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BEFORE THE ARIZONA CORPORATION COMMISSION

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2012 FEB - 1 P 4: 15

AZ CORP COMMISSION  
DOCKET CONTROL

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 THE PROPERTIES OF UNS  
GAS, INC. DEVOTED TO ITS OPERATIONS  
THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. G-04204A-11-0158

**NOTICE OF ERRATA**

UNS Gas, Inc., through undersigned counsel, hereby files corrected Exhibits CAJ-11 and CAJ-12 to the Rejoinder Testimony of Craig A. Jones.

RESPECTFULLY SUBMITTED this 7<sup>th</sup> day of February 2012.

UNS Gas, Inc.

Arizona Corporation Commission  
**DOCKETED**

FEB - 7 2012

DOCKETED BY

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1 Original and 13 copies of the foregoing  
2 filed this 7<sup>th</sup> day of February, 2012, with:

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 West Washington Street  
6 Phoenix, Arizona 85007

7 Copy of the foregoing hand-delivered/mailed  
8 this 7<sup>th</sup> day of February, 2012, to:

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EXHIBIT

CAJ-11

# UNS GAS PLAN OF ADMINISTRATION LOST FIXED COST RECOVERY

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### 1. General Description

This document describes the plan of administration for the LFCR mechanism approved for UNS Gas, Inc. (“UNSG” or “Company”) by the Arizona Corporation Commission (“ACC”) on [insert date] in Decision No. XXXX. The LFCR mechanism provides for the recovery of lost fixed costs, as measured by revenue, associated with the amount of energy efficiency (“EE”) savings that is authorized by the Commission and determined to have occurred. Costs to be recovered through the LFCR include the the fixed cost portion of the delivery charges for all applicable rate classes.

### 2. Definitions

Applicable Company Revenues - The amount of revenue generated by sales to retail customers, for all applicable rate schedules, less the amount of revenue attributable to sales to Opt-Out residential customers.

Current Period - The most recent adjustment year.

Delivery Revenue - The amount determined at the conclusion of a rate case by multiplying residential, residential CARES, small commercial and small public authority adjusted test year billing determinants (therms) by their approved fixed cost-related delivery charges.

EE Programs - Any program approved in UNSG’s implementation plan.

EE Savings - The amount of sales, expressed in therms, reduced by EE as demonstrated by the Measurement, Evaluation, and Reporting (“MER”) conducted for EE programs. EE Savings shall be pro-rated for the number of days that new base rates are in effect during the initial implementation of the LFCR. The calculation of EE Savings will consist of the following by class:

1. Cumulative Verified: The cumulative total therm reduction as determined by the MER using the effective date of UNSG’s most recent general rate case as a starting point.
2. Current Period: The annual EE related sales reductions (therms). Each year, UNSG will use actual MER data through December to calculate savings.
3. Excluded therm reduction: The reduction of recoverable EE Savings calculated as follows: (1) for residential opt-out customers by, dividing the number of Opt-Out residential customers by the total number of residential customers and multiplying that result by the Current Period Savings, and (2) for large commercial and industrial customers, by subtracting the amount of EE Savings actually achieved by customers on Excluded Rate Schedules.

Excluded Rate Schedules - The LFCR mechanism shall not apply to lighting, irrigation, compressed natural gas and the larger customer classes [C-22, I-30, I-32, PA-42, PA-44, IR-60, T-2].

LFCR Adjustment - An amount calculated by dividing Lost Fixed Cost Revenue by the Applicable Company Revenues. This adjustment percentage will be applied to all customer bills, excluding those on Excluded Rate Schedules.

Lost Fixed Cost Rate - A rate determined at the conclusion of a rate case by taking the sum of allowed Delivery Revenue for each rate class and dividing each by their respective class adjusted test year therm billing determinants.

Lost Fixed Cost Revenue - The amount of fixed costs not recovered by the utility because of EE during the measurement period. This amount is calculated by multiplying the Lost Fixed Cost Rate by Recoverable Therm Savings, by rate class.

Opt-Out – The rate schedule choice for residential customers to Opt-Out of the LFCR in the form of an optional residential tariff rate. The number of Opt-Out customers will be expressed as the annual average number of customers “Opting-Out” over the Current Period. The LFCR mechanism shall not be applied to residential customers who choose the Opt-Out provision. This rate will be made available to customers at the time of the first LFCR adjustment.

Prior Period - The 12 months preceding the Current Period.

Recoverable Therm Savings - The sum of EE Savings by applicable rate class.

### *3. LFCR Annual Incremental Cap*

The LFCR Adjustment will be subject to an annual 1% year over year cap based on Applicable Company Revenues. If the annual LFCR Adjustment results in a surcharge and the annual incremental increase exceeds 1% of Applicable Company Revenues, any amount in excess of the 1% cap will be deferred for collection until the first future adjustment period in which including such costs would not cause the annual increase to exceed the 1% cap. The one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release H-15 or its successor publication will be applied annually to any deferred balance. The interest rate shall be adjusted annually and shall be that annual rate applicable to the first business day of the calendar year.

