

ORIGINAL
OPEN MEETING



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MEMORANDUM

Arizona Corporation Commission

DOCKETED

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2003 DEC 24 A 11:16

DEC 24 2003

TO: THE COMMISSION

FROM: Utilities Division

DATE: December 24, 2003

DOCKETED BY	
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RE: IN THE MATTER OF THE APPLICATION OF GRAHAM COUNTY UTILITIES, INC. – FILING FOR APPROVAL OF A PURCHASED GAS ADJUSTOR CREDIT (DOCKET NO. G-02527A-03-0906)

On December 15, 2003, Graham County Utilities (“Graham” or “Company”) filed for Commission approval of a purchased gas adjustor (“PGA”) credit. The filing would implement a credit of \$0.095 per therm. The credit is proposed to be in effect from February 2004 through January 2005, or until the PGA bank balance returns to zero, whichever comes first.

Last winter, Graham secured a gas contract with favorable terms. This resulted in substantial overcollection in the PGA balance in 2003 as the \$0.10 band on the PGA’s rolling average limited the ability of the PGA rate to follow the lower cost of gas. The overcollected balance in October 2003 was \$470,846. During this period of increased overcollection, Graham anticipated that the overcollected balance would be reduced as a less favorable gas contract was secured for this winter.

Staff’s analysis of the PGA balance for the next twelve months, based on the new contracted gas rates and anticipated demand, indicates that the PGA balance will not be reduced to zero within 12 months without a PGA credit of \$0.095.

Implementation of the PGA credit will have the effect of reducing the average residential customer’s February 2004 bill from \$46.68 to \$40.38. This estimate of reduction assumes that average residential customer’s February 2004 therm use will be the same as February 2003 therm use.

Staff has reviewed projections for future cost, consumption, and other estimations used in determining an appropriate credit and finds them reasonable for purposes of setting the credit.

THE COMMISSION

December 24, 2003

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Graham's proposed credit of \$0.095 per therm appears to be a reasonable step in addressing the problem of the highly overcollected PGA bank balance and it is likely to result in elimination of the overcollection within 12 months. Staff recommends approval of the filing.

A handwritten signature in black ink, appearing to read 'E.G. Johnson', with a long, sweeping horizontal stroke extending to the right.

Ernest G. Johnson

Director

Utilities Division

EGJ:SPI:rdp/JDG

ORIGINATOR: Steven P. Irvine

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BEFORE THE ARIZONA CORPORATION COMMISSION

- MARC SPITZER
Chairman
- WILLIAM A. MUNDELL
Commissioner
- JEFF HATCH-MILLER
Commissioner
- MIKE GLEASON
Commissioner
- KRISTIN K. MAYES
Commissioner

IN THE MATTER OF THE APPLICATION OF GRAHAM COUNTY UTILITIES, INC. - FILING FOR APPROVAL OF A PURCHASED GAS ADJUSTOR CREDIT	}	DOCKET NO. G-02527A-03-0906 DECISION NO. _____ <u>ORDER</u>
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Open Meeting
January 13 and 14, 2004
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On December 15, 2003, Graham County Utilities, Inc. ("Graham" or "Company") filed for Commission approval of a purchased gas adjustor ("PGA") credit.
 2. The filing would implement a credit of \$0.095 per therm.
 3. The credit is proposed to be in effect from February 2004 through January 2005, or until the PGA bank balance returns to zero, whichever comes first.
 4. Last winter, Graham secured a gas contract with favorable terms. This resulted in substantial overcollection in the PGA balance in 2003 as the \$0.10 band on the PGA's rolling average limited the ability of the PGA rate to follow the lower cost of gas.
 5. The overcollected balance in October 2003 was \$470,846.
 6. During this period of increased overcollection, Graham anticipated that the overcollected balance would be reduced as a less favorable gas contract was secured for this winter.
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ORDER

IT IS THEREFORE ORDERED that a \$0.095 per therm credit is approved for the period of February 2004 through January 2005.

IT IS FURTHER ORDERED that the credit end at such time as the bank balance is reduced to zero (0), should that occur before the end of January 2005.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN	COMMISSIONER	COMMISSIONER
COMMISSIONER	COMMISSIONER	

IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2004.

BRIAN C. McNEIL
Executive Secretary

DISSENT: _____

DISSENT: _____

EGJ:SPI:rdp/JDG

1 SERVICE LIST FOR: GRAHAM COUNTY UTILITIES, INC.
2 DOCKET NO. G-02527A-03-0906

3 Mr. Russ Barney
4 Finance Manager
5 Graham County Utilities, Inc.
6 Post Office Drawer B
7 Pima, Arizona 85543

8 Mr. Ernest G. Johnson
9 Director, Utilities Division
10 Arizona Corporation Commission
11 1200 West Washington
12 Phoenix, Arizona 85007

13 Mr. Christopher C. Kempley
14 Chief Counsel, Legal Division
15 Arizona Corporation Commission
16 1200 West Washington
17 Phoenix, Arizona 85007

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