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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
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ARIZONA CORP. COMM
400 W CONGRESS STE 218 TUCSON AZ 85704

IN THE MATTER OF THE APPLICATION OF
UNS ELECTRIC, INC. FOR APPROVAL OF
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.

Docket No. E-04204A-06-0783

Response to a Procedural Order and a
Motion that One Issue Remain Open

21 December 2009

This filing is in response to a Commission Procedural Order of 8 December 2009 for this docket that is reviewing compliance issues. This party takes no exception to the compliance discussion concerning two issues (student loans and the 32 defective utility pole and underground cable projects).

It is requested that the issue concerning notification of customers on life support equipment during an outage remain open that is discussed on pages 58, 59 and 88 of ACC Decision No. 70360 and that it be continued in parallel with Docket No. E-04204A-08-0589.

The following Attachment 1 contains rationale that shows only partial compliance has been met by UNS Electric, Inc., and that full compliance with the Order remains open.

I certify this filing has been mailed to the parties on the Service List on this date.

Respectfully submitted on this 21st day of December 2009.

Arizona Corporation Commission

DOCKETED

DEC 23 2009

DOCKETED BY

MARSHALL MAGRUDER

By

Marshall Magruder
PO Box 1267
Tubac, Arizona 85646
(520) 398-8587
marshall@magruder.org

Attachment:

1 – Rationale Showing that Full Compliance Has Not Been Met for the Issue Involving Notification of Customers on Life Support Equipment During an Electrical Outage

Service List

Original and 14 copies of the foregoing are filed this date:

Docket Control (13 copies)

Arizona Corporation Commission

1200 West Washington Street

Phoenix, Arizona 85007-2927

ACC Staff (1 copy)

Kevin Torres, Legal Department

Jane L. Rodda, Administrative Law Judge (1 copy)

Hearing Division, Arizona Corporation Commission, Room 218

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(without attachments)

Dan Pozefsky, Chief Counsel

Residential Utility Consumer Office (RUCO)

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Phoenix, Arizona 85007-2958

Interested Parties (1 copy each) are filed this date by email:

Santa Cruz County Board of Supervisors:

John Maynard, Chairman

Santa Cruz County Sheriff Department:

Tony Estrada, County Sheriff

Santa Cruz County Complex

2150 North Congress Drive

Nogales, Arizona 85621-1090

City of Nogales

Jaime Fontes, City Manager

John Kissinger, Assistant City Manager

Jose Machado, City Attorney

Mike Masee, Deputy City Attorney

Nogales City Hall

777 North Grand Avenue

Nogales, Arizona 85621-2262

1 **Attachment 1**

2
3 **Rationale Showing that Full Compliance Has Not Been Met for the Issue Involving Notification of**
4 **Customers on Life Support Equipment During an Electrical Outage**

5 1. BACKGROUND. During the subject UNS Electric rate case, this party recommended that a
6 procedure be established whereby customers on life support equipment can be notified of an
7 electrical outage. This party views this as an important safety issue with a fairly simple solution.
8 The solution offered was that the Company surveys its customers at least annually to determine
9 those that are on life support equipment and that these customers apply for such notification.
10 Based on the application and data available to the company, including the distribution line is used
11 by that customer and then grouping by such lines, a list of all customers on life support can be
12 sorted by distribution line numbers. This list is provided to the Santa Cruz County dispatch
13 centers, one list for the City of Nogales managed by the City of Nogales Police Department, and
14 one list for the rest of the county managed by the County Sheriff. When the Tucson (TEP/UNSE)
15 Control determines that there is an outage, they also will know which feeder lines are impacted.
16 Based on this, then the life support customers that are having an outage can quickly be
17 determined and simply by a phone call to the County dispatch center which will coordinate
18 assignment of notifications to the appropriate first responders based on this list. The assigned
19 first responder will usually telephone to make the notification and if that is not successful, a first
20 responder will go make the notification physically with the person on life support equipment. To
21 implement such a program a Memorandum of Understanding between the County Sheriff and
22 UNS Electric is essential so that issues such a liability are understood and included in the signed
23 customer notification, the process be written so that check sheets, or equivalent, be coordinated
24 between UNSE and the county, and most importantly, customer privacy protection be clearly
25 implemented in this program.

26 This background description is a summary of what this party feels is the best process to
27 implement a local program to notify customers on life support during an electrical outage.

28 2. ACC Decision No. 70360. The results of the hearing are provided on pages 58 and 59 of ACC
29 Decision No. 70360 of 27 May 2008. This is quoted below:

30 Quote:

31 Outages for Customers on Life Support Equipment

32 Mr. Magruder proposed that UNSE be required to indentify **all customers** that have life
33 support equipment, its type and battery capabilities, and provide that information to local
34 law enforcement offices so that public safety agencies would be able to check on such
35 customers during power outages.

UNSE responded that it is opposed to sharing customer information with third parties
but, even if it could share such information, the Company is not able to reliability track
where specific customers are located on its system (Ex. A-22, at 6). UNSE claims that is uses
outage status recordings to inform customers, but the Company has no way of knowing
whether every specific customer has a sufficient backup supply for a certain period of
outage. However, UNSE witness James Pignatelli stated that the Company is willing to work
with safety response agencies regarding this issue (TR 71-72).