### *4. Filing and Procedural Deadlines*

UNSG will file the calculated Annual LFCR Adjustment, including all Compliance Reports, with the Commission for the previous year by ~~April 15<sup>th</sup>~~ May 1st with an anticipated effective date of July 1, unless otherwise ordered by the Commission. The new LFCR Adjustment will not go into effect until approved by the Commission.

### *5. Compliance Reports*

UNSG will provide comprehensive compliance reports to Staff and the Residential Utility Consumer Office. The information contained in the Compliance Reports will consist of the following schedules:

- Schedule 1 : LFCR Annual Adjustment Percentage
- Schedule 2: LFCR Annual Incremental Cap Calculation
- Schedule 3: LFCR Calculation
- Schedule 4: LFCR Test Year Rate Calculation
- Schedule 5: Delivery Revenue Calculation

Schedules 1 through 5, attached hereto, will be submitted with UNSG's annual compliance filing.

EXHIBIT

CAJ-12



**UNS Gas, Inc.**  
**Pricing Plan R-10**  
**Residential Gas Service**

**UNS Gas, Inc.**

Original Sheet No.: 101  
 Superseding: \_\_\_\_\_

Residential Gas Service

AVAILABILITY

In all territories served by Company at all points where facilities for gas service are available to the premise served.

APPLICABILITY

Subject to availability, at point of delivery, to residential gas service in individual residences and individually metered apartments when all service is metered through one meter.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan herein:

	With LFCR	w/o LFCR
Minimum Customer Charge per month @	\$ 10.00	\$ 11.50
Delivery Charge per therm @	<del>\$0.3270</del> 0.3434	<u>\$0.3434</u>

Cost of Natural Gas Charge ("CNGC"): This charge recovers the cost of natural gas purchased by UES on behalf of its customer. The CNGC shall be subject to increases or decreases by the amount of the purchased gas adjustment for the billing month computed in accordance with the provisions of Rider RR-1.

OPT-OUT OF LOST FIXED COST RECOVERY ("LFCR") MECHANISM – RIDER-3

For those customers who choose not to participate in the recovery of lost revenues associated with the promotion of energy efficiency a special Customer Charge will apply and the volumetric LFCR will not be included on their bill. All other customers will pay the lower monthly Customer Charge and the volumetric LFCR. Customers can choose to opt out only once in a calendar year. Once they choose to opt-out they must pay the higher Customer Charge for a full 12-months.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan rate.

Filed By: <u>Raymond S. Heyman</u> <u>Kentton C. Grant</u>	Tariff No.: <u>Rate:</u>	<u>R-10R-10</u>
Title: <u>Senior Vice President, General Counsel of Finance and Rates</u>	Effective:	<u>April 1, 2010</u> <u>Pending</u>
District: <u>Entire UNS Gas Service Area</u>	Page No.: <u>Decision No.</u>	<u>4 of 4</u>



UNS Gas, Inc.  
 Pricing Plan R-12  
 Customer Assistance  
 Residential Energy  
 Support  
 (C.A.R.E.S.)

UNS Gas, Inc.

Original Sheet No.: 102  
 Superseding: \_\_\_\_\_

Customer Assistance Residential Energy Support  
 (CARES)

AVAILABILITY

In all territories served by Company at all points where facilities for gas service are available to the premise served.

APPLICABILITY

Subject to availability, at point of delivery, to residential gas service in individual residences and individually metered apartments when all service is metered through one meter.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan herein:

	With LFCR	w/o LFCR
Minimum Customer Charge per month @	\$ 7.407.00	\$ 8.50
Delivery Charge per therm @ 0.\$3434	\$0.32703434	

Delivery Charge: first 100 therms or less per month will be discounted by \$0.1500 per therm for the billing months of November through April.

Cost of Natural Gas Charge ("CNGC"): This charge recovers the cost of natural gas purchased by UES on behalf of its customer. The CNGC shall be subject to increases or decreases by the amount of the purchased gas adjustment for the billing month computed in accordance with the provisions of Rider R-1.

DISCOUNT

All CARES customers will receive a discount of \$0.15 per therm for the first 100 therms used in each winter month of November through April. The full Delivery Charge per therm will be charged for the remaining six months of the year and for all amounts over 100 therms consumed in the winter months.

OPT-OUT OF LOST FIXED COST RECOVERY ("LFCR") MECHANISM – RIDER-3

For those customers who choose not to participate in the recovery of lost revenues associated with the promotion of energy efficiency a special Customer Charge will apply and the volumetric LFCR will not be included on their bill. All other customers will pay the lower monthly Customer Charge and the volumetric LFCR. Customers can choose to opt out only once in a calendar year. Once they choose to opt-out they must pay the higher Customer Charge for a full 12-months. up to the amount of thirty cents applied to the Cost of Natural Gas in accordance with the provisions of Rider 1.

