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BEFORE THE ARIZONA CORPORATI

IN THE MATTER OF THE APPLICATION)
OF UNS ELECTRIC, INC. FOR THE)
ESTABLISHMENT OF JUST AND)
REASONABLE RATES AND CHARGES)
DESIGNED TO REALIZE A REASONABLE)
RATE OF RETURN ON THE FAIR VALUE)
OF THE PROPERTIES OF UNS)
ELECTRIC, INC. DEVOTED TO ITS)
OPERATIONS THROUGHOUT THE STATE)
OF ARIZONA.)

DOCKET NO.
E-04204A-09-0206

PROCEDURAL
CONFERENCE

At: Tucson, Arizona
Date: June 16, 2009
Filed: JUN 29 2009

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1 BE IT REMEMBERED that the above-entitled and
2 numbered matter came on regularly to be heard before the
3 Arizona Corporation Commission, 400 West Congress Street,
4 Tucson, Arizona, commencing at 10:00 a.m. on the 16th day
5 of June, 2009.

6

7 BEFORE: JANE L. RODDA, Administrative Law Judge

8

9 APPEARANCES:

10 For the Arizona Corporation Commission Staff:

11 Mr. Wesley Van Cleve
12 Staff Attorney, Legal Division
13 1200 West Washington Street
14 Phoenix, Arizona 85007
15 (Appeared telephonically)

16

17 For UNS Electric, Inc.:

18

19 ROSHKA, DeWULF & PATTEN, PLC
20 By: Mr. Michael W. Patten
21 400 East Van Buren Street, Suite 800
22 Phoenix, Arizona 85004
23 (Appeared telephonically)

24

25 - and -

26

27 UNISOURCE ENERGY SERVICES
28 By: Michelle Livengood
29 One South Church Avenue
30 Tucson, Arizona 85701

31

32

33 MICHELE E. BALMER
34 Certified Reporter
35 Certificate No. 50489
36 (Appeared telephonically)

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1 ALJ RODDA: Let's go on the record.

2 This is the time set for the procedural
3 conference in Docket No. E-04204A-09-0206, which is the
4 rate application for UNS Electric. My name is Jane Rodda,
5 and I'm the Administrative Law Judge assigned to this
6 matter.

7 And the first thing I'm going to do is take
8 appearances. So on behalf UNS Electric?

9 MR. PATTEN: Michael Patten, Roshka, DeWulf &
10 Patten on behalf of UNS Electric. And just for the
11 record, Michelle Livengood is also in attendance from the
12 company.

13 ALJ RODDA: Great.

14 And on behalf of Commission Staff?

15 MR. VAN CLEVE: Wes Van Cleve on behalf of
16 Commission Staff, and Terry Ford is also present.

17 ALJ RODDA: All right. Well, welcome.

18 So far in this matter Staff filed a request for
19 procedural order and provided a recommended schedule. And
20 the company in their response was concerned that that
21 recommendation didn't give enough time to have an order
22 prepared for rates to go into effect, I guess, June 1,
23 2010. I can't believe I'm saying 2010.

24 Have you had a chance to discuss it amongst
25 yourselves, or are we still debating?

1 MR. PATTEN: Your Honor, we did have a brief
2 discussion this morning about moving the dates a little
3 bit, a little bit at the front end and a little more
4 towards the back end of it, to have the hearing commence
5 about four weeks earlier to give you some more time. But
6 I don't think Staff has had an opportunity to, you know,
7 consider that and decide whether that works for them.

8 I can give you our proposed schedule, if you
9 want. But frankly, it comes down to what you need to have
10 the ability to get an order out so we have rates in effect
11 on June 1. And I can go into reasons why we think the
12 June 1 date is critical for us, if that would help.

13 ALJ RODDA: Okay. Well, why don't you start with
14 that, start with the June date, and then give me your
15 proposal.

16 MR. PATTEN: Okay. A couple of things happen on
17 June 1. First off, under our PPFAC plan of
18 administration, the PPFAC rate adjusts on June 1. And we
19 would like to have any rate changes that are going to
20 occur all happen on the same date. Under the time-clock
21 rule, you know, the deadline for getting new rates in
22 effect will be sometime shortly after June 1, assuming
23 there's a few days of hearing. And we just think it would
24 be confusing for a PPFAC change to happen and then a rate
25 change to happen just a couple of weeks later.

