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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

MIKE GLEASON, CHAIRMAN
JEFF HATCH-MILLER, Commissioner
KRISTIN K. MAYES, Commissioner
WILLIAM MUNDELL, Commissioner
GARY PIERCE, Commissioner

Arizona Corporation Commission
DOCKETED

MAR 30 2007

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IN THE MATTER OF THE APPLICATION OF
UNS GAS, INC. FOR 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

DOCKET NO. G-04204A-06-0463

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

Surrebuttal Testimony of

Miquelle Scheier

On Behalf of

Arizona Community Action Association

March 30, 2007

AZ CORP COMMISSION
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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Miquelle Scheier. My business address is Coconino County Community Services, 2625 N. King St., Flagstaff, Arizona 86004.

Q. Are you the same Miquelle Scheier who filed Direct Testimony in this case?

A. Yes, I am.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to provide a response to the Rebuttal Testimony filed by James S. Pignatelli, Gary Smith and Denise Smith in this case. Arizona Community Action Association disagrees with some of the Rebuttal Testimony offered and intends to clarify several items that appear to be misunderstandings.

II. RATE DESIGN AND LOW INCOME PROGRAMS

Q. James P. Pignatelli indicates that he was disturbed to learn that UNS Gas is somehow referring customers to "predatory lenders," and believes you to be mistaken. Would you like to clarify your concern?

A. Yes. I would refer Mr. Pignatelli to the UNS website, a printout from which was attached to our initial filing. The web site clearly offers pay-day loan facilities as an option for those customers who need to pay their UNS Gas or Electric bill in cash. The website also includes an indication that there will be an additional charge for use of some of those sites. In conversations with UNS Gas staff, I was not told that the Company was picking up those costs if the pay-day loan facility was not near an alternative UNS Gas facility. Regardless, we believe that it is an irresponsible practice to send customers to predatory lenders in order to meet their payment obligations.

Q. Gary Smith, in his Rebuttal Testimony on page 2, describes the Company's efforts to enroll eligible customers in the CARES program. Do you believe this is adequate?

A. No. We know that there are many more customers eligible for the CARES program. While the Company has engaged in some outreach, it is clearly not hitting the mark as enrollment is still too low. Additional resources need to be allocated to support an effective outreach and enrollment program, including the automatic enrollment of LIHEAP eligible customers, which I suggested in my Direct Testimony.

Q. Gary Smith, in his Rebuttal Testimony on page 9, states, "With regard to the suggestion that UNS Gas is somehow encouraging customers to enter into agreements with pay day loan operations, we are not doing so." Is this an accurate characterization of your Direct Testimony?

A. No. Arizona Community Action Association is concerned that customers are being referred to predatory lenders as an option for paying their bills. As previously stated, we believe this is an irresponsible practice. We have spoken with low-income clients who, upon presenting their bill for payment at pay day loan facilities, have been encouraged to take out a loan. While this may not be UNS Gas intention, it is a very real consequence.

Q. Gary Smith, in his Rebuttal Testimony on page 10 indicates that CAA's need time to ramp up in order to utilize an increase in weatherization funds, and expresses a willingness to work with CAA's prior to its next rate case. Do you have any response to this offer?

A. Yes. I believe this response to be inappropriate. While we appreciate the Company's willingness to work with us, waiting to increase funding and therefore service to the low-income community until the filing of the next rate increase is inadequate. The need exists today, the funding is currently inadequate, and it is irresponsible to suggest that the families be put on hold. Additionally, while the homes are not weatherized, the energy efficiency of those homes continues to go unattended, resulting in wasted energy, and unnecessarily high bills. ACAA is happy to work with the Company in the design of the

program that will facilitate the efficient expenditure of funds, and with the CAA's so they may be prepared to assist a larger number of families.

Q. In Denise Smith's testimony on page 10, she indicates that the marketing of the low income weatherization program is currently handled by the agencies administering the program. Is that your understanding as well?

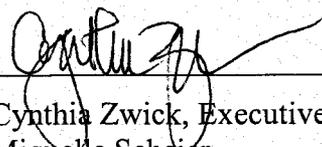
A. Well, I think we need to define marketing. The agencies administering the weatherization program receive no funding to conduct any kind of marketing. They are engaged in referring clients to the program through agency brochures that they have created independently, and through agency referrals when clients come into their offices with extremely high energy bills – a common indication that perhaps a home is not energy efficient. If provided funding to conduct a meaningful marketing or outreach strategy, and if the Company was actually involved in marketing the availability of the weatherization program along with the CARES program, many more families could be served, and there would be increased awareness about the program and its benefits community-wide.

Q. Does this conclude your Surrebuttal Testimony?

A. Yes it does, thank you.

RESPECTFULLY SUBMITTED this 21st day of March 2007

By _____


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