

ORIGINAL



0000078360

THIS AMENDMENT:
 _____ Passed _____ Passed as amended by _____
RECEIVED
 _____ Failed _____ Not Offered _____ Withdrawn

Arizona Corporation Commission

DOCKETED

2007 NOV 5 P 4: 10

NOV 05 2007

GLEASON PROPOSED AMENDMENT #1
 AZ CORP COMMISSION DOCKET CONTROL DATE PREPARED: November 5, 2007

DOCKETED BY	
-------------	--

COMPANY: UNS Gas, Inc.

DOCKET NOs: G-04204A-06-0463, G-04204A-06-0013 and G-04204A-05-0831

OPEN MEETING DATES: November 8, 2007

AGENDA ITEM: U-2

Page 6, STRIKE lines 26 through 28

Page 7, STRIKE lines 1 through 15, INSERT:

“The record in this case clearly demonstrates the cash flow problem UNS is experiencing because of growth. For example, in 2006 UNS added \$17 million in net plant, which resulted in an additional \$3 million in fixed costs. However, new customers added in 2006 provided only \$1.8 million in new revenues, resulting in a net loss of \$1.2 million for UNS associated with serving growth in 2006 (Co. Ex. 28 at 10, Attach. KCG-10).

We are concerned that UNS' cash flow problem will not be sufficiently addressed without the inclusion of CWIP in rate base. While it has been decades since the Commission allowed CWIP in APS' rate base in connection with the construction of the Palo Verde nuclear plant, neither the amount of time elapsed nor the unique purpose for which CWIP was last allowed should limit our consideration of the full range of rate-making treatments that may be appropriate in this case. In view of the high level of capital investment necessitated by exceptional growth in UNS' service territory, we conclude that including \$7,189,231 in rate base for test year CWIP is justified to help maintain the Company's financial integrity.”

Page 31, lines 23 and 24

STRIKE: “Given our denial of the CWIP and post-test year plant proposals, Staff's adjustments are adopted.”

INSERT: “Because we have adopted UNS' CWIP proposal, we will not adopt Staff's adjustment removing the Company's proposed pro forma amounts for depreciation and property taxes related to CWIP.”

Page 83, line 11, INSERT a new Finding of Fact to read:

“17. The Company's proposal to include CWIP in rate base is justified under the circumstances of this case, and we will adopt it.”

Re-number Findings of Fact to conform

Page 85, line 27, INSERT a new Conclusion of Law to read:

“3. The inclusion of CWIP in rate base as approved herein is legally permissible and in the public interest.”

Renumber Conclusions of Law to conform

Make all conforming changes