1 On June 1, we also have our DSM adjustor gets
2 modified for the ongoing year. So we would like to have
3 rates in effect the same time -- new rates in effect the
4 same time we're making the PPFAC and the DSM adjustments
5 so that a full and complete notice to the customers can be
6 provided so they understand what is happening on their
7 bill and, hopefully, not be confused by multiple
8 adjustments in a short period of time.

9 Second, in our case, we're proposing some new and
10 more aggressive time-of-use rates, and we would like to
11 get those into effect at the start of the summer so people
12 can take advantage of those.

13 And third, obviously, you know, the summer months
14 are important for us in terms of revenue for the electric
15 company, and letting time drag into the summer for new
16 rates to go into effect certainly affects sort of the
17 analysis of what we need in order to meet our rate of
18 return. And right now we are -- you know, our position is
19 that we are not meeting our authorized rate of return at
20 all. But primarily, it's trying to match up the new rates
21 to the PPFAC adjustment and the DSM adjustment.

22 ALJ RODDA: All right. So what are you proposing?

23 MR. PATTEN: What we would propose, and most of
24 this squeezes down the time for Staff's surrebuttal and
25 UNS Electric rejoinder to time frames that we've agreed to

1 in the UNS Gas case. In fact, I think it's an extra week
2 for the surrebuttal than in the UNS Gas case.

3 But we would propose, rather than 11/6, move that
4 up just a week to October 30, and that's for revenue
5 requirement testimony. Then, cost of service and rate
6 design testimony would be 11/13. So again, just moving
7 that up a week. Our rebuttal would be due on December 11,
8 moving that up a week. And then the surrebuttal would be
9 due four weeks later on January 8. Our rejoinder would be
10 due on 1/19. I think the 18th is Martin Luther King Day.
11 And then the hearing would start on January 25.

12 So moving up -- our view is moving up the dates
13 just a month or a week at the start, we may be able to
14 gain a month of time for Your Honor to hear the case and
15 get a proposed opinion out.

16 ALJ RODDA: One of the problems is that it takes
17 at least a month. You have to figure in a month for
18 briefing, which really impacts the schedule.

19 MR. PATTEN: Right. That's why we thought having
20 an extra month, you know, moving the hearing up a month
21 would hopefully help that situation. But again --

22 ALJ RODDA: Mr. Van Cleve, I know that I -- well,
23 have you had a chance to at least hear these before just
24 now, or is this the first time you have heard these dates?

25 MR. VAN CLEVE: Yes and no. I think, unless I

1 wrote some dates down wrong, I did speak with Mr. Dion
2 probably a half an hour ago about these dates, and I
3 thought the cost of service/rate design date was 11/15 and
4 not 11/13. So that was the only one that was different
5 than what I understood.

6 I have spoken with Terry Ford about these dates,
7 and the first, I guess, three there are no issues with as
8 far as the direct testimony, the cost of service, the
9 rebuttal testimony. The problem starts to arise when it
10 comes to the surrebuttal testimony given the holidays and
11 such. And if there are going to be consultants used in
12 this case, being able to get their testimony and get it
13 filed by January 8 could be problematic.

14 So that was -- instead of January 8, the date
15 that has been proposed to me is January 15 for
16 surrebuttal. That would then modify, assuming the
17 other -- you know, the company wants additional time for
18 its rejoinder and then a hearing date after that, would
19 modify rejoinder to approximately January 25, and have the
20 hearing start on February 1.

21 And then the other thing I think that Mr. Dion
22 had brought up -- and I don't know, I don't think I heard
23 mentioned -- was just having one round of briefs versus a
24 closing brief, and then a reply brief from the parties.

25 ALJ RODDA: You know, that will sort of depend on

1 what the issues are.

2 MR. VAN CLEVE: Sure, exactly.

3 ALJ RODDA: But yeah, if it's all factual issues,
4 then that's easy. I mean, we can just see how that goes.

5 But at least for the first part, the Staff
6 testimony, the revenue requirement, and the cost of
7 service, you're okay with the company's proposal for that?

