

ORIGINAL



0000066712

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

30NE

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

2007 FEB 13 P 2:46

COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
GARY PIERCE

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF
UNS GAS, INC. FOR THE ESTABLISHMENT
OF JUST AND REASONABLE RATES AND
CHARGES DESIGNED TO REALIZE A
REASONABLE RATE OF RETURN ON THE
FAIR VALUE OF THE PROPERTIES OF UNS
GAS, INC. DEVOTED TO ITS OPERATIONS
THROUGHOUT THE STATE OF ARIZONA
CORPORATION COMMISSION.

DOCKET NO. G-04204A-06-0463

**COMMISSION STAFF'S NOTICE
OF ERRATA FILING**

IN THE MATTER OF THE APPLICATION OF
UNS GAS, INC. TO REVIEW AND REVISE
ITS PURCHASED GAS ADJUSTOR.

DOCKET NO. G-04204A-06-0013

IN THE MATTER OF THE INQUIRY INTO
THE PRUDENCE OF THE GAS
PROCUREMENT PRACTICES OF UNS GAS,
INC.

DOCKET NO. G-04204A-05-0831

On February 9, 2007, the Arizona Corporation Commission ("Commission") Staff filed its direct testimony in the above-captioned matters. Through this Errata Filing, Staff desires to correct several errors appearing in the testimony and schedules of Mr. David C. Parcell. First, Staff files a revised Schedule 2 which corrects for several omissions in the original schedules. Second, the following corrections should be made to Mr. Parcell's written testimony:

1. Page 15, line 9: delete "Smith"; insert "Ruback."
2. Page 29, line 9: delete "4.84"; insert "4.83."

Arizona Corporation Commission

DOCKETED

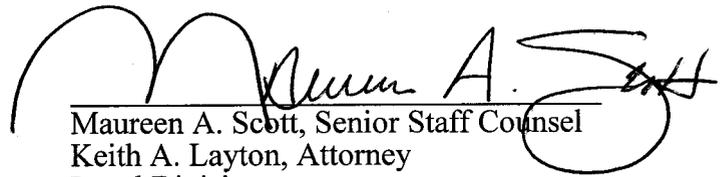
FEB 13 2007

DOCKETED BY	NR
-------------	----

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

3. Page 33, line 4: delete "11.7"; insert "11.5."

RESPECTFULLY SUBMITTED this 13th day of February 2007.



Maureen A. Scott, Senior Staff Counsel
Keith A. Layton, Attorney
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

Original and Seventeen (17) copies
of the foregoing filed this 13th day
of February 2007 with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Copies of the foregoing e-mailed/
mailed this 13th day of February
2007 to:

Michael W. Patten
Roshka DeWulf & Patten PLC
One Arizona Center
400 East Van Buren Street
Suite 800
Phoenix, Arizona 85004

Scott S. Wakefield
RUCO
1110 West Washington Street
Suite 220
Phoenix, Arizona 85007

Raymond S. Heyman
Michelle Livengood
UniSource Energy Services
One South Church Avenue
Suite 1820
Tucson, Arizona 85701

...

