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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

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

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IN THE MATTER OF THE APPLICATION OF) DOCKET NO. G-04204A-06-0463
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.)

NOTICE OF FILING
ERRATA

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. G-04204A-06-0013
UNS GAS, INC. TO REVIEW AND REVISE ITS)
PURCHASED GAS ADJUSTOR.)

IN THE MATTER OF THE INQUIRY INTO THE) DOCKET NO. G-04204A-05-0831
PRUDENCE OF THE GAS PROCUREMENT)
PRACTICES OF UNS GAS, INC.)

UNS Gas, Inc., through undersigned counsel, hereby files a corrected version of the
Rejoinder Testimony of James S. Pignatelli.

RESPECTFULLY SUBMITTED this 12th day of April 2007.

UNS Gas, Inc.

By Michael W. Patten
Michael W. Patten
ROSHKA DEWULF & PATTEN, PLC.
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

Arizona Corporation Commission
DOCKETED

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DOCKETED BY nr

ROSHKA DEWULF & PATTEN, PLC

ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

1 Original and 17 copies of the foregoing
filed this 12th day of April, 2006, with:

2
3 Docket Control
4 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

5 Copy of the foregoing hand-delivered
this 12th day of April, 2006, to:

6
7 Chairman Mike Gleason
8 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

9
10 Commissioner William A. Mundell
11 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

12
13 Commissioner Jeff Hatch-Miller
14 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

15
16 Commissioner Kristen K. Mayes
17 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

18
19 Commissioner Gary Pierce
20 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

21
22 Scott Wakefield
23 Residential Utility Consumer Office
1110 West Washington, Suite 220
Phoenix, Arizona 85007

24
25 Cynthia Zwick
26 Arizona Community Action Association
2700 North 3rd Street, Suite 3040
Phoenix, Arizona 85004

28
29 Marshall Magruder
30 P. O. Box 1267
31 Tubac, Arizona 85646

32
33
34

ROSHKA DEWULF & PATTEN, PLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

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Dwight D. Nodes, Esq.
Chief Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Maureen A. Scott, Esq.
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ernest Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

By  _____

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PRUDENCE OF THE GAS PROCUREMENT)
PRACTICES OF UNS GAS, INC.)

Rejoinder Testimony of

James S. Pignatelli

on Behalf of

UNS Gas, Inc.

April 11, 2007

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Q. Mr. Pignatelli, have you reviewed the Surrebuttal Testimony filed by the Commission Staff and Intervenors in this case?

A. Yes, I have.

Q. Mr. Pignatelli, please address why the Company discussed the recent Chaparral decision in its Rebuttal Testimony?

A. Our discussion was intended as a placeholder as issues surrounding the decision unfold. The decision provides guidance on the determination and utilization of fair value rate base in rate cases before the Commission. I believe how the Commission reacts to the decision may have an impact on how rates will be set in all future cases before the Commission. Accordingly, the Company raised the decision in this case.

Q. Mr. Pignatelli, on page 1 of her Surrebuttal Testimony, Ms. Scheier criticizes the Company for "sending customers to predatory lenders to meet their payment obligations." Do you have any response?

A. While I understand Ms. Scheier's Surrebuttal Testimony is an attempt to clarify ACAA's concern, her allegation of the Company's "irresponsibility" continues to suggest that, due to the availability of pay day loan services at some locations, the Company is somehow encouraging customers to enter into such loan agreements in order to pay their UNS Gas bills. As discussed in the Rebuttal and Rejoinder Testimonies of Gary Smith, this is simply not the case. Customers could make the decision to enter into such agreements even if UNS Gas retained all of its branch offices and the customer needed cash to pay his or her gas bill, or even if there were "ATM-like Kiosks" as Ms. Scheier suggests. The decision to close some branch offices and offer alternative locations for our cash paying customers was made in an effort to keep down costs for all of the Company's customers, including those low income customers for which Ms. Scheier testifies.

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As for her confusion as to the treatment of additional fees, I am sorry that she was not aware of UNS Gas' practice in this regard. Again, UNS Gas pays any additional fee charged by payment locations as long as the customer does not have the option of paying at a nearby UNS Gas facility. The bill insert, provided in Mr. Smith's rebuttal testimony, that was sent to customers last year in anticipation of the lobby closures clearly outlined each location's payment options, including use of various cash-payment vendors and courtesy drop boxes for checks and money orders—both of which are available without a fee in these locations. Locations where lobbies remained open are listed on our website as having a fee apply when customers choose a cash agent instead of utilizing the customer lobby available to them.

Mr. Smith can provide additional information about the Company's payment options. UNS Gas strives to offer its customers as many payment options as possible, while at the same time, keeping down the costs that are ultimately paid by customers.

Q. Does this conclude your Rejoinder Testimony?

A. Yes.