

TEP Rate Case
E-01933A-07-0402
E-01933A-05-0650

ORIGINAL



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COMMISSIONERS
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BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

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ARIZONA CORPORATION COMMISSION

Gary Pierce
Chairman

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AZ CORP COMMISSION
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JUN 3 2011

Arizona Corporation Commission
DOCKETED

JUN 3 2011

Parties to TEP Rate Case
Docket Nos. E-01933A-07-0402 and E-01933A-05-0650; and
Stakeholders of Generic Line Extension Docket
Docket No. E-00000J-10-0044

DOCKETED BY

Re: Potential Reinstatement of TEP's Historic Line Extension Tariff

Dear Parties and Interested Stakeholders:

Earlier this year on January 4th, the Commission voted pursuant to A.R.S. § 40-252 to reopen UNS Electric, Inc.'s most recent rate decision (ACC Decision No. 71914) for the narrow¹ and targeted purpose of considering whether to reinstate UNS Electric's historic line extension policy. One week later, on January 11, 2011, the Commission conducted a hearing and amended Decision No. 71914 to reinstate UNS Electric's line extension policy. The reinstatement of UNS Electric's line extension tariff was welcomed by local residents, supported by community leaders and recognized as a positive development for the local economy.

In April, I received the attached letter from representatives from several chambers of commerce and construction organizations in Southern Arizona requesting the Commission initiate a similar proceeding to reinstate Tucson Electric Power Company's historic line extension tariff that was changed by Decision No. 70628. On April 27th, the Commission held a Staff Meeting and directed Commission Staff to file sample language for the reinstatement of TEP's line extension policy for the Commission's review and consideration. Staff filed its sample language in Docket Nos. E-01933A-07-0402 and E-01933A-05-0650 on June 1.

In the coming weeks, I intend to ask the Commission to vote on the request to reopen TEP's last rate case for the sole purpose² of considering whether to reinstate TEP's line extension policy. The purpose of this letter is to invite your comments, as interested stakeholders in TEP's last rate case and in the Commission's generic line extension docket, regarding:

- (1) Whether the Commission should reinstate TEP's historic line extension policy by narrowly reopening TEP's last rate case pursuant to A.R.S. § 40-252,
- (2) Whether Staff's sample language is the best way to accomplish such reinstatement, and
- (3) The process the Commission should utilize in considering this matter.

¹ UNS Electric's authorized revenues and rates were not subject to change in the 40-252 proceeding.

² TEP's authorized revenues would not be subject to change, and its rates and charges to customers could not be increased.

It is my hope that the Commission could act on this matter in a narrow and expeditious manner, similar to that employed by the Commission in the UNS Electric case. Assuming the Commission votes to reopen TEP's rate case, and depending upon the stakeholder responses I receive, I would expect the Commission to be in a position to issue a final decision in the 40-252 proceeding on or before July 13, 2011.

In your comments, please respond to the following questions:

- (1) Would you oppose the reopening of Decision No. 70628 for the narrow purpose of considering a reinstatement of TEP's line extension tariff? If so, what is the basis of your opposition?
- (2) Is there an alternative proposal for reinstating TEP's line extension tariff that you would recommend/support? If so, please provide the language of that proposal.
- (3) If the Commission reopens Decision No. 70628 in order to consider reinstating TEP's line extension tariff, would you desire an evidentiary hearing to present sworn testimony and/or other evidence regarding the proposed reinstatement? If so, what is the nature of the evidence you want to present?

Thank you for your interest in this matter. Please file any comments to this letter by June 15, 2011; your specific responses to my questions will be helpful to my future consideration of these issues.

Thank you,



Chairman Pierce

CC.

Commissioner Bob Stump
Commissioner Sandra D. Kennedy
Commissioner Paul Newman
Commissioner Brenda Burns

Ernest Johnson
Janice Alward
Lyn Farmer
Steve Olea

Rebecca Wilder
Lori Lustig



SENT VIA ELECTRONIC EMAIL

April 19, 2011



The Honorable Gary Pierce
Chairman, Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

RE: Reinstatement of TEP's Line Extension Policy



Dear Chairman Pierce:

On behalf of the approximately 2,000 businesses our organizations represent, and the more than 100,000 people they employ, we write asking for your assistance on a very important matter. Changes to the rules, regulations and line extension policies for electric utilities have had the unintended consequence of impeding new real estate and construction projects in Southern Arizona and around the state. This regulatory hurdle is adversely impacting Arizona businesses and stifling job creation.

IPA Metropolitan Pima Alliance

We applaud the Commission for initiating workshops and for reinstating UNS Electric's line extension policy (Decision No. 72095). We request similar action to reinstate the line extension policy for Tucson Electric Power. We believe this can be done in a very narrow, specific and targeted way, similar to the approach adopted in the UNS Electric case mentioned above, that is satisfactory to all parties.



Given the importance of this issue for the economic prosperity of Southern Arizona, we are committed to working collaboratively with the Commission and TEP on a "win-win" solution. Our organizations look forward to your response.



Sincerely,

Amber Smith, Executive Director, Metropolitan Pima Alliance
David Godlewski, Interim-President, Southern Arizona Home Builders Association
David Pittman, Director, Arizona Builders Alliance
Jim Kuliesh, Executive Director, Alliance for Construction Trades
Lea Marquez-Peterson, President, Tucson Hispanic Chamber of Commerce
Michael McDonald, Executive Director, Habitat for Humanity
Robert Medler, Government Affairs Director, Tucson Metro Chamber of Commerce
Clarence Boykins, Tucson-Southern Arizona Black Chamber of Commerce



**Tucson-Southern Arizona
Black Chamber of Commerce**