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BEFORE THE ARIZONA CORPORATION COMMISSION
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3 **COMMISSIONERS:** Arizona Corporation Commission
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8 GARY PIERCE

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IN THE MATTER OF THE APPLICATION OF
UNSGAS, INC. FOR APPROVAL TO
TEMPORARILY ADJUST THE RATE OF ITS
PURCHASED GAS ADJUSTOR.

) DOCKET NO. G-04204A-07-0503
)
) UNS GAS, INC'S COMMENTS TO
) RECOMMENDED OPINION AND
) ORDER

UNSGas, Inc. ("UNSGas" or the "Company"), through undersigned counsel, respectfully submits these comments to the Recommended Opinion and Order filed on September 7, 2007 (the "ROO"), in this matter. The ROO recommends that the Commission adopt UNSGas' request for a Purchased Gas Adjustor ("PGA") credit of \$0.02 per therm. In light of recent changed circumstances, the Company is recommending that the PGA credit be increased to \$0.04 per therm.

The ROO accurately recognizes that, as proposed, the Company's original recommendation for a \$0.02 per therm credit is a "reasonable balance between the interests of returning over-collected PGA bank balance dollars to ratepayers and of avoiding a possible swing to a significantly under-collected PGA bank balance in the near future".

However, since UNSGas submitted its recommendation additional information has come to light that allows the Company to increase its recommendation an additional \$0.02 per therm credit to bring the total credit to \$0.04 per therm.

Specifically, on August 31, 2007, the Federal Energy Regulatory Commission ("FERC") issued an Order accepting the contested rate case settlement (Docket RP05-422-000) between El Paso Natural Gas Company ("EPNG") and its shippers, including UNSGas. As part of the approved settlement UNSGas is entitled to refunds for the difference between rates paid under EPNG's filed rates and the settlement rates. UNSGas estimates its total amount of refunds to be approximately \$2 million. On September 12, 2007, EPNG indicated that the refund to UNSGas

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1 will be paid in two installments, one on November 1, 2007 (for 2006 refunds) and the second on
2 December 1, 2007 (for 2007 refunds). These refunds will be credited directly to the PGA bank
3 balance.

4 This additional credit to the bank balance of \$2 million, spread over the anticipated
5 96,000,000 therms of sales from the proposed refund period of October, 2007 to April, 2008,
6 supports the Company's additional \$0.02 per therm credit at this time.

7 For these reasons, UNS Gas hereby requests that the Commission amend the ROO to
8 approve a \$0.04 per therm credit to customer bills for the period October 2007 through April
9 2008.

10 RESPECTFULLY SUBMITTED THIS 13th day of September 2007.

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12 
13 Michelle Livengood
14 UniSource Energy Services
15 One South Church Avenue
16 Tucson, Arizona 85702

17 Original and 13 copies of the foregoing
18 filed this 13th day of September 2007 with:

19 Docket Control
20 Arizona Corporation Commission
21 1200 West Washington Street
22 Phoenix, Arizona 85007

23 Copy of the foregoing hand-delivered/mailed
24 this 13th day of September 2007 to:

25 Chairman Mike Gleason
26 Arizona Corporation Commission
27 1200 West Washington Street
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Commissioner William A. Mundell
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