

ORIGINAL

OPEN MEETING AGENDA ITEM



0000027551

From: Kristin Mayes
Sent: Monday, October 17, 2005 5:00 PM
To: Sheila Stoeller
Subject: FW: UNS gas surcharge case

4700

G-04204A-05-0596

S,

We need to get this docketed b/f the Open Mtg. tomorrow.

Thnks,

K.

From: Mary Ann Sheehan [mailto:SHEP57@npgcable.com]
Sent: Sun 10/16/2005 3:23 AM
To: mayes-web@cc.state.az.us
Subject: UNS gas surcharge case

RECEIVED
2005 OCT 18 A 9:04
AZ CORP COMMISSION
DOCUMENT CONTROL

Thank you advance for your time

I am a residential customer of UNS and I am shocked by the proposal of UNS to change the surcharge from 3 to 27 cents per therm.

My first issue is that the billing insert states that the ACC is tentatively scheduled to discuss this matter October 18. By stating this is a discussion, does not imply that a decision will be made that day. There have been no public hearings that I am aware of taking place in the service territory.

Secondly, the notice states you can find out how to comment by visiting the Commission's web site. I am a very savy internet user, and I could not locate any info on the Commission's web site on how to comment on this case.

I have been told by residential customers in the Kingman area that UNS has already included this proposed rate increase in the new budget billing amounts for gas customers.

Now for this issue at hand. It is not clear that natural gas prices will remain high forever. While the forecast does not look good for lower prices, I believe we are in another period of price fixing similar to the electric crisis of the recent past. If the company did not protect their supply costs with some sort of contract or hedging, this increase should fall at least partly on the shoulders of the stockholders. It appears there has been poor management decisions with respect to contracting for supply if this type of increase is required.

Going from 3 to 27 cents appears to be an 800 percent increase. While this does not take into account the base charge, the majority of our gas bill is the variable gas charge.

It is very unclear in the notice if UNS is asking for a PGA or a PGA surcharge to recover undercollected costs. It appears they are asking for a NEW surcharge to recover costs that "will drive this winter's gas costs well beyond the level that can be recovered through current rates". Seems that UNS has a crystal ball about this winter. I believe it is much more appropriate for UNS to collect its revenue as the Commission has previously approved and if the PGA bank reaches a level where it is appropriate for UNS to request an increase for underrecovered supply costs the issue should be heard at that time - NOT before the fact.

Lastly regarding the proposed gas increase, there are many many elderly customers on fixed income and very low income families in Mohave county that may not qualify for the CARES program (which is really for the penniless). I do not see any innovative proposal to help these customers through this winter. Unfortunatley the budget billing requires customers to true up in one lump sum in the spring, so that is really not a help this year. Some how there needs to be a better way to help reduce the winter impact of an increase such as UNS proposed so that we won't see elderly people freezing on the front page of the local paper here in Kingman. Unfortunately, many elderly believe the way to cut back on gas is to add electric heaters, which will add a great deal more to their electric bill than their gas bill would have been if they used gas.

Although not relevant to this case, I would like to add a few questions about UNS electric as it goes to the actions of the management of this company. (items 4, 5 and 6 do also apply to gas)

- 1) I see on the UNS web site that there are some new offerings for renewable power. I am interested in knowing when these tarrifs were approved by the Commission and put in place. We as customers did not receive any notice in advance that these new tariffs were proposed.
- 2) When TEP purchased Citizens Mr Pignatelli stated that UNS customers would have **the same** DSM programs as TEP customers. I do not believe that has happened. He has had more than enough time to achieve that which he stated he would do in his tesitmony.
- 3) When is electric retail competition going to be offered in the UNS territory? It was stated during the purchase hearings that this would be available to Commercial customers as soon as the sale was complete. That train has left the station some time ago.
- 4) When did the Commission authorize TEP to assume the Santa Cruz district of UNS? It is my understanding that the TEP and former Citizens' Nogales offices are now working jointly.
- 5)) When did the Commision approve that TEP and UNS could merge other operations? It is my understanding that the billing operations for TEP and UNS is going to be (or is already) in Kingman and the customer service office (call center) for TEP and UNS is going to be, or already is in Tuscon.
- 6) My main concern in items 3,4,5 above is what protection is there to assure that the accounting mechanisms are in place to assure that the costs related to services are charged to the appropriate ratepayers, not counted in rate making against all three, UNS gas, UNS electric, and TEP. Also, what code of ethics has been established to maintain separate records so that electric competion is not undermined by having records accessed by the competition (who could in all actuality be the same company and has access to customer records.)

I have major concerns about how this company has been handled since the sale. I feel I must state that I am a former Citizens employee whose position was eliminated when TEP purchased Citizens gas and electric properties in Arizona and all of the information I have given above is available to the general public and not from confidential information gained as a Citizens employee. I truely believe that the purchase was by TEP, and the set up of the current organizational structure was nothing but a shell game with the accounting, the management of all the companies is still in the hands of TEP.

Mary Ann Sheehan
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