

OPEN MEETING



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ORIGINAL

MEMORANDUM

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AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

JUL -2 2008

TO: THE COMMISSION

FROM: Utilities Division

DATE: July 2, 2008

RE: UNS ELECTRIC, INC.'S VOLUNTARY TIME-OF-USE TARIFFS (DOCKET NO. E-04204A-06-0783)

DOCKETED BY	<i>mm</i>
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In Decision No. 70360, dated May 27, 2008, the Arizona Corporation Commission ("ACC" or "Commission") approved UNS Electric, Inc.'s ("UNSE" or "Company") requests for a rate increase and the related financing approval. The Commission ordered UNSE to file a voluntary Time-of-Use ("TOU") tariff as a compliance item in this docket, no later than 20 days from the date of the decision.

On May 21, 2008, in anticipation of Decision No. 70360, UNSE filed its proposed voluntary TOU tariffs with Docket Control. On May 30, 2008, UNSE submitted revised rate schedules and the related proof of revenue.

ACC Utilities Division Staff ("Staff") reviewed the May 21, 2008 tariff filings and the associated schedules, and submitted suggestions to UNSE. Based upon Staff's suggestions, UNSE resubmitted its proposed voluntary TOU tariffs on June 4, 2008. On June 20, 2008, the Company filed a revised Residential Service Time-of-Use -Weekend Off-peak tariff, for residential customers only. The Company's TOU tariff filings are consistent with the requirements of Decision No. 70360.

UNSE's proposed TOU tariff consists of five individual voluntary TOU tariffs, as follows: (1) Residential Service Time-of-Use - Weekends Off-Peak, Pricing Plan RES-01-TOU-A; (2) Small General Service Time-of-Use, Pricing Plan SGS-10 TOU; (3) Large Power Service Time-of-Use, Pricing Plan LPS-TOU; (4) Large General Service Time-of-Use, Pricing Plan LGS-TOU-N; and (5) Interruptible Power Service Time-of-Use, Pricing Plan IPS-TOU.

Each of the five tariffs is identical across billing cycles and across peak, shoulder, and off-peak hours. The TOU tariff consists of two separate billing cycles- Summer and Winter. The Summer Billing Months are May through October and the Winter Billing Months are November through April. The Summer On-Peak period is 2:00 p.m. to 6:00 p.m., and the

Summer Shoulder periods are 12:00 p.m. (Noon) to 2:00 p.m., and 6:00 p.m. to 8:00 p.m. The Winter On-Peak periods are 6:00 a.m. to 10 a.m., and 5 p.m. to 9:00 p.m. with all other hours Off-Peak (i.e., no shoulder period in Winter).

For the residential customers only, the Company proposes off-peak Base Power Supply Charges for all Weekends (Saturdays and Sundays) and the six major holidays (Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day and New Year Day). The Company's proposal is comprised of different off-peak Base Power Supply Charges for the summer months and the winter months.

For all proposed TOU tariffs, the Base Power Supply Charge will be subject to the Purchased Power Fuel Adjuster Clause ("PPFAC").

Residential Service Time-of-Use – Weekends Off-Peak (Pricing Plan RES-01-TOU-A)

Residential Service Time-of-Use – Weekends Off-Peak ("RES-01-TOU-A") is an optional rate available to customers served under the Company's Pricing Plan RS, Residential Service. This plan is restricted to service provided at one point of delivery, measured through a single meter, and is restricted to private single dwellings or individually-metered apartments.

The bundled standard offer service rates for the proposed RES-01-TOU-A are as follows: Customer Charge of \$7.50 per month; Energy Charges-Delivery Charge of \$0.011255 per kWh for the first 400 kWhs, and \$0.021269 per kWh for all additional kWhs. The Base Power Supply Charges, on a per kWh basis, are depicted below:

	Summer (May – October)	Winter (November – April)
On-Peak	\$0.093853	\$0.082593
Shoulder-Peak	\$0.081803	N/A
Off-Peak ⁽¹⁾	\$0.078853	\$0.067593

Small General Service Time-of-Use, Pricing Plan SGS-10 TOU

The Small General Service Time-of-Use ("SGS-10 TOU") is applicable to any customer, for any purpose, where service is provided at one point of delivery, is measured through one meter, and where the monthly usage is not more than 7,500 kWh in any two consecutive months. Customers with usage over 7,500 kWhs for two or more consecutive months are precluded from this pricing plan and are required to receive service under the Large General Service pricing

(1) For RES-01-TOU only, all weekends and major holidays are Off-peak and subject to Off-peak Base Power Supply Charges.

plan. However, service under SGS-10 TOU is available to customers who require a maximum monthly demand of less than 25kW either for customer-owned, -operated, and -maintained area, street, or stadium lighting, or for firm irrigation service.