1 Although we do not believe Mr. Magruder's suggested remedies are necessarily the
2 best way to address the issue he raised, given Mr. Pignatelli's commitment to work with
3 appropriate agencies, we direct the Company to file within 90 days of the effective date of
4 this Decision a statement regarding suggested changes to its procedures that may address
5 the concerns raised by Mr. Magruder on this issue.

6 End quote. [Emphasis added in the first line of the first paragraph above, not in original]

7 ACC Decision No. 70360 implemented the above on page 80 of this decision as quoted below:

8 Quote

9 IT IS FURTHER ORDERED that UNS Electric, Inc., shall file to file, within 90 days of the
10 effective date of this Decision, a statement regarding suggested changes to its procedures
11 that may address the concerns raised by Mr. Magruder customers on life support
12 equipment.

13 End Quote.

14 3. The remaining open issues. There are two.

- 15 a. The company has not designed this program to meet the needs of **all customers**, as stated in line
16 of the first quote from the ACC Decision. It has implemented a program that is only for lower
17 income customers that have also applied for lower rates as described in the CARES program.
18 This deficiency has not been remedied; therefore complete compliance has not been met.
- 19 b. The company has not made any agreements with the County law enforcement agencies, as a
20 Memorandum of Understanding (MOU) need to be jointly developed by the Sheriff and the
21 company. Sheriff Estrada has told me this is required before for such a program can be put
22 implemented.

23 4. Discussion concerning issue (a) above.

24 There are no restrictions in the ACC Decision to only implement a program for customers in the
25 CARES program, which is not mentioned in this part of the Decision. Further, as shown in Enclosure
26 (1),¹ at least 27% of the customers are in the lower income category; however, only 6.1% of these
27 eligible customers are CARES program customers. Therefore, 93.9% of the UNS Electric customers are
28 not included in the group of customers eligible for being notified during an electrical outage. There
29 are no income limitations for anyone on life support equipment.

30 Separate from this docket, but in ACC Docket No. E-04204A-08-0589, additional Data Request
31 responses are being reviewed. Based on the outcome, a clear picture will be provided to all parties.

32 This party has volunteered to use my good offices to facilitate development of a MOU and design
33 an Application to gather the necessary data. The company has not responded positively to my
34 requests.

35 The Commission Procedural Order of 8 December 2009 did not address this issue.

5. Discussion concerning issue (b) above.

¹ Enclosure (1) is UNSG Exhibit 44 in the ongoing UNS Gas rate case, ACC Docket No. 04204A-08-0571. UNS Gas service territory is for additional counties than Santa Cruz; mostly with higher income levels than this county. Thus, 27% appears to be lower than the actual percent eligible for CARES. Qualifications for UNSE and UNSG CARES is identical.

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For this kind of program that coordinates the actions of two organizations, an agreement between them is the best way to ensure each party performs as expected, that important issues including liability and customer security are understood by both sides, and for training personnel to follow the Agreement. Without such an agreement, this program can not be implemented using law enforcement, first responders, and the command and control facilities operated by the dispatch centers. There appears to be absolutely no opposition to this program, only that this administrative and legal detail be satisfied.

6. Conclusions.

- a. Issue (a) has only partially been resolved.
- b. Issue (b) has not even been started.

7. Recommendations.

- a. That UNS Electric revise the restricted present program to include all UNS Electric customers to be eligible to participate in this notification program, upon application and receipt of appropriate life support information.
- b. That UNS Electric obtains an Agreement between the company and a notification agency in Santa Cruz County.
- c. Upon completion of a. and b. above, then the company shall file a letter to the Commission stating that Full Compliance has been accomplished.

Enclosure (1) – UNS Gas Exhibit 44 in ACC Docket No. G-042040-08-0571.

1 Enclosure (1)

2
3 UNS Gas Exhibit 44 in ACC Docket No. G-042040-08-0571.

4
5 CARES Customer Analysis

6 Census data shows that around 27% of households in our service territory have household incomes less than
7 or equal to 150% of the Federal poverty levels, and another 12% of households have incomes between 150%
8 and 200% of poverty

9 Our CARES program has around 8,000 subscribers out of around 132,000 residential customers (May 2009).

10
11 Applying poverty percentages to our customer base, the customer estimates are:

12

Poverty Level	Customers	Share
13 150% or less	35,640	27%
14 150%-200%	15,840	12%
15 over 200%	80,520	61%
16 Total	132,000	100%

17

18 Applying a 22.4% low income program participation rate (actual current participation rate),
19 the estimated subscription is:

20

Poverty Level	Participating Customers
21 150% or less	8,000
22 150%-200%	3,556

23
24
25

26 Rate impact on non-CARES customers of current CARES program and participation rate is
27 approximately \$4.00 per customer annually.

28
29 Rate impact on non-CARES customers if CARES program is expanded to 200% FPL and
30 participation rate remains constant is approximately an additional \$2.00 for an overall impact of
31 \$6.00 per customer annually.

