

ORIGINAL

THIS AMENDMENT:

_____ Passed _____ Passed as amended by _____

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2007 MAY -7 P 1: 29

HEARING DIVISION PROPOSED AMENDMENT # 1

AZ CORP COMMISSION
DOCUMENT CONTROL

TIME/DATE PREPARED May 7, 2007 / 10:00 am

COMPANY: Tucson Electric Power
Company

AGENDA ITEM NO. U-1

DOCKET NO. E-011933A-05-0650

OPEN MEETING DATE: May 8, 2007

Page 4, line 15

DELETE after “(“DOD”)” “AECC”

INSERT “Phelps Dodge Mining Company and AECC (collectively
“AECC”)”

Page 6, line 24

INSERT after “RUCO,” “Ryle J. Carl III on behalf of IBEW Local 1116,”

Page 10, line 10

DELETE that portion of sentence after “ROO” commencing “focusing on
TEP’s . . .” through end

INSERT “. ” after “ROO”

INSERT “In particular, AECC objects to TEP’s Proposed ROO’s treatment
of the rate reductions that would be foregone if existing rates are
maintained after the expiration of the Fixed CTC. AECC believed
that under TEP’s proposal, if the Commission rejects TEP’s MGC
claim and sets rates based on a non-MGC method, and those rates
are not a decrease from current rates, the entire benefit of the
reduction of the Fixed CTC would be permanently lost by
customers. AECC believes such outcome would be one-sided and
an unacceptable change to the 1999 Settlement Agreement.”

Arizona Corporation Commission
DOCKETED
MAY -7 2007

DOCKETED BY NR

Page 12, line 1

INSERT

after "January 1, 2009."

"Consequently, these parties oppose all of TEP's proposed alternatives as the alternatives, in their view, are based on the false premise that TEP is entitled to charge market-based rates in 2009."

Page 12, line 3

INSERT

after "calculate stranded costs."

"Staff, RUCO, AECC, DOD and IBEW Local 1116 believe that the 1999 Settlement Agreement contemplates that TEP would file a general rate case to change Standard Offer rates for the period after December 31, 2008. They have argued that the 1999 Settlement Agreement is a means to implement the Rules, and that the Rules require Standard Offer rates to be regulated and based on cost-of service. AECC has stated that had TEP divested its generation assets as required by the Rules, and as required in the 1999 Settlement Agreement, then cost-based Standard Offer rates would reflect a pass-through of market prices after December 31, 2008, subject to approval in a general rate case."

Page 12, line 15

INSERT

after "Staff"

"and IBEW Local 1116 have"

DELETE

"has"

Page 14, line 14

INSERT

after "RUCO"

", AECC"

Page 15, line 2

INSERT new sentence

"RUCO also argues that any Order addressing a process that permits retention of the Fixed CTC expressly provide that the foregone revenue decrease "shall" be refunded."

Page 15, line 6

after "January 1"

DELETE

“ ”

INSERT

“ ”

Page 19, line 23

INSERT new ordering paragraph

“IT IS FURTHER ORDERED that the new Rate Proposal Docket shall be consolidated with the instant docket; all intervenors in this docket shall, unless they indicate otherwise, be deemed intervenors in the Rate Proposal Docket and do not need to seek separate intervention; and Tucson Electric Power Company shall serve copies of its filing in the Rate Proposal Docket on all parties of record in the instant docket.”