

**ORIGINAL**



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BEFORE THE ARIZONA CORPORATION CC

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COMMISSIONERS

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

2007 APR 24 P 4: 03

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 COMMISSIONON.

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

**STAFF'S REVISED NOTICE OF FILING  
LATE-FILED EXHIBIT**

Staff of the Arizona Corporation Commission ("Staff") hereby files the Late-Filed Exhibit of  
Robert G. Gray of the Utilities Division in the above-referenced matter.

RESPECTFULLY SUBMITTED this 24<sup>th</sup> day of April 2007.

Arizona Corporation Commission  
**DOCKETED**

APR 24 2007

DOCKETED BY *ME*

*Maureen A. Scott*  
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

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1 Original and Seventeen (17) copies  
2 of the foregoing filed this 24<sup>th</sup> day  
of April 2007 with:

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 West Washington Street  
Phoenix, Arizona 85007

6 Copies of the foregoing e-mailed and  
7 hand-delivered this 24<sup>th</sup> day of April  
2007 to:

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

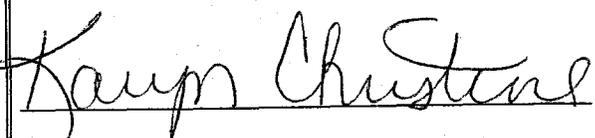
11 Scott S. Wakefield  
12 RUCO  
1110 West Washington Street  
Suite 220  
13 Phoenix, Arizona 85007

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

18 Copies of the foregoing hand-  
19 delivered this 24<sup>th</sup> day of April  
2007 to:

20 Cynthia Zwick, Executive Director  
ACAA  
21 2700 North 3<sup>rd</sup> Street, Suite 3040  
Phoenix, Arizona 85004

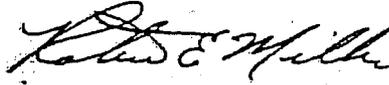
22 Marshall Magruder  
23 Post Office Box 1267  
Tubac, Arizona 85646

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## MEMORANDUM

**TO:** Ernest Johnson  
Director of Utilities

**FROM:** Robert Miller   
Pipeline Safety Supervisor

**THROUGH:** David Raber   
Director, Safety Division

**DATE:** April 24, 2007

**RE:** UNISOURCE RATE CASE

The Pipeline Safety Section conducts an Annual Code Compliance Audit of Unisource once each calendar year. The most recent audit was completed on June 16, 2006 and conducted by Ryan Weight. The Audit resulted in 5 noncompliance issues including:

1. Failed to follow Quality Assurance Plan.
2. Discovery of inaccessible emergency valves.
3. Inadequate pipe jointing qualification of contractor personnel.
4. Testing of cathodic protection exceeding maximum time intervals.
5. Procedures failed to specify that the interval between manual reviews is not to exceed 15 months.

As of today, the Pipeline Safety Section has verified that the above issues have been corrected and there are no outstanding compliance issues with Unisource.

In addition, I have reviewed the Unisource testimony listing construction build-out projects and associated cost. I have no issues or reasons to disagree with the testimony provided by Unisource.

Please contact me if you have additional questions about this matter.