

ORIGINAL
OPEN MEETING



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MEMORANDUM

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TO: THE COMMISSION

2007 AUG 30 A 10: 37

FROM: Utilities Division

AZ CORP COMMISSION
DOCKET CONTROL

DATE: August 30, 2007

RE: IN THE MATTER OF THE APPLICATION OF SEMSTREAM ARIZONA PROPANE, L.L.C. FOR COMMISSION APPROVAL OF A ONE-YEAR EXTENSION TO THE LOW INCOME RATEPAYER ASSISTANCE PILOT PROGRAM IN THE PAGE DIVISION (G-20471A-06-0694 AND G-037032)

On June 25, 2007, Semstream Arizona Propane, L.L.C. ("Semstream") filed for Commission approval of a one-year extension of the Low Income Ratepayer Assistance ("LIRA") pilot program in the Page Division, with Semstream making a compliance filing on or before June 25, 2008.

On May 21, 2007 (Decision No. 69579), the Commission approved the acquisition of Southwest Gas' Page Division propane operations by Semstream. Previously, Southwest Gas had received approval by the Commission in Decision No. 68249 (October 25, 2005) to introduce the LIRA pilot program to the Page Division for an initial two-year period. The pilot program offers qualifying customers a discount of up to \$12.10 monthly, from November 1st through April 30th. The order also allowed Southwest to defer LIRA costs for consideration of recovery in the next rate case, with a cap on the deferral of \$12,500.

Semstream's filing in this case is pursuant to a provision in the October 25, 2005 order that a filing be made 20 months after implementation of the pilot program, recommending whether the LIRA program should be continued, modified, or terminated after the initial two-year period. Absent Commission action, the LIRA pilot program will terminate in October 2007. As of April 2007, 46 customers were participating in the LIRA program and the balance in the deferral account was \$6,552.67.

Semstream's filing requests an additional one year for the pilot program to continue so that Semstream has the opportunity to operate the program, given that Semstream has recently acquired the Page Division. Semstream has indicated that it believes having the opportunity to have operational experience with the LIRA program in the Page Division will allow the Company to make a more informed decision as to whether the LIRA program should be continued, modified, or terminated. Given the recent acquisition of the Page Division by Semstream, Staff believes that Semstream's request for a one-year extension of the LIRA pilot program is reasonable.

Arizona Corporation Commission
DOCKETED

AUG 30 2007

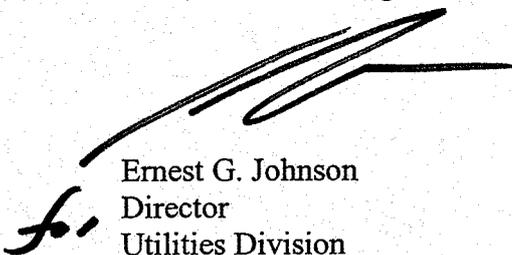
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THE COMMISSION

August 30, 2007

Page 2

Staff recommends approval of an extension of the LIRA pilot program through October 2008. Staff further recommends that Semstream make a filing with the Commission by June 6, 2008, recommending that the LIRA program be continued, modified, or terminated.



Ernest G. Johnson
Director
Utilities Division

EGJ:RGG:red\CH

ORIGINATOR: ROBERT GRAY

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BEFORE THE ARIZONA CORPORATION COMMISSION

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

IN THE MATTER OF THE APPLICATION
OF SEMSTREAM ARIZONA PROPANE,
L.L.C. FOR COMMISSION APPROVAL OF
A ONE-YEAR EXTENSION TO THE LOW
INCOME RATEPAYER ASSISTANCE
PILOT PROGRAM IN THE PAGE
DIVISION.

DOCKET NO. G-20471A-06-0694 AND
G-03703A-06-0694
DECISION NO. _____
ORDER

Open Meeting
September 18 and 19, 2007
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Semstream Arizona Propane, L.L.C. ("Semstream") is engaged in providing propane service within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission ("Commission").

2. On June 25, 2007, Semstream filed for Commission approval of a one-year extension of the Low Income Ratepayer Assistance ("LIRA") pilot program in the Page Division, with Semstream making a compliance filing on or before June 25, 2008.

3. On May 21, 2007 (Decision No. 69579), the Commission approved the acquisition of Southwest Gas' Page Division propane operations by Semstream.

4. Previously, Southwest Gas had received approval by the Commission in Decision No. 68249 (October 25, 2005) to introduce the LIRA pilot program to the Page Division for an initial two-year period.

5. The pilot program offers qualifying customers a discount of up to \$12.10 monthly,

1 from November 1st through April 30th. The order also allowed Southwest to defer LIRA costs for
2 consideration of recovery in the next rate case, with a cap on the deferral of \$12,500.

3 6. Semstream's filing in this case is pursuant to a provision in the October 25, 2005
4 order that a filing be made 20 months after implementation of the pilot program, recommending
5 whether the LIRA program should be continued, modified, or terminated after the initial two-year
6 period. Absent Commission action, the LIRA pilot program will terminate in October 2007. As of
7 April 2007, 46 customers were participating in the LIRA program and the balance in the deferral
8 account was \$6,552.67.

9 7. Semstream's filing requests an additional one year for the pilot program to continue
10 so that Semstream has the opportunity to operate the program, given that Semstream has recently
11 acquired the Page Division. Semstream has indicated that it believes having the opportunity to
12 have operational experience with the LIRA program in the Page Division will allow the Company
13 to make a more informed decision as to whether the LIRA program should be continued, modified,
14 or terminated.

15 8. Given the recent acquisition of the Page Division by Semstream, Staff believes that
16 Semstream's request for a one-year extension of the LIRA pilot program is reasonable.

17 9. Staff has recommended approval of an extension of the LIRA pilot program
18 through October 2008.

19 10. Staff has further recommended that Semstream make a filing with the Commission
20 by June 6, 2008, recommending that the LIRA program be continued, modified, or terminated.

21 CONCLUSIONS OF LAW

22 1. Semstream is an Arizona public service corporation within the meaning of Article
23 XV, Section 2, of the Arizona Constitution.

24 2. The Commission has jurisdiction over Semstream and over the subject matter of the
25 application.

26 3. The Commission, having reviewed the application and Staff's Memorandum dated
27 August 30, 2007, concludes that it is in the public interest to approve the one-year extension of the
28

1 Page Division LIRA pilot program, subject to a filing by Semstream as discussed in Finding of
2 Fact 10.

3 ORDER

4 IT IS THEREFORE ORDERED that the one-year extension of the Page Division LIRA
5 pilot program, subject to a filing by Semstream as discussed in Finding of Fact 10, be and hereby
6 is approved.

7 IT IS FURTHER ORDERED that this Order shall become effective immediately.

8
9 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

10
11 _____
CHAIRMAN

COMMISSIONER

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14 _____
COMMISSIONER

COMMISSIONER

COMMISSIONER

15
16 IN WITNESS WHEREOF, I DEAN S. MILLER, Interim
17 Executive Director of the Arizona Corporation Commission,
18 have hereunto, set my hand and caused the official seal of
19 this Commission to be affixed at the Capitol, in the City of
20 Phoenix, this _____ day of _____, 2007.

21 _____
22 DEAN S. MILLER
23 Interim Executive Director

24 DISSENT: _____

25 DISSENT: _____

26 EGJ:RGG:red/CH
27
28

1 SERVICE LIST FOR: Semstream Arizona Propane, L.L.C.
2 DOCKET NO. G-20471A-06-0694 ET AL

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4 President
5 Semstream Arizona Propane, L.L.C.
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