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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

COMMISSIONERS

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AZ CORP COMMISSION
DOCKET CONTROL

JUN 3 2011

DOCKETED BY [Signature]

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

DOCKET NO. G-04204A-11-0158

**RATE CASE
PROCEDURAL ORDER**

BY THE COMMISSION:

On April 4, 2011, UNS Gas, Inc. ("UNS Gas" or "Company") filed an application with the Arizona Corporation Commission ("Commission") for a rate increase.

On May 9, 2011, the Commission's Utilities Division ("Staff") notified the Company that its application met the sufficiency requirements of A.A.C. R14-2-103, and classified the Company as a Class A utility.

On May 10, 2011, the Residential Utility Consumer Office ("RUCO") filed an Application to Intervene, which was granted on May 23, 2011.

By Procedural Order dated May 18, 2011, a Procedural Conference was scheduled for May 27, 2011, for the purposes of discussing a hearing schedule and form of public notice.

On May 20, 2011, Staff filed a Request for Procedural Schedule. Staff's proposed schedule would provide an opportunity for the parties to engage in settlement discussions as well as an alternative schedule to be followed in the event that a settlement agreement is not reached. Staff's proposed settlement procedural schedule is as follows:

Staff/Intervenor Direct Testimony	October 28, 2011
Staff/Intervenor Rate Design Testimony	November 11, 2011
Commencement of Settlement Discussions	November 14, 2011
Settlement Agreement filed	December 9, 2011

1	Testimony in Support/Opposition	December 23, 2011
2	Prehearing Conference	January 6, 2012
3	Hearing	January 9, 2012

4 In the event a settlement agreement is not reached, Staff proposes the following alternative
5 procedural schedule:

6	Staff/Intervenor Direct Testimony	October 28, 2011
7	Staff/Intervenor Rate Design	November 11, 2011
8	Commencement of Settlement Discussions	November 14, 2011
9	UNS Gas Rebuttal	December 9, 2011
10	Staff/Intervenor Surrebuttal	January 18, 2012
11	UNS Gas Rejoinder	January 30, 2012
12	Prehearing Conference	February 3, 2012
13	Hearing	February 6, 2012

14 On May 26, 2011, RUCO filed a Response to Staff's Procedural Schedule. RUCO did not
15 object to the proposed schedule if no settlement is reached, but is concerned that the settlement
16 schedule is too ambitious given holiday travel plans. RUCO proposed the following schedule in the
17 event a settlement is reached:

18	Testimony in Support Opposition	January 6, 2012
19	Prehearing Conference	January 20, 2012
20	Hearing	January 23, 2012

21 On May 27, 2011, Staff, UNS Gas and RUCO appeared telephonically at the Procedural
22 Conference. Staff and UNS Gas urged the adoption of Staff's schedule, while RUCO advocated a
23 later hearing date in the event of settlement. In addition, UNS Gas agreed to file a form of public
24 notice for use in this matter to be reviewed by Staff and RUCO.

25 Scheduling around the holidays is always a challenge. After careful consideration of the
26 parties' proposed schedules, and the tentative open meeting dates for 2012, it appears that in the case
27 of a settlement agreement, a hearing that commences on January 18, 2012, is reasonable, and should
28 give all parties an opportunity to make a thorough record. Consequently, in the case of a settlement,

1 the following schedule will apply:

2	Testimony in Support/Opposition	January 6, 2012
3	Prehearing Conference	January 12, 2012
4	Hearing	January 18, 2012

5 In the event of a settlement, the hearing will commence on January 18, 2012, and continue through
6 January 20, 2012 at the Commission's Tucson offices. If additional days of hearing are required, the
7 hearing will continue at the Commission's offices in Phoenix on January 23, 2012.

8 In the event there is not a settlement agreement, the hearing will commence on February 9,
9 2012, and continue through February 10, 2012, at the Commission's Tucson offices, and then
10 continue the week of February 13, 2012, at the Commission's Phoenix offices.

11 On June 1, 2012, UNS Gas filed a proposed form of public notice in this matter, which UNS
12 Gas states has been reviewed by Staff and RUCO.

13 Pursuant to A.A.C. R14-3-101, the Commission now issues this Procedural Order to govern
14 the preparation and conduct of this proceeding.

15 IT IS THEREFORE ORDERED that a **hearing in this matter is hereby scheduled to**
16 **commence on January 18, 2012, at 10:00 a.m.** in the event that a settlement agreement is reached
17 according to the proposed timeline above, or, alternatively, on **February 9, 2012, at 10:00 a.m. if a**
18 **settlement agreement is not reached.** The hearing will commence at the Commission's Tucson
19 offices 400 West Congress, Room 222, Tucson, Arizona 85701, and continue on subsequent days as
20 explained above.