8 MR. VAN CLEVE: Oh, were you asking for the
9 company or for Staff?

10 ALJ RODDA: I'm sorry. I was asking Staff.

11 MR. VAN CLEVE: Those first three dates are fine.
12 Again, the only one I had was the cost of service. The
13 15th was what was proposed, and I guess that is a
14 Saturday.

15 MR. PATTEN: I think that's a Sunday. So we
16 could move everything up a week so it would be the 13th
17 instead of the 20th.

18 MR. VAN CLEVE: I don't know about providing
19 testimony on Friday the 13th, but -- no, just kidding.
20 Otherwise, those first three dates are acceptable to
21 Staff. It's just surrebuttal, rejoinder, and then the
22 commencement of the hearing that --

23 ALJ RODDA: How long do you guys think that --
24 guys and girls, sorry -- think that the hearing is going
25 to take in this case?

1 MR. PATTEN: We had some recent experience with
2 UNS Gas and UNS Electric, and I think there were six
3 hearing days, full hearing days. I think we might be able
4 to get this done in five hearing days. I think there are
5 fewer issues and fewer witnesses that we've had in the
6 past.

7 ALJ RODDA: Okay. I'm not holding you to that
8 now. I just wanted to know what to expect.

9 MR. PATTEN: Just sort of based on some recent
10 previous rate cases, that's what we had on those.

11 ALJ RODDA: All right.

12 MR. PATTEN: And we've also looked at, you know,
13 Open Meeting for 2010. There's an Open Meeting on
14 February 2. So I'm concerned about moving the hearing
15 back to the 1st of February, because then we immediately
16 have a conflict with Open Meeting.

17 ALJ RODDA: Okay.

18 MR. PATTEN: Which is why I guess the January 25
19 date was our target. And again, we're being a little
20 presumptuous here by putting a schedule out that we think
21 you can live with the June 1 date, not knowing what your
22 schedule is right now.

23 ALJ RODDA: Right. And I was just trying to
24 look, and I have one other hearing that's scheduled, and I
25 just can't -- here my calendar doesn't go that far in

1 front of me, but it can be worked around. It's not a
2 big -- but anyway, I'll figure it out.

3 But I think that it sounds like, especially with
4 those first couple of dates, that Staff can agree to
5 moving them up a little bit, that we really don't have
6 much of a problem. It's just now figuring out room and
7 what makes sense. So either the very end of January or
8 very early in February.

9 MR. VAN CLEVE: For a hearing.

10 ALJ RODDA: Yes.

11 MR. VAN CLEVE: That's what it looks like.

12 ALJ RODDA: That's good. I was going to ask you
13 something else. I guess you already answered it for me.

14 All right. Was there anything else? So then
15 what I'll do is I'll issue a procedural -- I'll figure it
16 out and issue a procedural order.

17 Is there anything else that you want me to be
18 aware of?

19 MR. VAN CLEVE: Nothing from Staff, Your Honor.

20 MR. PATTEN: No. Just last point on the
21 surrebuttal is we did look and see what Staff had agreed
22 to previously and added a week to it just to cover the
23 holiday. That was just how we came up with our dates. So
24 we weren't trying to unintentionally squeeze Staff on that
25 one.

1 ALJ RODDA: No, I didn't think you were trying to
2 intentionally squeeze Staff. It's always hard to schedule
3 around that time of the year, but I'll look at the
4 calendar and come up with something fair and hopefully
5 workable.

6 All right. Then I guess the ball is in my court
7 and I'll issue my procedural order. Thank you all for
8 talking about it ahead of time and working it out. It
9 makes my life easier.

10 MR. VAN CLEVE: We aim to please, Your Honor.

11 ALJ RODDA: Thank you. All right. I'll see you
12 all soon.

13 (The Procedural Conference concluded at
14 10:15 a.m.)

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1 STATE OF ARIZONA)
) ss.
 2 COUNTY OF MARICOPA)

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4 I, MICHELE E. BALMER, Certified Reporter
 5 No. 50489 for the State of Arizona, do hereby certify that
 6 the foregoing printed pages constitute a full, true and
 7 accurate transcript of the proceedings had in the
 8 foregoing matter, all done to the best of my skill and
 9 ability.

10

11 WITNESS my hand this 26th day of June, 2009.

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Michele E. Balmer

 MICHELE E. BALMER
 Certified Reporter
 Certificate No. 50489

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