The bundled standard offer service rates for the proposed SGS-10-TOU are as follows: Customer Charge of \$12.00 per month; Energy Charges-Delivery Charge of \$0.022449 per kWh for the first 400 kWhs, and \$0.032463 per kWh for all additional kWhs. The Base Power Supply Charges, on a per kWh basis, is depicted below:

	Summer (May – October)	Winter (November – April)
On-Peak	\$0.090348	\$0.079448
Shoulder-Peak	\$0.079658	N/A
Off-Peak	\$0.075348	\$0.064448

Large Power Service Time-of-Use, Pricing Plan LPS-TOU

Large Power Service Time-of-Use (“LPS-TOU”) is applicable to any customer, for any purpose, where the service is supplied at one point of delivery and is measured through one meter. LPS-TOU applies to customers whose maximum monthly demand is 500 kW or greater, but for customers whose maximum monthly demand is 10,000 kW or more, the customer must enter into a service agreement with UNSE which spells out the conditions of service.

The bundled standard offer service rates for the proposed LPS-TOU are as follows: Customer Charge is \$365 per month for less than 69 kV Distribution Service and \$400.00 per month for Transmission Service equal to or greater than 69kV. The Demand Charge is \$17.895 per kW for Distribution Service of less than 69 kV and \$11.610 per kW for Transmission Service equal or greater than 69 kV. The Base Power Supply Charges, on a per kWh basis, are depicted below:

	Summer (May – October)	Winter (November – April)
On-Peak	\$0.070170	\$0.058170
Shoulder-Peak	\$0.058180	N/A
Off-Peak	\$0.055170	\$0.043170

Large General Service Time-of-Use, Pricing Plan LGS-TOU-N

The Large General Service Time-of-Use (“LGS-TOU-N”) is applicable to standard offer sales to any customer, for any purpose, where such service is supplied at one point of delivery, measured through one meter, where the maximum monthly demand is less than 1,000 kW.

The bundled standard offer service rates for the proposed LGS-TOU-N are as follows: Customer Charge is \$15.50 per month. The Demand Charge for LGS-TOU-N is \$10.71 per kW, and the Energy Charge-Delivery is \$.003254 per kWh. The Base Power Supply Charges, on a per kWh basis, are depicted below:

	Summer (May – October)	Winter (November – April)
On-Peak	\$0.082832	\$0.071072
Shoulder-Peak	\$0.071452	N/A
Off-Peak	\$0.067832	\$0.056072

Interruptible Power Service Time-of-Use, Pricing Plan IPS-TOU

The Interruptible Power Supply Time-of -Use (“IPS-TOU”) tariff is applicable to any customer with a minimum demand of 50kW, for any purpose, where such service is supplied at one point of delivery, measured through one meter, and is interruptible within fifteen (15) minutes of verbal notice by UNSE. The customer must be able to interrupt service for up to eight (8) hours per day.

The bundled standard offer service rates for the proposed IPS-TOU are as follows: Customer Charge is \$15.50 per month and the Demand Charge is \$3.40 per kW. The Energy Charge-Delivery is \$.014800 per kWh. The Base Power Supply Charges, on a per kWh basis, are depicted below:

	Summer (May – October)	Winter (November – April)
On-Peak	\$0.071861	\$0.059411
Shoulder-Peak	\$0.059691	N/A
Off-Peak	\$0.056861	\$0.044411

Conclusion and Recommendations

Staff believes that the Company’s proposed optional TOU rates will provide its rate-payers the opportunity to better manage energy consumption in a manner that could result in cost-savings, and alleviate demand pressures on the operations of UNSE.

Staff believes that the proposed TOU periods for the summer months and the winter months are reasonable. Staff concludes that the proposed voluntary TOU tariff is in the public interest.

Staff recommends Commission approval of UNSE proposed TOU tariffs as discussed herein.

THE COMMISSION

July 2, 2008

Page 5

Staff recommends that UNSE provide its customers with educational/marketing materials on the benefits of TOU. The materials should explain clearly how TOU rate tariffs work and who might benefit most from being on a TOU rate tariff.

Staff further recommends that UNSE file with Docket Control, as a compliance item in this docket, an annual report showing how many customers are taking service under these tariffs, how much those customers have saved relative to its non-time-of-use rates for the same class of service, and how these tariffs have provided a benefit to UNSE. The reports should be filed annually, on February 15, and should contain TOU results for the previous calendar year.



for
Ernest G. Johnson
Director
Utilities Division

EGJ:AI:lhm\KOT

ORIGINATOR: Alexander Ibhade Igwe, CPA

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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 UNS ELECTRIC,
INC.'S VOLUNTARY TIME-OF-USE
TARIFFS

DOCKET NO. E-04204A-06-0783
DECISION NO. _____
ORDER

Open Meeting
July 17, 2008
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. UNS Electric, Inc. ("UNSE") is a public service corporation certificated to provide electric service in the State of Arizona.
2. In Decision No. 70360, dated May 27, 2008, the Arizona Corporation Commission ("ACC" or "Commission") approved UNS Electric, Inc.'s ("UNSE" of "Company") requests for a rate increase and the related financing approval. The Commission ordered UNSE to file a voluntary Time-of-Use ("TOU") tariff as a compliance item in this docket, no later than 20 days from the date of the decision.
3. On May 21, 2008, in anticipation of Decision No. 70360, UNSE filed its proposed voluntary TOU tariffs with Docket Control.
4. On May 30, 2008, UNSE submitted revised rate schedules and the related proof of revenue.