21 IT IS FURTHER ORDERED that in the event of a settlement agreement, a **pre-hearing**
22 **conference shall be held on January 12, 2012, at 10:00 a.m., or in the event there is no**
23 **settlement agreement, on February 6, 2012,** at the Commission's Tucson Offices, Room 222, 400
24 West Congress, Tucson, Arizona, for the purpose of scheduling witnesses and the conduct of the
25 hearing. **Parties wishing to participate telephonically shall contact the Hearing Division at (602)**
26 **542-4250 prior to the Pre-hearing Conference date to obtain instructions for telephonic**
27 **participation.**

1 IT IS FURTHER ORDERED that **direct testimony** and associated exhibits (except that
2 related to rate design and cost of service) to be presented at hearing on behalf of **Staff and**
3 **intervenors shall be reduced to writing and filed on or before October 28, 2011.**

4 IT IS FURTHER ORDERED that **direct testimony** and associated exhibits **related to rate**
5 **design and cost of service** to be presented at hearing on behalf of **Staff and intervenors** shall be
6 reduced to writing and filed on or before **November 11, 2011.**

7 IT IS FURTHER ORDERED that **settlement discussions between the parties shall**
8 **commence by November 14, 2011, and if a settlement agreement is reached, it shall be filed by**
9 **December 9, 2011.**

10 IT IS FURTHER ORDERED that **in the event a settlement agreement is not reached,**
11 **rebuttal** testimony and associated exhibits to be presented at hearing by **UNS Gas** shall be reduced
12 to writing and filed on or before **December 9, 2011.**

13 IT IS FURTHER ORDERED that **if a settlement agreement is reached, testimony in**
14 **support of, or in opposition to, the settlement shall be filed by December 23, 2011.**

15 IT IS FURTHER ORDERED that **in the event there is no settlement agreement,** any
16 **surrebuttal testimony** and associated exhibits to be presented by **Staff or intervenors** shall be
17 reduced to writing and filed on or before **January 18, 2012.**

18 IT IS FURTHER ORDERED that any **rejoinder testimony and associated exhibits** to be
19 presented at hearing by **UNS Gas** shall be reduced to writing and filed on or before **January 30,**
20 **2012.**

21 IT IS FURTHER ORDERED that **all filings shall be made by 4:00 p.m. on the date the**
22 **filing is due, unless otherwise indicated above.**

23 IT IS FURTHER ORDERED that if a settlement is reached, any **objections to testimony or**
24 **exhibits that have been prefiled as of December 23, 2011, shall be made before, or at, the**
25 **January 12, 2012, pre-hearing conference.**

26 IT IS FURTHER ORDERED that if a settlement is not reached, any **objections to testimony**
27 **or exhibits that have been prefiled as of January 30, 2012, shall be made before, or at, the**
28 **February 6, 2012, pre-hearing conference.**

1 IT IS FURTHER ORDERED that each party shall individually prepare, and bring to the
2 January 12, 2012, or February 6, 2012 pre-hearing conferences, copies of an issues matrix
3 setting forth all disputed issues in the case. Each party's matrix shall indicate the position of
4 each party on each disputed issue and shall indicate whether the disputed issue remains in
5 dispute or has been resolved, in prefiled testimony or otherwise.

6 IT IS FURTHER ORDERED that all testimony filed shall include a table of contents which
7 lists the issues discussed.

8 IT IS FURTHER ORDERED that any substantive corrections, revisions, or supplements to
9 prefiled testimony, with the exception of rejoinder testimony, shall be reduced to writing and filed no
10 later than five calendar days before the witness is scheduled to testify. Substantive corrections,
11 revisions, or supplements to prefiled rejoinder testimony shall be reduced to writing and presented on
12 the first day of hearing.

13 IT IS FURTHER ORDERED that the parties shall prepare a brief, written summary of the
14 prefiled testimony of each of their witnesses and shall file each summary at least two working
15 days before the witness is scheduled to testify.

16 IT IS FURTHER ORDERED that copies of summaries shall be served upon the
17 Administrative Law Judge, the Commissioners, and the Commissioners' aides as well as the parties
18 of record.

19 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,
20 except that all motions to intervene must be filed on or before October 7, 2011.

21 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and
22 regulations of the Commission, except that until December 9, 2011, any objection to discovery
23 requests shall be made within 7 calendar days of receipt¹ and responses to discovery requests shall be
24 made within 10 calendar days of receipt. Thereafter, objections to discovery requests shall be made
25 within 5 calendar days and responses shall be made within 7 calendar days. The response time may
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28 ¹ The date of receipt of discovery requests is not counted as a calendar day, and requests received after 4:00 p.m. MST will be considered as received the next business day.

1 be extended by mutual agreement of the parties involved if the request requires an extensive
2 compilation effort.