1 Copies of the foregoing mailed
2 this 13th day of February 2007 to:

3 Cynthia Zwick, Executive Director
4 ACAA
5 2700 North 3rd Street, Suite 3040
6 Phoenix, Arizona 85004

7 Marshall Magruder
8 Post Office Box 1267
9 Tubac, Arizona 85646

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28


ECONOMIC INDICATORS

YEAR	REAL GDP GROWTH	IND PROD GROWTH	UNEMP RATE	CPI	PPI
1975 - 1982 Cycle					
1975	-1.1%	-8.9%	8.5%	7.0%	6.6%
1976	5.4%	10.8%	7.7%	4.8%	3.7%
1977	5.5%	5.9%	7.0%	6.8%	6.9%
1978	5.0%	5.7%	6.0%	9.0%	9.2%
1979	2.8%	4.4%	5.8%	13.3%	12.8%
1980	-0.2%	-1.9%	7.0%	12.4%	11.8%
1981	1.8%	1.9%	7.5%	8.9%	7.1%
1982	-2.1%	-4.4%	9.5%	3.8%	3.6%
1983 - 1991 Cycle					
1983	4.0%	3.7%	9.5%	3.8%	0.6%
1984	6.8%	9.3%	7.5%	3.9%	1.7%
1985	3.7%	1.7%	7.2%	3.8%	1.8%
1986	3.1%	0.9%	7.0%	1.1%	-2.3%
1987	2.9%	4.9%	6.2%	4.4%	2.2%
1988	3.8%	4.5%	5.5%	4.4%	4.0%
1989	3.5%	1.8%	5.3%	4.6%	4.9%
1990	1.8%	-0.2%	5.6%	6.1%	5.7%
1991	-0.5%	-2.0%	6.8%	3.1%	-0.1%
1992 - 2001 Cycle					
1992	3.0%	3.1%	7.5%	2.9%	1.6%
1993	2.7%	3.3%	6.9%	2.7%	0.2%
1994	4.0%	5.4%	6.1%	2.7%	1.7%
1995	2.5%	4.8%	5.6%	2.5%	2.3%
1996	3.7%	4.3%	5.4%	3.3%	2.8%
1997	4.5%	7.2%	4.9%	1.7%	-1.2%
1998	4.2%	6.1%	4.5%	1.6%	0.0%
1999	4.5%	4.7%	4.2%	2.7%	2.9%
2000	3.7%	4.5%	4.0%	3.4%	3.6%
2001	0.8%	-3.5%	4.7%	1.6%	-1.6%
Current Cycle					
2002	1.6%	0.0%	5.8%	2.4%	1.2%
2003	2.5%	1.1%	6.0%	1.9%	4.0%
2004	3.9%	2.5%	5.5%	3.3%	4.2%
2005	3.2%	3.2%	5.1%	3.4%	5.4%
2002					
1st Qtr.	2.7%	-3.8%	5.6%	2.8%	4.4%
2nd Qtr.	2.2%	-1.2%	5.9%	0.9%	-2.0%
3rd Qtr.	2.4%	0.8%	5.8%	2.4%	1.2%
4th Qtr.	0.2%	1.4%	5.9%	1.6%	0.4%
2003					
1st Qtr.	1.2%	1.1%	5.8%	4.8%	5.6%
2nd Qtr.	3.5%	-0.9%	6.2%	0.0%	-0.5%
3rd Qtr.	7.5%	-0.9%	6.1%	3.2%	3.2%
4th Qtr.	2.7%	1.5%	5.9%	-0.3%	2.8%
2004					
1st Qtr.	3.9%	2.8%	5.6%	5.2%	5.2%
2nd Qtr.	4.0%	4.9%	5.6%	4.4%	4.4%
3rd Qtr.	3.1%	4.6%	5.4%	0.8%	0.8%
4th Qtr.	2.6%	4.3%	5.4%	3.6%	7.2%
2005					
1st Qtr.	3.4%	3.8%	5.3%	4.4%	5.6%
2nd Qtr.	3.3%	3.0%	5.1%	1.6%	-0.4%
3rd Qtr.	4.2%	2.7%	5.0%	8.8%	14.0%
4th Qtr.	1.8%	3.1%	4.9%	-2.0%	4.0%
2006					
1st Qtr.	5.6%	3.4%	4.7%	4.8%	-0.2%
2nd Qtr.	2.6%	4.5%	4.6%	4.8%	5.6%
3rd Qtr.	2.0%	5.2%	4.7%	0.4%	-4.4%

Source: Council of Economic Advisors, Economic Indicators, various issues.

