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BEFORE THE ARIZONA CORPORATION CC



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Arizona Corporation Commission

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Docket No. E-04204A-08-0341

ACC Decision No. 70360

IN THE MATTER OF THE APPLICATION OF
UNS ELECTRIC, INC. FOR APPROVAL OF ITS
BILL ESTIMATION METHODOLOGIES TARIFF

**RESPONSE AND EXCEPTIONS TO THE UNS ELECTRIC APPLICATION
FOR APPROVAL OF ITS
BILL ESTIMATION METHODOLOGIES TARIFF**

18 JUNE 2009

This filing contains a response and Exceptions to the UNS Electric, Inc.'s Application for approval of its Bill Estimation Methodologies Tariff of 26 June 2008 that is posted on the company's website (www.useaz.com).

This filing has two EXCEPTIONS to the Recommended Order and Opinion (ROO) in the Staff Report on this matter of 12 May 2009. These are minor exceptions, however, based on the example in Attachment A, should result in less perturbations between actual consumption compared estimated energy usage, thus less variations in Estimated Bills than if the meter was actually read.

1. Summary.

The First Exception revised the method to estimate consumption for long-term customers with the PRIOR YEAR METHOD for the same month's actual consumption, giving the closest match to actual energy consumption. In this case, when the same month in the prior year consumption was also estimated, the company proposed using the PRIOR MONTH METHOD that appears to have more variations in estimating consumption to account for the monsoon season. The company has an excellent TREND METHOD that is applicable for customers with over a historical records. This exception asks to use the TREND METHOD instead of PRIOR MONTH in this limited case.

The Second Exception prevents Estimated Billing for more than one consecutive month.

2. Background and Rationale for these Exceptions.

Four "methods" are used to calculate a ratepayer's Energy Consumption (in kWh) for an Estimated Bill are based on consumption for (1) same month for pervious year, (2) system calculated

1 trend, (3) previous month, or (4) not billed. For accounts with demand billing, three methods to
 2 calculate Demand (in kW) are based on Demand for (1) same month for previous years, (2) previous
 3 month, or (3) not billed. Table 1 shows these relationships as proposed by the Company.

Table 1 – Determination of Consumption (kWh) and Demand (kW) Used for Estimated Billing.

When below conditions are met, then use Designated Method			Method to Determine Consumption (kWh)				Method to Determine Demand (kW)		
			Same Month Previous Year	Calculated Trend	Previous Month Consumption	Not Billed	Same Month Previous Year	Previous Month's Demand	Not Billed
At least 1 year history	Same Customer	Same Premise	Yes*				Yes		
	New Customer			Yes			Yes		
Less than 1 year history	Same Customer				Yes		Yes		
No History						Yes**		Yes	

* If bill for last year's same month was estimated, then use Prior Month Method
 ** If bill for prior month Consumption for Billing was estimated, then use Calculated Trend Method.

The (*) and (**) denote potential areas of concern.

For the first (*), from the proposed 28 June 2008 filing,¹ where the same month in the prior year was "estimated" for a customer with over one year's history, the company's Tariff uses the PRIOR MONTH METHOD. As illustrated in Attachment A, the PRIOR MONTH METHOD may have significant increases/decreases as prior month consumption might result in significantly over/under Estimated Bills. For a customer with over one year history, the TREND METHOD, with its the three month's averaging plus a calculated "trend" for that customer and rate class, should produce a better estimation than PRIOR MONTH. Recommend in this case, which will be the most common bill estimation process for longer-term customers, that the TREND METHOD be used instead of a potentially more inaccurate PRIOR MONTH method.

