

ORIGINAL



0000084857

THIS AMENDMENT:

_____ Passed _____ Passed as amended by _____

_____ Failed _____ Not Offered _____ Withdrawn

6029

Arizona Corporation Commission

DOCKETED

MAY 12 2008

GLEASON PROPOSED AMENDMENT #1

DATE PREPARED: May 12, 2008

DOCKETED BY	
COMPANY:	nr

UNS Electric, Inc.

DOCKET No. :

E-04204A-06-0783

OPEN MEETING DATES: May 14, 2008

AGENDA ITEM: U-1

RECEIVED
 2008 MAY 12 PM 11
 AZ CORP COMMISSION
 DOCKET CONTROL

Page 76, STRIKE lines 8 through 19 and INSERT:

“For the reasons they cite, we agree with Staff and RUCO that the BMGS should not be included in rate base at this time. However, the temporal coincidence of two circumstances specific to this case, expiration of UNSE’s contract with Pinnacle West two weeks from now and imminent commercial operation of the plant¹, is a compelling basis on which to encourage UNSE’s acquisition of the BMGS. To provide such encouragement, we will authorize UNSE to implement an accounting order to record any and all of the Company’s financial activities associated with the BMGS, as if the BMGS were in rate base as of June 1, 2008. Unless otherwise ordered by the Commission, this accounting order would remain in effect until the effective conclusion of UNSE’s next rate case.”

Page 81, line 27

STRIKE: “the plant is not operational”

INSERT: “the plant was not operational during the test year”

Page 82, between lines 2 and 3, INSERT a new Finding of Fact to read:

“38. In view of the expiration of UNSE’s power supply contract with Pinnacle West on May 31, 2008, and imminent commercial operation of the BMGS, it is in the public interest to authorize UNSE to implement an accounting order to record UNSE’s financial activities associated with the BMGS, as if the BMGS were in rate base as of June 1, 2008. UNSE may use the accounting order to seek recovery of BMGS-related costs in the Company’s next rate case.”

Renumber Findings of Fact to conform

¹ UNSE’s May 5, 2008 Exceptions at page 4, lines 6-9: “As of May 1, 2008, both gas combustion turbines of the BMGS have been in operation and have synchronized with the grid, *producing power*. Performance testing is planned for the next two weeks and *commercial operation is scheduled for mid-May 2008*.” (emphases added)

Page 82, between lines 16 and 17, INSERT new Conclusions of Law to read:

“5. The deferral authorization granted herein does not constitute a finding or determination that the deferred costs are reasonable, appropriate, or prudent.

6. It is in the public interest to authorize UNSE to record UNSE’s financial activities associated with the BMGS, as if the BMGS were in rate base as of June 1, 2008, and UNSE may use the accounting order to seek recovery of BMGS-related costs in the Company’s next rate case.”

Renumber Conclusions of Law to conform

Page 83, between lines 8 and 9, INSERT new Ordering Paragraphs to read:

“IT IS FURTHER ORDERED that UNS Electric, Inc. may implement an accounting order to record UNSE’s financial activities associated with the BMGS, as if the BMGS were in rate base as of June 1, 2008.

IT IS FURTHER ORDERED that UNS Electric, Inc. may use the accounting order authorized herein to seek recovery of BMGS-related costs in the Company’s next rate case.

IT IS FURTHER ORDERED that the deferral authorization granted UNS Electric, Inc., herein does not constitute a finding or determination that the deferred costs are reasonable, appropriate, or prudent; and this Decision shall not be construed as providing any relief through rates with respect to the ultimate recovery of the above-authorized deferrals.

IT IS FURTHER ORDERED that, if UNS Electric, Inc. intends to seek future recovery through rates of the deferred costs authorized herein, the Company shall prepare and retain accounting records sufficient to permit detailed review, in a rate proceeding, of all such deferred costs.”

Make all conforming changes