3 IT IS FURTHER ORDERED that for discovery requests, objections, and answers, if a
4 receiving party requests service to be made electronically, and the sending party has the technical
5 capability to provide service electronically, service to that party shall be made electronically.

6 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel
7 discovery, any party seeking resolution of a discovery dispute may telephonically contact the
8 Commission's Hearing Division to request a date for a procedural hearing to resolve the discovery
9 dispute; that upon such a request, a procedural hearing will be convened as soon as practicable; and
10 that the party making such a request shall forthwith contact all other parties to advise them of the
11 hearing date and shall at the hearing provide a statement confirming that the other parties were
12 contacted.²

13 IT IS FURTHER ORDERED that any motions which are filed in this matter and which are
14 not ruled upon by the Commission within 20 calendar days of the filing date of the motion shall be
15 deemed denied.

16 IT IS FURTHER ORDERED that any responses to motions shall be filed within five calendar
17 days of the filing date of the motion.

18 IT IS FURTHER ORDERED that any replies shall be filed within five calendar days of the
19 filing date of the response.

20 IT IS FURTHER ORDERED that the Company shall provide public notice of the hearing in
21 this matter, in the following form and style with the heading in no less than 14-point bold type and
22 the body in no less than 10-point regular type:

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² The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations before seeking Commission resolution of the controversy.

1 **PUBLIC NOTICE OF HEARING ON THE APPLICATION OF UNS GAS, INC.**
2 **FOR A PERMANENT BASE RATE INCREASE**
3 **(DOCKET NO. G-04204A-11-0158)**

4 **Summary**

5 On April 8, 2011, UNS Gas, Inc. (“UNS Gas” or “Company”) filed an application
6 with the Arizona Corporation Commission (“Commission”) for a permanent base
7 rate gross revenue increase of \$5.6 million, or 4 percent over current revenues.
8 For residential customers (R10), the Company’s application requests an increase
9 in the fixed monthly customer charge from the current \$10.00 rate to \$11.00.

10 As an example, if the Company’s proposal were to be adopted by the Commission
11 in its entirety, a residential customer with 20 therms of usage would experience a
12 base rate increase of \$1.11 per month over current rates. Including the current
13 cost of gas of \$0.6593 cents per therm, with 20 therms of usage, a current
14 residential customer bill would increase from \$29.90 to \$31.01 (3.71 percent over
15 current rates).

16 As a further example, if the Company’s proposal were to be adopted by the
17 Commission in its entirety, a residential customer with 100 therms of usage would
18 experience a base rate increase of \$1.54 per month over current rates. Including
19 the current cost of gas of \$0.6593 cents per therm, with 100 therms of usage, a
20 current residential customer bill would increase from \$109.47 to \$111.01 (1.41
21 percent over current rates).

22 These examples are for illustrative purposes only and the actual percentage rate
23 increase for individual customers would vary depending upon the type and
24 quantity of service provided.

25 In its application, UNS Gas also is requesting, among other things, approval of a
26 Conservation Adjustment Tracker, which is a revenue decoupling mechanism that
27 the Company believes will encourage effective implementation, and mitigate
28 negative financial impacts, of energy efficiency programs under the
29 Commission’s Gas Energy Efficiency Rules. The Company proposes to track an
30 “authorized” margin by customer class, and to submit an annual filing for
31 approval by the Commission of a surcharge or sur-credit that will be designed to
32 adjust the Company’s revenues to the “authorized” level in the prior rate case.

33 The Commission’s Utilities Division Staff (“Staff”) is in the process of auditing
34 and analyzing the application, and has not yet made any recommendations
35 regarding UNS Gas’s proposed rate increase. The Residential Utility Consumer
36 Office is also a party to this proceeding and will analyze the application and make
37 recommendations to the Commission. The Commission will determine the
38 appropriate relief to be granted based on the evidence presented by the parties.
39 The Commission is not bound by the proposals made by UNS Gas, Staff, or any
40 intervenors; therefore, the final rates approved by the Commission may be higher
41 or lower than the rates requested by the Company.

1 **How You Can View or Obtain a Copy of the Rate Proposal**

2 Copies of the application and proposed rates are available from UNS Gas
3 **[COMPANY INSERT HOW AND WHERE AVAILABLE FOR EACH**
4 **DISTRICT AS APPROPRIATE FOR EACH MAILING/PUBLICATION]**
5 and at the Commission's Docket Control Center at 1200 West Washington,
6 Phoenix, Arizona, for public inspection during regular business hours and on the
7 Internet via the Commission's website (www.azcc.gov) using the e-Docket
8 function.

