

ORIGINAL

OPEN MEETING

MEMORANDUM



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ARIZONA CORPORATION COMMISSION

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TO: THE COMMISSION

2009 SEP 10 P 4: 29

SEP 16 2009

FROM: Utilities Division

AZ CORP COMMISSION
DOCKET CONTROL

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DATE: September 10, 2009

RE: UNS ELECTRIC, INC. – APPLICATION FOR APPROVAL OF REVISIONS TO ITS LINE EXTENSION TARIFF (DOCKET NO. E-04204A-06-0783)

Pursuant to Commission Decision No. 70360 issued on May 27, 2008, UNS Electric, In. (“UNSE”) filed an application to revise its Rules and Regulations in order to eliminate the free footage allowance contained in its line extension tariff (Section 9).

UNSE’s current line extension tariff allows for 400 feet of free footage. In other words, customers needing a line extension in excess of 400 feet do not pay for the cost associated with 400 feet of the line extension.

The proposed tariff revisions also include a transition plan. The plan is as follows:

Transition Period for Elimination of Free Footage

From the effective date of these Rules and Regulations, there is a six (6) month grace period for Customers, developers and subdividers to execute a line extension agreement or receive approval on a new service application from the Company in order to be eligible for the line extension policy in effect between August 11, 2003 and May 31, 2008. Those new applicants must make provisions for the Company to install and energize the extension and service facilities within eighteen (18) months from the date of their respective agreement and/or application. In addition, all existing approved line extension agreements and service applications will be grandfathered in under the policy in effect from August 11, 2003 to May 31, 2008. Grandfathered Customers must make provisions for the Company to install and energize the extension and service facilities within eighteen (18) months from the effective date of these Rules and Regulations or they will be subject to the new line extension policy.¹

This proposed language would provide a transition period for customers to make appropriate plans prior to the elimination of the free footage. Dates contained in this passage, however, are outdated and would need to be updated to reflect the timing of the Decision rendered in this matter. Staff recommends that both references to May 31, 2008 be changed to reflect the date prior to the effective date of the Rules and Regulations approved in the Decision in this matter.

¹ Application: Proposed Rules and Regulations. Page 37 of 59.

UNSE's proposed Rules and Regulations includes the following language in the Introduction of Section 9: Line Extensions:

A standard policy has been adopted to provide service to Customers whose requirements are deemed by the Company to be economical and ordinary in nature.²

Staff recommends that this sentence be removed from the Tariff as it is no longer applicable as a result of removal of free footage.

UNSE's proposed Rules and Regulations includes the following language in Section 9: Line Extensions at item E:

Construction/Facilities Related Income Taxes

Any federal, state or local income taxes resulting from the receipt of a contribution in aid of construction in compliance with this rule is the responsibility of the Company and will be recorded as a deferred tax asset and reflected in the Company's rate base. (Emphasis added)³

Staff recommends removal of the italicized phrase above "and reflected in the Company's rate base" as it is unnecessary for a tariff to specify such a rate base treatment. Removal of the phrase would also make UNSE's line extension tariff consistent with Tucson Electric Power's line extension tariff as established in rate case Decision No. 70628 of December 2008.

Staff recommends that UNSE's proposed changes to Section 9: Line Extensions of UNSE's Rules and Regulations be approved, except for the modifications discussed herein.

Certain changes have been made to Section 6: Service Lines and Establishments to conform to the free footage change. Staff further recommends that UNSE's proposed changes to Section 6: Service Lines and Establishments also be approved to conform to the free footage change.

for 
Steven M. Olea
Director
Utilities Division

SMO:SPI:lhM\MAS

ORIGINATOR: Steve Irvine

² Ibid. Page 29 of 59.

³ Ibid.

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BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES
Chairman

GARY PIERCE
Commissioner

PAUL NEWMAN
Commissioner

SANDRA D. KENNEDY
Commissioner

BOB STUMP
Commissioner

IN THE MATTER OF UNS ELECTRIC,
INC.'S APPLICATION FOR APPROVAL OF
REVISIONS TO ITS LINE EXTENSION
TARIFF

DOCKET NO. E-04204A-06-0783

DECISION NO. _____

ORDER

Open Meeting
September 22 and 23, 2009
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. UNS Electric, Inc. ("UNSE" or "Company") is certificated to provide electric service as a public service corporation in the State of Arizona.
2. Pursuant to Commission Decision No. 70360 issued on May 27, 2008, UNSE filed an application to revise its Rules and Regulations in order to eliminate the free footage allowance contained in its line extension tariff (Section 9).
3. UNSE's current line extension tariff allows for 400 feet of free footage. In other words, customers needing a line extension in excess of 400 feet do not pay for the cost associated with the first 400 feet of the line extension.
4. The proposed tariff revisions also include a transition plan. The plan is as follows:

Transition Period for Elimination of Free Footage

From the effective date of these Rules and Regulations, there is a six (6) month grace period for Customers, developers and subdividers to execute a line extension agreement or receive approval on a new service application from the Company in order to be eligible for the line extension

1 policy in effect between August 11, 2003 and May 31, 2008. Those new
2 applicants must make provisions for the Company to install and energize
3 the extension and service facilities within eighteen (18) months from the
4 date of their respective agreement and/or application. In addition, all
5 existing approved line extension agreements and service applications will
6 be grandfathered in under the policy in effect from August 11, 2003 to
7 May 31, 2008. Grandfathered Customers must make provisions for the
8 Company to install and energize the extension and service facilities within
9 eighteen (18) months from the effective date of these Rules and
10 Regulations or they will be subject to the new line extension policy.¹

11 5. This proposed language would provide a transition period for customers to make
12 appropriate plans prior to the elimination of the free footage. Dates contained in this passage,
13 however, are outdated and would need to be updated to reflect the timing of the Decision rendered
14 in this matter. Staff has recommended that both references to May 31, 2008 be changed to reflect
15 the date prior to the effective date of the Rules and Regulations approved in the Decision in this
16 matter.

17 6. UNSE's proposed Rules and Regulations includes the following language in the
18 Introduction of Section 9: Line Extensions:

19 A standard policy has been adopted to provide service to Customers
20 whose requirements are deemed by the Company to be economical and
21 ordinary in nature.²

22 7. Staff has recommended that this sentence be removed from the Tariff as it is no
23 longer applicable as a result of the removal of the free footage.

24 8. UNSE's proposed Rules and Regulations includes the following language in
25 Section 9: Line Extensions at item E:

26 Construction/Facilities Related Income Taxes

27 Any federal, state or local income taxes resulting from the receipt of a
28 contribution in aid of construction in compliance with this rule is the
responsibility of the Company and will be recorded as a deferred tax asset
and reflected in the Company's rate base. (Emphasis added)³

¹ Application: Proposed Rules and Regulations. Page 37 of 59.

² *Ibid.* Page 29 of 59.

³ *Ibid.*

1 IT IS THEREFORE ORDERED that UNS Electric, Inc. make all conforming changes to
2 its Rules and Regulations.

3 IT IS FURTHER ORDERED that UNS Electric, Inc. shall docket, as a compliance item in
4 this matter, tariff pages for the revised Rules and Regulations, including a revised Line Extension
5 Tariff, consistent with the terms of this Decision within 15 days from the effective date of this
6 Decision.

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

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9 **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, ERNEST G. JOHNSON,
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 _____, 2009.

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ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

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DISSENT: _____

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DISSENT: _____

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SMO:SPI:lhM\MAS

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