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...

1 5. ACC Utilities Division Staff ("Staff") reviewed the May 21, 2008 tariff filing and
2 the associated schedules, and submitted suggestions to UNSE. Based upon Staff's suggestions,
3 UNSE resubmitted its proposed voluntary TOU tariffs on June 4, 2008.

4 6. On June 20, 2008, the Company filed a revised Residential Service Time-of-Use –
5 Weekend Off-peak tariff, for residential customers only

6 7. The Company's TOU tariff filings are consistent with the requirements of Decision
7 No. 70360.

8 8. UNSE TOU tariff consists of five individual voluntary TOU tariffs, as follows: (1)
9 Residential Service Time-of-Use – Weekends Off-Peak, Pricing Plan RES-01-TOU-A; (2) Small
10 General Service Time-of-Use, Pricing Plan SGS-10 TOU; (3) Large Power Service Time-of-Use,
11 Pricing Plan LPS-TOU; (4) Large General Service Time-of-Use, Pricing Plan LGS-TOU-N; and
12 (5) Interruptible Power Service Time-of-Use, Pricing Plan IPS-TOU.

13 9. Each of the five tariffs is identical across billing cycles and across peak, shoulder,
14 and off-peak hours.

15 10. The TOU tariff consists of two separate billing cycles- Summer and Winter. The
16 Summer Billing Months are May through October and the Winter Billing Months are November
17 through April.

18 11. The Summer On-Peak period is 2:00 p.m. to 6:00 p.m., and the Summer Shoulder
19 periods are 12:00 p.m. (Noon) to 2:00 p.m., and 6:00 p.m. to 8:00 p.m.

20 12. The Winter On-Peak periods are 6:00 a.m. to 10 a.m., and 5 p.m. to 9:00 p.m., with
21 no shoulder periods.

22 13. All other hours are Off-Peak.

23 14. For the residential customers only, the Company proposes off-peak Base Power
24 Supply Charges for all Weekends (Saturdays and Sundays) and the six major holidays (Memorial
25 Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day and New Year Day). The
26 Company's proposal is comprised of different off-peak Base Power Supply Charges for the
27 Summer months and the Winter months.

28 ...

1 15. For all proposed TOU tariffs, the Base Power Supply Charge will be subject to the
2 Purchased Power Fuel Adjuster Clause ("PPFAC").

3 16. Residential Service Time-of-Use – Weekends Off-Peak ("RES-01-TOU-A") is an
4 optional rate available to customers served under the Company's Pricing Plan RS, Residential
5 Service. This plan is restricted to service provided at one point of delivery, measured through a
6 single meter, and is restricted to private single dwellings or individually-metered apartments.

7 17. The bundled standard offer service rates for the proposed RES-01-TOU-A are as
8 follows: Customer Charge of \$7.50 per month; Energy Charges-Delivery Charge of \$0.011255 per
9 kWh for the first 400 kWhs, and \$0.021269 per kWh for all additional kWhs. The Base Power
10 Supply Charges, on a per kWh basis, are depicted below:

	Summer (May – October)	Winter (November – April)
On-Peak	\$0.092183	\$0.080873
Shoulder-Peak	\$0.081803	N/A
Off-Peak ⁽¹⁾	\$0.077183	\$0.065873

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15 18. The Small General Service Time-of-Use ("SGS-10 TOU") is applicable to any
16 customer, for any purpose, where service is provided at one point of delivery, is measured through
17 one meter, and where the monthly usage is not more than 7,500 kWh in any two consecutive
18 months.

19 19. Customers with usage over 7,500 kWhs for two or more consecutive months are
20 precluded from this pricing plan and are required to receive service under the Large General
21 Service pricing plan. However, service under SGS-10 TOU is available to customers who require
22 a maximum monthly demand of less than 25kW either for customer-owned, -operated, and
23 -maintained area, street, or stadium lighting, or for firm irrigation service.

24 20. The bundled standard offer service rates for the proposed SGS-10-TOU are as
25 follows: Customer Charge of \$12.00 per month; Energy Charges-Delivery Charge of \$0.022449

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28 ⁽¹⁾ For RES-01-TOU only, all weekends and major holidays are Off-peak and subject to Off-peak Base Power Supply Charges.