Filed By: ~~Raymond S. Heyman~~ Kentton C. Grant  
 Title: Senior Vice President, General Counsel of Finance and Rates  
 District: Entire UNS Gas Service Area

Tariff No./Rate: R-12  
 Effective: April 1, 2010 Pending  
 Page No./Decision No.: 1 of 2



UNS Gas, Inc.  
Pricing Plan R-12  
Customer Assistance  
Residential Energy  
Support  
(C.A.R.E.S.)

UNS Gas, Inc.

Original Sheet No.: 102  
Superseding: \_\_\_\_\_

SPECIAL CONDITIONS

1. Eligibility requirements for C.A.R.E.S. are set forth on the Company's Application and Declaration of Eligibility for Low Income Ratepayer Assistance form. Customers who desire to qualify for this ~~pricing plan~~ rate must initially make application to the Company for qualification and must provide verification to the Company that the customer's household gross income does not exceed one hundred fifty percent (150%) of the federal poverty level. Qualified customers must have an approved application form on file with the Company. Subsequent to the initial certification, the residential customer seeking to retain eligibility for the C.A.R.E.S. must provide a personal certification that the household gross income of the residential dwelling unit involved does not exceed one hundred fifty percent (150%) of the federal poverty level.
2. Samples of the existing C.A.R.E.S. participants will be re-certified every two years prior to October 1 and when a customer changes residence.

Filed By: ~~Raymond S. Heyman~~ Kentton C. Grant  
Title: ~~Senior Vice President, General Counsel~~ of Finance and Rates  
District: Entire UNS Gas Service Area

~~Tariff No.~~ Rate: R-12  
~~Effective:~~ April 1, 2010 Pending  
~~Page No.~~ Decision No.: 1 of 2



UNS Gas, Inc.  
 Pricing Plan R-12  
 Customer Assistance  
 Residential Energy  
 Support  
 (C.A.R.E.S.)

UNS Gas, Inc.

Original Sheet No.: 102-1  
 Superseding: \_\_\_\_\_

3. Eligible customers shall be billed under this pricing plan rate during the winter season, commencing with the next regularly scheduled billing period after the Company has received the customer's properly completed application form or re-certification.
4. Eligibility information provided by the customer on the application form may be subject to verification by the Company. Refusal or failure of a customer to provide documentation of eligibility acceptable to the Company, upon request of the Company, shall result in removal from or ineligibility for this pricing plan rate.
5. Customers who wrongfully declare eligibility or fail to notify the Company when they no longer meet the eligibility requirements may be rebilled for the period of ineligibility under their otherwise applicable residential pricing plan rate.
6. It is the responsibility of the customer to notify the Company within thirty (30) days of any changes in the customer's eligibility status.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan rate.

Filed By: ~~Raymond S. Heyman~~ Kentton C. Grant  
 Title: ~~Senior Vice President, General Counsel~~ of Finance and Rates  
 District: Entire UNS Gas Service Area

Tariff No. Rate: R-12  
Effective: April 1, 2010 Pending  
Page No. Decision No.: 1 of 2



UNS Gas, Inc.

Original Sheet No.: 706

Superseding: \_\_\_\_\_

### Lost Fixed Cost Recovery (LFCR)

#### APPLICABILITY

The Lost Fixed Cost Recovery ("LFCR") will be applied to all customers taking service from the Company on the applies to the following Standard Offer tariffs and as defined in the Company LFCR Plan of Administration: In the event a residential customer chooses to opt-out of this program, the monthly Customer Charge specified on the appropriate Standard Offer tariff will be charged in lieu of the following per therm rate. Rates:

Residential Service R-10  
Small Volume Commercial Service C-20

Customer Assistance Residential Energy Support (CARES) R-12  
Small Public Authority Service PA-40.

#### CHANGE IN RATE

The LFCR recovers the authorized margin approved in the Company's most recent rate case that has been lost as the result of implementing Commission mandated Energy Efficiency programs. A single charge will be placed in effect and charged to the participating rate classes for a 12-month period the LFCR adjustment is applicable. The total year on year adjustment cannot exceed 1% of the Company's most recent Calendar Year Revenues for the participating Rate Classes.

The LFCR shall be applied to all monthly net bills at a rate of .XXXX per therm effective June 1, 20XX.

#### TAX CLAUSE

~~To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.~~

~~To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the Company.~~

#### RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

Filed By: Kentton C. Grant  
Title: Vice President of Finance and Rates  
District: Entire UNS Gas Service Area

Rate: Rider-6  
Effective: Pending  
Decision No.:

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