INTEREST RATES

YEAR	PRIME RATE	US TREAS T BILLS 3 MONTH	US TREAS T BONDS 10 YEAR	UTILITY BONDS Aaa	UTILITY BONDS Aa	UTILITY BONDS A	UTILITY BONDS Baa
1975 - 1982 Cycle							
1975	7.86%	5.84%	7.99%	9.03%	9.44%	10.09%	10.96%
1976	6.84%	4.99%	7.61%	8.63%	8.92%	9.29%	9.82%
1977	6.83%	5.27%	7.42%	8.19%	8.43%	8.61%	9.06%
1978	9.06%	7.22%	8.41%	8.87%	9.10%	9.29%	9.62%
1979	12.67%	10.04%	9.44%	9.86%	10.22%	10.49%	10.96%
1980	15.27%	11.51%	11.46%	12.30%	13.00%	13.34%	13.95%
1981	18.89%	14.03%	13.93%	14.64%	15.30%	15.95%	16.60%
1982	14.86%	10.69%	13.00%	14.22%	14.79%	15.86%	16.45%
1983 - 1991 Cycle							
1983	10.79%	8.63%	11.10%	12.52%	12.83%	13.66%	14.20%
1984	12.04%	9.58%	12.44%	12.72%	13.66%	14.03%	14.53%
1985	9.93%	7.48%	10.62%	11.68%	12.08%	12.47%	12.96%
1986	8.33%	5.98%	7.68%	8.92%	9.30%	9.58%	10.00%
1987	8.21%	5.82%	8.39%	9.52%	9.77%	10.10%	10.53%
1988	9.32%	6.69%	8.85%	10.05%	10.26%	10.49%	11.00%
1989	10.87%	8.12%	8.49%	9.32%	9.56%	9.77%	9.97%
1990	10.01%	7.51%	8.55%	9.45%	9.65%	9.86%	10.06%
1991	8.46%	5.42%	7.86%	8.85%	9.09%	9.36%	9.55%
1992 - 2001 Cycle							
1992	6.25%	3.45%	7.01%	8.19%	8.55%	8.69%	8.86%
1993	6.00%	3.02%	5.87%	7.29%	7.44%	7.59%	7.91%
1994	7.15%	4.29%	7.09%	8.07%	8.21%	8.31%	8.63%
1995	8.83%	5.51%	6.57%	7.68%	7.77%	7.89%	8.29%
1996	8.27%	5.02%	6.44%	7.48%	7.57%	7.75%	8.16%
1997	8.44%	5.07%	6.35%	7.43%	7.54%	7.60%	7.95%
1998	8.35%	4.81%	5.26%	6.77%	6.91%	7.04%	7.26%
1999	8.00%	4.66%	5.85%	7.21%	7.51%	7.62%	7.88%
2000	9.23%	5.85%	6.03%	7.88%	8.06%	8.24%	8.36%
2001	6.91%	3.45%	5.02%	7.47%	7.59%	7.78%	8.02%
Current Cycle							
2002	4.67%	1.62%	4.61%		7.19%	7.37%	8.02%
2003	4.12%	1.02%	4.01%		6.40%	6.58%	6.84%
2004	4.34%	1.38%	4.27%		6.04%	6.16%	6.40%
2005	6.19%	3.16%	4.29%		5.44%	5.65%	5.93%
2003							
Jan	4.25%	1.17%	4.05%		6.87%	7.06%	7.47%
Feb	4.25%	1.16%	3.90%		6.66%	6.93%	7.17%
Mar	4.25%	1.13%	3.81%		6.56%	6.79%	7.05%
Apr	4.25%	1.14%	3.96%		6.47%	6.64%	6.94%
May	4.25%	1.08%	3.57%		6.20%	6.36%	6.47%
June	4.00%	0.95%	3.33%		6.12%	6.21%	6.30%
July	4.00%	0.90%	3.98%		6.37%	6.57%	6.67%
Aug	4.00%	0.96%	4.45%		6.48%	6.78%	7.08%
Sept	4.00%	0.95%	4.27%		6.30%	6.56%	6.87%
Oct	4.00%	0.93%	4.29%		6.28%	6.43%	6.79%
Nov	4.00%	0.94%	4.30%		6.26%	6.37%	6.69%
Dec	4.00%	0.90%	4.27%		6.18%	6.27%	6.61%
2004							
Jan	4.00%	0.89%	4.15%		6.06%	6.15%	6.47%
Feb	4.00%	0.92%	4.08%		6.10%	6.15%	6.28%
Mar	4.00%	0.94%	3.83%		5.93%	5.97%	6.12%
Apr	4.00%	0.94%	4.35%		6.33%	6.35%	6.46%
May	4.00%	1.04%	4.72%		6.66%	6.62%	6.75%
June	4.00%	1.27%	4.73%		6.30%	6.46%	6.84%
July	4.25%	1.35%	4.50%		6.09%	6.27%	6.67%
Aug	4.50%	1.48%	4.28%		5.95%	6.14%	6.45%
Sept	4.75%	1.65%	4.13%		5.79%	5.98%	6.27%
Oct	4.75%	1.75%	4.10%		5.74%	5.94%	6.17%
Nov	5.00%	2.06%	4.19%		5.79%	5.97%	6.16%
Dec	5.25%	2.20%	4.23%		5.76%	5.92%	6.10%
2005							
Jan	5.25%	2.32%	4.22%		5.68%	5.78%	5.95%
Feb	5.50%	2.53%	4.17%		5.55%	5.61%	5.76%
Mar	5.75%	2.75%	4.50%		5.76%	5.83%	6.01%
Apr	5.75%	2.79%	4.34%		5.56%	5.64%	5.95%
May	6.00%	2.86%	4.14%		5.39%	5.53%	5.88%
June	6.25%	2.99%	4.00%		5.05%	5.40%	5.70%
July	6.25%	3.22%	4.18%		5.18%	5.51%	5.81%
Aug	6.50%	3.45%	4.26%		5.23%	5.50%	5.80%
Sept	6.75%	3.47%	4.20%		5.27%	5.52%	5.83%
Oct	6.75%	3.70%	4.46%		5.50%	5.79%	6.08%
Nov	7.00%	3.90%	4.54%		5.59%	5.88%	6.19%
Dec	7.25%	3.89%	4.47%		5.55%	5.80%	6.14%
2006							
Jan	7.50%	4.20%	4.42%		5.50%	5.75%	6.06%
Feb	7.50%	4.41%	4.57%		5.55%	5.82%	6.11%
Mar	7.75%	4.51%	4.72%		5.71%	5.98%	6.26%
Apr	7.75%	4.59%	4.99%		6.02%	6.29%	6.54%
May	8.00%	4.72%	5.11%		6.16%	6.42%	6.59%
June	8.25%	4.79%	5.11%		6.16%	6.40%	6.61%
July	8.25%	4.96%	5.09%		6.13%	6.37%	6.61%
Aug	8.25%	4.98%	4.88%		5.97%	6.20%	6.43%
Sept	8.25%	4.82%	4.72%		5.81%	6.00%	6.26%
Oct	8.25%	4.89%	4.73%		5.80%	5.98%	6.24%
Nov	8.25%	4.95%	4.60%		5.61%	5.80%	6.04%
Dec					5.62%	5.81%	6.05%

