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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

Arizona Corporation Commission

2003 APR 11 A 8:32

DOCKETED

MARC SPITZER, Chairman
JIM IRVIN
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON

APR 11 2003

AZ CORP COMMISSION
DOCUMENT CONTROL

DOCKETED BY	<i>CAH</i>
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IN THE MATTER OF THE APPLICATION OF THE ARIZONA ELECTRIC DIVISION OF CITIZENS COMMUNICATIONS COMPANY TO CHANGE THE CURRENT PURCHASED POWER AND FUEL ADJUSTMENT CLAUSE RATE, TO ESTABLISH A NEW PURCHASED POWER AND FUEL ADJUSTMENT CLAUSE BANK, AND TO REQUEST APPROVED GUIDELINES FOR THE RECOVERY OF COSTS INCURRED IN CONNECTION WITH ENERGY RISK MANAGEMENT INITIATIVES.

DOCKET NO. E-01032C-00-0751

IN THE MATTER OF THE APPLICATION OF CITIZENS COMMUNICATIONS COMPANY, ARIZONA GAS DIVISION, FOR A HEARING TO DETERMINE THE FAIR VALUE OF ITS PROPERTIES FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RATE OF RETURN THEREON, AND TO APPROVE RATE SCHEDULES DESIGNED TO PROVIDE SUCH RATE OF RETURN.

DOCKET NO. G-01032A-02-0598

IN THE MATTER OF THE JOINT APPLICATION OF CITIZENS COMMUNICATIONS COMPANY AND UNISOURCE ENERGY CORPORATION FOR THE APPROVAL OF THE SALE OF CERTAIN ELECTRIC UTILITY AND GAS UTILITY ASSETS IN ARIZONA, THE TRANSFER OF CERTAIN CERTIFICATES OF CONVENIENCE AND NECESSITY FROM CITIZENS COMMUNICATIONS COMPANY TO UNISOURCE ENERGY CORPORATION, THE APPROVAL OF THE FINANCING FOR THE TRANSACTIONS AND OTHER RELATED MATTERS.

DOCKET NO. E-01933A-02-0914
DOCKET NO. E-01032C-02-0914
DOCKET NO. G-01032A-02-0914

PROCEDURAL ORDER

BY THE COMMISSION:

By Procedural Order issued February 7, 2003, an evidentiary hearing was scheduled to commence on May 1, 2003 in this consolidated proceeding. The Procedural Order also directed the Applicants to publish notice of the above-captioned dockets and the hearing date.

1 By Procedural Order issued February 7, 2003, a request for intervention by Southwest Gas
2 Corporation ("Southwest Gas") was denied. The Procedural Order indicated that Southwest Gas had
3 not stated a real and substantial interest in this proceeding because the only "interest" it identified
4 was the possibility of being affected by policies or precedent established with respect to the sale of
5 assets proposed in this case. However, Southwest Gas was added to the service list and permitted to
6 file an *amicus* brief in this proceeding.

7 On March 20, 2003, Southwest Gas filed a Supplemental Application for Leave to Intervene.
8 In its Supplemental Application, Southwest Gas claims that it has now reviewed the Joint Application
9 in this case and "has identified a more specific direct and substantial interest in this Proceeding"
10 (Supplemental Application at 3). According to Southwest Gas, it is a customer of Citizens
11 Communications Company ("Citizens") in Mohave County and of Tucson Electric Power Company
12 ("TEP") in Pima County. Southwest Gas also states that TEP is Southwest Gas' largest sales
13 customer in Arizona and the proposed acquisition of Citizens' assets by TEP's parent company,
14 UniSource Energy Corporation ("UniSource"), could impair TEP's financial status and thus TEP's
15 ability to provide safe, reasonable and adequate service. Southwest Gas further claims that, because
16 the proposed transaction requires up to a \$50 million loan commitment by TEP to UniSource to fund
17 the acquisition, TEP's financial status could be threatened.

18 On March 28, 2003, the Joint Applicants (i.e., Citizens, TEP, and UniSource) filed a
19 Response to Southwest Gas' Supplemental Application. The Joint Applicants contend that
20 Southwest Gas' real interest in this case concerns the policies and precedent that may be established
21 for future proceedings. The Joint Applicants argue that this is not the proper forum to address
22 Southwest Gas' concerns about TEP's ability to perform under its special retail contract with
23 Southwest Gas.

24 On April 4, 2003, Southwest Gas filed a Reply Memorandum. Southwest Gas asserts that it is
25 not seeking any relief associated with its contractual relationship with TEP. Rather, according to
26 Southwest Gas, its interest is with whether TEP's financial status will be impaired as a result of the
27 proposed loan commitment and relaxation of the current 30 percent equity infusion requirement
28 embodied in the Commission approved settlement in Decision No. 62103.

1 Although Southwest Gas' "interest" in this proceeding has been somewhat of a moving target,
2 it appears to have stated a real and substantial interest in these dockets by virtue of, at a minimum, its
3 status as a customer of both Citizens and TEP. Since the above-captioned dockets have been
4 consolidated, Southwest Gas shall be granted full intervenor status in the consolidated proceeding.

5 On March 27, 2003, the City of Kingman ("Kingman") filed a Motion to Intervene. Kingman
6 states that it may be directly and substantially affected by the proceedings and that it does not oppose
7 the proposed transaction. On April 1, 2003, the Joint Applicants filed a Response stating that they
8 have no objection to Kingman's intervention.

9 On April 7, 2003, the Joint Applicants filed a Request for Procedural Conference. The Joint
10 Applicants request that the Administrative Law Judge schedule a Procedural Conference for the
11 purpose of discussing the order of witnesses and other procedural issues prior to the May 1, 2003
12 hearing date.

13 IT IS THEREFORE ORDERED that Southwest Gas Corporation shall be granted
14 intervention in this consolidated proceeding.

15 IT IS FURTHER ORDERED that the City of Kingman shall be granted intervention in this
16 consolidated proceeding.

17 IT IS FURTHER ORDERED that a Procedural Conference shall be scheduled for April 29,
18 2003, at 10:00 a.m., at the offices of the Commission.

19 DATED this 11th day of April, 2003.

20
21 

22 _____
23 DWIGHT D. NODES
24 ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

25 Copies of the foregoing delivered/mailed
26 this 11 day of April, 2003 to:

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