9 **Arizona Corporation Commission Public Hearing Information**

10 The Commission will hold a hearing on this matter beginning on January 18,
11 2012, at 10:00 a.m. if settlement agreement is reached and filed by December 9,
12 2012, or, alternatively, beginning on February 9, 2012, at 10:00 a.m. if a
13 settlement agreement is not reached. The hearing will commence at the
14 Commission's Tucson offices, Room 222, 400 West Congress St, Tucson,
15 Arizona 85701. Public comments will be taken on the first day of the hearing.
16 Written public comments may be submitted by mailing a letter referencing
17 Docket No. G-04204A-11-0158 to Arizona Corporation Commission, Consumer
18 Services Section, 1200 West Washington, Phoenix, AZ 85007, or by e-mail. For
19 a form to use and instructions on how to e-mail comments to the Commission, go
20 to http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf. If you
21 require assistance, you may contact the Consumer Services Section at 1-800-222-
22 7000.

23 **About Intervention**

24 The law provides for an open public hearing at which, under appropriate
25 circumstances, interested parties may intervene. Any person or entity entitled by
26 law to intervene and having a direct and substantial interest in the matter will be
27 permitted to intervene. If you wish to intervene, you must file an original and 13
28 copies of a written motion to intervene with the Commission no later than [date],
and send a copy of the motion to UNS Gas or its counsel and to all parties of
record. Your motion to intervene must contain the following:

1. Your name, address, and telephone number, and the name, address, and
telephone number of any party upon whom service of documents is to be made, if
not yourself;
2. A short statement of your interest in the proceeding (e.g., a customer of
UNS Gas, a shareholder of UNS Gas, etc.); and
3. A statement certifying that you have mailed a copy of the motion to
intervene to UNS Gas or its counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105,
except that all motions to intervene must be filed on or before October 7, 2011. If
representation by counsel is required by Rule 31 of the Rules of the Arizona
Supreme Court, intervention will be conditioned upon the intervenor obtaining

1 counsel to represent the intervenor. For information about requesting
2 intervention, visit the Commission's website at
3 <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>. The granting of
4 intervention, amount other things, entitles a party to present sworn evidence at
5 hearing and to cross-examine other witnesses. However, failure to intervene will
6 not preclude any interested person or entity from appearing at the hearing and
7 providing public comment on the application or from filing written comments in
8 the record of the case.

6 **ADA/Equal Access Information**

7 The Commission does not discriminate on the basis of disability in admission to
8 its public meetings. Persons with a disability may request a reasonable
9 accommodation such as a sign language interpreter, as well as request this
10 document in an alternative format, by contacting the ADA Coordinator, Shaylin
11 Bernal, e-mail SABernal@azcc.gov, voice phone number (602)-542-3931.
12 Requests should be made as early as possible to allow time to arrange the
13 accommodation.

11 IT IS FURTHER ORDERED that UNS Gas shall **mail** to each of its customers a copy of the
12 above notice, (may be included as a bill insert) **such mailing to be complete by August 15, 2011**,
13 and shall cause a copy of such notice to be **published** at least once in a newspaper of local circulation
14 in the Company's service territories, with **publication to be completed no later than August 15,**
15 **2011.**

16 IT IS FURTHER ORDERED that **UNS Gas shall file certification of mailing/publication** as
17 soon as practicable after the mailing/publication has been completed.

18 IT IS FURTHER ORDERED that notice shall be deemed complete upon mailing/publication
19 of same, notwithstanding the failure of an individual customer to read or receive the notice.

20 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules
21 of the Arizona Supreme Court and A.R.S. § 40-243 with respect to the practice of law and admission
22 *pro hac vice*.

23 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance
24 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the
25 Rules of the Arizona Supreme Court). Representation before the Commission includes appearances
26 at all hearings and procedural conferences, as well as all Open Meetings for which the matter is
27 scheduled for discussion, unless counsel has previously been granted permission to withdraw by the
28

1 Administrative Law Judge or the Commission.

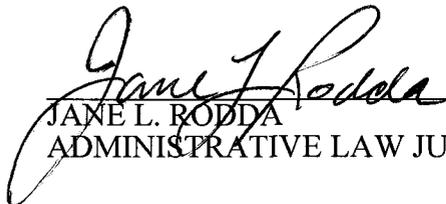
2 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized
3 Communications) applies to this proceeding and shall remain in effect until the Commission's
4 Decision in this matter is final and non-appealable.

5 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended
6 pursuant to Rule 6(a) or (e) of the Rules of Civil Procedure.

7 IT IS FURTHTER ORDER that consistent with the Company's consent at the May 27, 2010,
8 the deadline for a final order in this matter shall be the later of the deadline determined based on
9 Commission Rules, or the end of May 2012.

10 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,
11 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at
12 hearing.

13 DATED this 2nd day of June, 2011.

14
15 
16 JANE L. RODDA
ADMINISTRATIVE LAW JUDGE

17 Copies mailed this 2nd day
of June, 2011 to:

18 Phillip J. Dion, Esq.
19 Melody Gilkey, Esq
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26
27 By: 
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