STOCK PRICE INDICATORS

YEAR	S&P Composite	Nasdaq Composite	DJIA	S&P D/P	S&P E/P
1975 - 1982 Cycle					
1975			802.49	4.31%	9.15%
1976			974.92	3.77%	8.90%
1977			894.63	4.62%	10.79%
1978			820.23	5.28%	12.03%
1979			844.40	5.47%	13.46%
1980			891.41	5.26%	12.66%
1981			932.92	5.20%	11.96%
1982			884.36	5.81%	11.60%
1983 - 1991 Cycle					
1983			1,190.34	4.40%	8.03%
1984			1,178.48	4.64%	10.02%
1985			1,328.23	4.25%	8.12%
1986			1,792.76	3.49%	6.09%
1987			2,275.99	3.08%	5.48%
1988			2,060.82	3.64%	8.01%
1989	322.84		2,508.91	3.45%	7.41%
1990	334.59		2,678.94	3.61%	6.47%
1991	376.18	491.69	2,929.33	3.24%	4.79%
1992 - 2001 Cycle					
1992	415.74	599.26	3,284.29	2.99%	4.22%
1993	451.21	715.16	3,522.06	2.78%	4.46%
1994	460.42	751.65	3,793.77	2.82%	5.83%
1995	541.72	925.19	4,493.76	2.56%	6.09%
1996	670.50	1,164.96	5,742.89	2.19%	5.24%
1997	873.43	1,469.49	7,441.15	1.77%	4.57%
1998	1,085.50	1,794.91	8,625.52	1.49%	3.46%
1999	1,327.33	2,728.15	10,464.88	1.25%	3.17%
2000	1,427.22	3,783.67	10,734.90	1.15%	3.63%
2001	1,194.18	2,035.00	10,189.13	1.32%	2.95%
Current Cycle					
2002	993.94	1,539.73	9,226.43	1.61%	2.92%
2003	965.23	1,647.17	8,993.59	1.77%	3.84%
2004	1,130.65	1,986.53	10,317.39	1.72%	4.89%
2005	1,207.23	2,099.32	10,547.67	1.83%	5.36%
2002					
1st Qtr.	1,131.56	1,879.85	10,105.27	1.39%	2.15%
2nd Qtr.	1,068.45	1,641.53	9,912.70	1.49%	2.70%
3rd Qtr.	894.65	1,308.17	8,487.59	1.76%	3.68%
4th Qtr.	887.91	1,346.07	8,400.17	1.79%	3.14%
2003					
1st Qtr.	860.03	1,350.44	8,122.83	1.89%	3.57%
2nd Qtr.	938.00	1,521.92	8,684.52	1.75%	3.55%
3rd Qtr.	1,000.50	1,765.96	9,310.57	1.74%	3.87%
4th Qtr.	1,056.42	1,934.71	9,856.44	1.69%	4.38%
2004					
1st Qtr.	1,133.29	2,041.95	10,488.43	1.64%	4.62%
2nd Qtr.	1,122.87	1,984.13	10,289.04	1.71%	4.92%
3rd Qtr.	1,104.15	1,872.90	10,129.85	1.79%	5.18%
4th Qtr.	1,162.07	2,050.22	10,362.25	1.75%	4.83%
2005					
1st Qtr.	1,191.98	2,056.01	10,648.48	1.77%	5.11%
2nd Qtr.	1,181.65	2,012.24	10,382.35	1.85%	5.32%
3rd Qtr.	1,224.14	2,149.20	10,544.06	1.83%	5.42%
4th Qtr.	1,230.47	2,178.67	10,615.78	1.86%	5.60%
2006					
1st Qtr.	1,283.04	2,287.97	10,996.04	1.85%	5.61%
2nd Qtr.	1,281.77	2,240.46	11,188.84	1.90%	5.88%
3rd Qtr.	1,288.40	2,141.97	11,584.69	1.91%	