

ORIGINAL



0000078212

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

Arizona Corporation Commission

DOCKETED

OCT 26 2007

2007 OCT 26 A 10: 55

AZ CORP COMMISSION
DOCKET CONTROL

DOCKETED BY
ne

DOCKET NO. E-01933A-07-0402

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

IN THE MATTER OF THE APPLICATION OF
TUCSON ELECTRIC POWER COMPANY FOR
THE ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES
DESIGNED TO REALIZE A REASONABLE
RATE OF RETURN ON THE FAIR VALUE OF
ITS OPERATIONS THROUGHOUT THE STATE
OF ARIZONA.

IN THE MATTER OF THE FILING BY TUCSON
ELECTRIC POWER COMPANY TO AMEND
DECISION NO. 62103.

DOCKET NO. E-01933A-05-0650

PROCEDURAL ORDER
(modifies form of notice and extends
mailing deadline)

BY THE COMMISSION:

By Procedural Order dated October 5, 2007, the Arizona Corporation Commission ("Commission") set the above-captioned matter for hearing and provided a form of notice for Tucson Electric Power Company ("TEP" or "Company") to mail to all of its customers and to publish.

During the Procedural Conference held October 1, 2007, the Administrative Law Judge requested that the parties review the forthcoming proposed form of notice and notify the Commission of any proposed clarifying changes.

On October 17, 2007, TEP filed Comments on the Proposed Form of Notice.

On October 18, 2007, Commission Utility Division Staff ("Staff") filed a Response to TEP's Comments, expressing a preference for the original form of notice.

Although TEP's comments have little substantive impact on the form of notice, some of them are well-taken and promote the accuracy of the description of the Company's application. Consequently, the form of notice¹ provided in the October 5, 2007 Procedural Order, should be

¹ TEP's proposed modifications only affect the first paragraph of the notice, and only that portion of the notice is being modified and set forth herein.

1 PPFAC would cause the generation portion of a customer's bill to fluctuate based on
2 power and fuel supply costs. The third proposed alternative is the "Hybrid
3 Methodology" under which TEP's retail rates would be based on cost-of-service
4 principles for distribution, transmission and generation, but some of TEP's generation
5 assets would be excluded from rate base and designated as wholesale assets. The
6 Hybrid Methodology incorporates a regulatory asset and includes a PPFAC. TEP
7 expects the Hybrid Methodology initially to produce a rate increase of approximately
8 14.9 percent over current retail rates based on the Company's projections for future
9 power supply costs.³

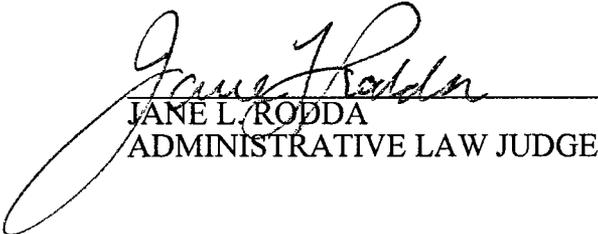
10
11 IT IS FURTHER ORDERED that in order to provide sufficient time for TEP to include the
12 notice in all of its customer bills, the deadline for mailing the notice is extended until December 31,
13 2007.

14 IT IS FURTHER ORDERED that except as provided herein concerning the form of notice
15 and the deadline for mailing, all other provisions of the October 5, 2007 Procedural Order remain
16 unchanged and in effect.

17 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized
18 Communications) continues to apply to this proceeding and shall remain in effect until the
19 Commission's Decision in this matter is final and non-appealable.

20 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
21 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

22 DATED this 25th day of October, 2007.

23
24
25 
26 JANE L. RODDA
27 ADMINISTRATIVE LAW JUDGE

28 ³ Please note that this form of notice is based on TEP's proposed modifications, but contains several minor alternations.

1 Kurt J. Boehm
Boehm, Kurtz & Lowry
2 36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202
3 Attorneys for The Kroger Co.

4 Deborah R. Scott
Robert J. Metli
5 SNELL & WILMER LLP
One Arizona Center
6 400 East Van Buren
Phoenix, Arizona 85004-2202
7 Attorneys for APS

8
9
10
11 Lawrence Robertson
P.O. Box 1448
12 Tubac, Arizona 85646
Attorney for Mesquite Power LLC, Bowie
13 Power Station, LLC, Sempra Energy
14 Solutions and ASARCO

Greg Patterson
916 West Adams, Suite 3
Phoenix, Arizona 85007

S. David Childers
LOW&CHILDERS, PC
2999 North 44th Street, Suite 250
Phoenix, Arizona 85018
Attorneys for the Alliance

Law Offices of Christopher Hitchcock
P.O. Box AT
Bisbee, AZ 85603-0115
Attorney for SVEC

Christopher Kempley, Chief Counsel
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

15
16 By:



Juanita E. Gomez
Secretary to Jane L. Rodda