eliminate the balance by May of 2006. Contrary to UNS' request and Staff's recommendation, the majority of the Commission found that "based on pricing concerns of consumers, it is in the public interest to approve a \$.03 surcharge."

This Decision is unfair to UNS because it prevents the Company from timely recovering unavoidable costs that the Commission has mandated. With the \$.03/therm surcharge, the under-collected bank balance will not be eliminated in the foreseeable future, and depending on natural gas prices, it is possible the balance will continue to increase, necessitating an even larger surcharge in the near future. The Company's financial condition stands to suffer because it must commit revenues to cover the debt created by the principal and interest on the under-collected balance.

The \$.03 surcharge is unfair to UNS' customers; the longer it takes to eliminate the balance, the more interest the customers will ultimately have to pay, the larger the next surcharge will have to be and the more services will be endangered. If gas prices should increase, the impact on consumers will be even greater, and could result in severe rate shock.

The public interest is best served when the interests of the Company and its customers are optimally balanced. This Decision serves neither.

  
Jeff Hatch-Miller, Chairman

  
Lowell S. Gleason, Commissioner

April 11, 2005

Decision No. 67730