

ORIGINAL

NEW APPLICATION  
GRAHAM COUNTY UTILITIES, INC. - (C)  
P.O. Drawer B  
Pima, Arizona 85543



0000068712

Serving The Beautiful Gila Valley  
In Southeastern Arizona

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DOCKET NO. G-02527

Arizona Corporation Commission  
DOCKETED

December 11, 2003

DEC 15 2003

Mr. Ernest Johnson, Director  
Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85507

DOCKETED BY

G-02527A-03-0906

AZ CORP COMMISSION  
DOCUMENT CONTROL

2003 DEC 15 A 11:02

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Dear Mr. Johnson

Subject: PGA Bank Balance

Graham County Utilities, Inc. (GCU) tenders herewith for filing an original and thirteen (13) copies of our request for a reduction to our PGA rate.

GCU had a very favorable gas contract last winter. The 12-month rolling average PGA mechanism implemented by the ACC has a \$.10 cap during a 12 month period. This \$.10 cap caused the PGA balance to become over-collected by an amount that exceeded the ACC established PGA bank balance limit.

Gas prices were rising rapidly during the summer and we felt that the over-collected PGA bank balance would be self correcting when we contracted for gas this winter. Our new gas contract was more than 50% higher than the last one.

A projection (schedule attached) for the next year based on the new gas contract indicated that the PGA bank balance would not return to zero without a reduction in the PGA rate.

The analysis indicates that a reduction in the PGA rate of \$.095 per therm is needed to bring the over collected bank balance to zero over the next twelve months.

GCU respectfully request that the Commission authorize a reduction in the PGA rate of \$.095 per therm for a period of 12 months or until the PGA bank balance returns to zero, whichever comes first.

Respectfully submitted,

*Russ Barney*

Russ Barney  
Finance Manager