The second (**) is having estimated billing, even when the prior month was also estimated, contradicts a statement in the proposed tariff for NOT BILLED is appropriate "until a good meter read was acquired then use known consumption to estimate previous bills." To resolve

¹ UNS Electric, Inc., "Notice of Filing Revised Bill Estimation Tariff in Compliance with Decision No. 70360," of 26 June 2008, page 1, under "Energy or Time-of-Use ("TOU") estimate with at least one year history, same customer, on same premise." which states:
 "UNS Electric would generate a bill based on customer usage from the previous year using the "PREVIOUS YEAR" formula as follows:

(IF LAST YEAR'S USAGE WAS ESTIMATED, USE "PREVIOUS MONTH" METHOD DESCRIBED BELOW.) ...

1 this, the company should not have two consecutive bills based on estimations, including use of
2 the TREND METHOD for a prior month's estimations.

3
4 **3. EXCEPTIONS.**

5 EXCEPTIONS recommended to the ROO are respectfully proposed as follows:

6 Exception No. 1:

7 In the ROO, under Findings of Fact No. 7, Table, second column, second entry ("At least
8 one year history, same customer, same premise"),

9 Change

10 "Same month, previous year"

11 To read

12 "Same month, previous year, unless that month was estimated, then use CIS Trend
13 estimated usage."

14 Exception No. 2:

15 In the ROO, under Findings of Fact No. 7, Table, second column, fifth entry ("Less than
16 one year history, new customer at same premise"), change

17 Change

18 "COS Trend estimated usage"

19 To read

20 "CIS Trend estimated usage unless the prior month was also estimated, then UNSE must
21 obtain valid meter reads before rendering estimated previous and correct actual billings)."

22
23 **4. Examples.**

24 Attached are examples using residential usage data from my bills. Examples, using the
25 proposed methodologies, are included.

26 Respectfully submitted on this 18th day of June 2009.

27 MARSHALL MAGRUDER

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33 Attachments

- 34 A – Example of Bill Estimates based PREVIOUS YEAR versus PREVIOUS MONTH on Residential
Billing Data
35 B – Residential Usage Data for 2005 to 2008 (in kW-hr)

Service List

Original and 16 copies are filed this date:

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3 **Bill Estimations Based on**
4 **PREVIOUS YEAR versus PREVIOUS MONTH Residential Billing Data**

5 **1. Summary.**

6 This attachment provides a set of estimated consumption for PREVIOUS YEAR compared to
7 PREVIOUS MONTH estimates for each month in 2008, based on actual consumption data in
8 Attachment B from my billing statements.

9
10 **2. Assumptions to look at Estimation Methodologies.**

- 11 a. To normalize data with respect to "days in billing periods", all meters are considered read with
12 the same "days in billing periods" and actual variations that resulted in Attachment B.
13 b. Estimates use the data in Attachment B.
14 c. Cost of electricity is 10 cents/kWh to simplify estimating bills in this analysis.

15
16 **3. Examples for Energy in kWh using the methodologies proposed by UNS Electric.**

17 **3.1 PREVIOUS YEAR METHOD – to be used for Estimated Consumption when ratepayer has**

18 **(1) At least one year of history and is the same customer at same premise.**

- 19 a. Estimated Bills for 2008, which use the "Previous Year" formula (in kWh):

Month used for Bill Estimation	Appropriate Methodology	Methodology Result	Actual Consumption	Difference (Method – Actual)	Customer's Estimated Bill was too
January 2008	Previous Year	454	754	-300	Low
February 2008	Previous Year	679	738	-59	Low
March 2008	Previous Year	429	610	-181	Low
April 2008	Previous Year	495	343	+152	High
May 2008	Previous Year	395	331	+64	High
June 2008	Previous Year	1364	1067	+297	High
July 2008	Previous Year	2486	1899	+597	High
August 2008	Previous Year	1485	1616	-137	Low
September 2008	Previous Year	1451	1711	-226	Low
October 2008	Previous Year	683	614	+160	High
November 2008	Previous Year	305	335	-30	Low
December 2008	Previous Year	305	453	-148	Low
Annual Total	Previous Year	10531	10471	+60	High

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31 b. **PREVIOUS YEAR METHOD Results.**

- 32 (1) Five Estimated bills were too high, averaging 286 kWh (\$28.60) higher than the actual
33 consumption.
34 (2) Seven Estimated bills were too low, averaging 154 kWh (\$15.40) lower than the actual
35 consumption.
(3) Estimated bills for the year were 60 kWh (\$6.00) higher than actual annual consumption.