1 per kWh for the first 400 kWhs, and \$0.032463 per kWh for all additional kWhs. The Base Power
2 Supply Charges, on a per kWh basis, is depicted below:

	Summer (May – October)	Winter (November – April)
3 On-Peak	\$0.090348	\$0.079448
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5 Off-Peak	\$0.075348	\$0.064448

6
7 21. Large Power Service Time-of-Use (“LPS-TOU”) is applicable to any customer, for
8 any purpose, where the service is supplied at one point of delivery and is measured through one
9 meter. LPS-TOU applies to customers whose maximum monthly demand is 500 kW or greater,
10 but for customers whose maximum monthly demand is 10,000 kW or more, the customer must
11 enter into a service agreement with UNSE which spells out the conditions of service.

12 22. The bundled standard offer service rates for the proposed LPS-TOU are as follows:
13 Customer Charge is \$365 per month for less than 69 kV Distribution Service and \$400.00 per
14 month for Transmission Service equal to or greater than 69kV. The Demand Charge is \$17.895
15 per kW for Distribution Service of less than 69 kV and \$11.610 per kW for Transmission Service
16 equal or greater than 69 kV. The Base Power Supply Charges, on a per kWh basis, are depicted
17 below:

	Summer (May – October)	Winter (November – April)
18 On-Peak	\$0.070170	\$0.058170
19 Shoulder-Peak	\$0.058180	N/A
20 Off-Peak	\$0.055170	\$0.043170

21
22 23. The Large General Service Time-of-Use (“LGS-TOU-N”) is applicable to standard
23 offer sales to any customer, for any purpose, where such service is supplied at one point of
24 delivery, measured through one meter, where the maximum monthly demand is less than 1,000
25 kW.

26 24. The bundled standard offer service rates for the proposed LGS-TOU-N are as
27 follows: Customer Charge is \$15.50 per month. The Demand Charge for LGS-TOU-N is \$10.71

28 ...

1 per kW, and the Energy Charge-Delivery is \$.003254 per kWh. The Base Power Supply Charges,
2 on a per kWh basis, are depicted below:

	Summer (May – October)	Winter (November – April)
3 On-Peak	\$0.082832	\$0.071072
4 Shoulder-Peak	\$0.071452	N/A
5 Off-Peak	\$0.067832	\$0.056072

6
7 25. The Interruptible Power Supply Time-of –Use (“IPS-TOU”) tariff is applicable to
8 any customer with a minimum demand of 50kW, for any purpose, where such service is supplied
9 at one point of delivery, measured through one meter, and is interruptible within fifteen (15)
10 minutes of verbal notice by UNSE. The customer must be able to interrupt service for up to eight
11 (8) hours per day.

12 26. The bundled standard offer service rates for the proposed IPS-TOU are as follows:
13 Customer Charge is \$15.50 per month and the Demand Charge is \$3.40 per kW. The Energy
14 Charge-Delivery is \$.014800 per kWh. The Base Power Supply Charges, on a per kWh basis, are
15 depicted below:

	Summer (May – October)	Winter (November – April)
16 On-Peak	\$0.071861	\$0.059411
17 Shoulder-Peak	\$0.059691	N/A
18 Off-Peak	\$0.056861	\$0.044411

19
20 27. Staff believes that the Company’s proposed optional TOU rates will provide its
21 rate-payers the opportunity to better manage energy consumption in a manner that could result in
22 cost-savings, and alleviate demand pressures on the operations of UNSE.

23 28. Staff believes that the proposed TOU periods for the summer months and the winter
24 months are reasonable.

25 29. Staff concluded that the proposed voluntary TOU tariff is in the public interest.

26 30. Staff recommended Commission approval of UNSE proposed TOU tariff as filed
27 by the Company.

28 ...

1 IT IS FURTHER ORDERED that UNS Electric, Inc. file revised rate schedules consistent
2 with the terms of this Decision within 30 days from the effective date of this Decision.

3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

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5 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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CHAIRMAN

COMMISSIONER

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COMMISSIONER

COMMISSIONER

COMMISSIONER

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IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
Director of the Arizona Corporation Commission, have
hereunto, set my hand and caused the official seal of this
Commission to be affixed at the Capitol, in the City of
Phoenix, this _____ day of _____, 2008.

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BRIAN C. McNEIL
EXECUTIVE DIRECTOR

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DISSENT: _____

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DISSENT: _____

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EGJ:All:lhmkOT

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1 SERVICE LIST FOR: UNS Electric, Inc.
2 DOCKET NO. E-04204A-06-0783

3 Ms. Michelle Livengood, Esq.
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6 Tucson, Arizona 85701

7 Mr. Ernest G. Johnson
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9 Arizona Corporation Commission
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11 Phoenix, Arizona 85007

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