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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

Arizona Corporation Commission

DOCKETED

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AZ CORP COMMISSION  
DOCUMENT CONTROL

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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 11<sup>th</sup> day of April, 2003.

20  
21 

22 DWIGHT D. NODES  
23 ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

24  
25 Copies of the foregoing delivered/mailed  
this 11 day of April, 2003 to:

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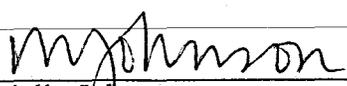
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