- 1 (4) The customer overpaid for 597 kWh (\$59.70) in July the greatest difference between
 2 actual consumption and the Estimated bill.
 3 (5) The customer underpaid by 300 kWh (\$30.00) in January the greatest difference between
 4 actual consumption with the Estimated bill.

5 **3.2 TREND METHOD** – to be used for Estimated Consumption when ratepayer has

- 6 (1) At least one year of history and is a new customer at premise or
 7 (2) Less than one year of history and is the same customer at premise.

- 8 a. Company's Trend Method uses its information system to generate a bill based on (1) Trend
 9 Area that differentiates consumption based on geographic areas, (2) a Trend Class that
 10 differentiates consumption based on type of service and type of property.
 11 b. Data are not available to manually compute an Estimated bill with the Trend Method.

12 **3.3 PREVIOUS MONTH METHOD** – to be used for Estimated Consumption when ratepayer has

- 13 (1) Less than one year of history and is the same customer at premise.

- 14 a. Estimated Bills for 2008, which use the "Previous Month" formula (in kWh):

Month used for Bill Estimation	Appropriate Methodology	Methodology Result	Actual Consumption	Difference (Method – Actual)	Customer's Estimated Bill was too
January 2008	Previous Month	305	754	-449	Low
February 2008	Previous Month	754	738	+16	High
March 2008	Previous Month	738	610	+128	High
April 2008	Previous Month	610	343	+267	High
May 2008	Previous Month	343	331	+12	High
June 2008	Previous Month	331	1067	-1036	Low
July 2008	Previous Month	1067	1899	-832	Low
August 2008	Previous Month	1899	1616	+283	High
September 2008	Previous Month	1616	1711	-95	Low
October 2008	Previous Month	1711	614	+1097	High
November 2008	Previous Month	614	335	+279	High
December 2008	Previous Month	335	453	-118	Low
Total	Previous Month	10323	10471	-148	Low

- 26 b. **PERVIOUS MONTH METHOD Results.**

- 27 (1) Seven Estimated bills were too high, averaging 297 kWh (\$29.70) above the actual
 28 consumption.
 29 (2) Five Estimated bills were too low, averaging 506 kWh (\$50.60) below the actual consumption.
 30 (3) Estimated bills for the year were 148 kWh (\$14.80) lower than the actual annual consumption.
 31 (4) The customer overpaid for 1097 kWh (\$109.70) in October the greatest difference between
 32 actual consumption and the Estimated bill.
 33 (5) The customer underpaid by 1036 kWh (\$103.60) in June the greatest difference between
 34 actual consumption with the Estimated bill.
 35

1 Attachment B

2
3 **Residential Usage Data**
4 **For 2005 through 2008**
5 **(In kW-hr)**

6 Mid-Month Meter reading	2009	2008	2007	2006	2005	Monthly Total	Monthly Average
7 January 15	663	754	454	605	522	2998	600
8 February 15	545	738	679	609	646	3217	643
9 March 15	615	610	429	437	307	2398	480
10 April 15		343	495	403	419	1660	415
11 May 15		331	395	343	142	1211	303
12 June 15		1067	1364	583	727	3741	935
13 July 15		1899	2486	1202	2258	7845	1961
14 August 15		1616	1485	1697	1371	6169	1542
15 September 15		1711	1451	229	1206	4597	1149
16 October 15		614	683	384	877	2558	640
17 November 15		335	305	290	516	1446	362
18 December 15		453	305	354	445	1557	334
19 Annual Total kW-hrs	1723	12479	12538	9142	11441	47323	9364
20 Annual Monthly Average	574	872	877	595	786	771	780