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BEFORE THE ARIZONA CORPORATION COMMISSION

GARY PIERCE
Chairman
BOB STUMP
Commissioner
SANDRA D. KENNEDY
Commissioner
PAUL NEWMAN
Commissioner
BRENDA BURNS
Commissioner

Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION)
OF UNS ELECTRIC, INC. FOR APPROVAL)
OF SCHOOL TIME-OF-USE TARIFFS)

DOCKET NO. E-04204A-12-0174
DECISION NO. 73583
ORDER

Open Meeting
October 16 and 17, 2012
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. On May 11, 2012, UNS Electric, Inc. submitted two school-specific time-of-use ("TOU") tariffs in connection with UNS Electric's most recent rate case, Decision No. 71914, dated September 30, 2010 (Docket No. E-04204A-09-0206). The two TOU plans are a Time-of-Use for Small General Service Schools and a Time-of-Use for Large General Service Schools.
3. UNSE had previously filed two TOU tariffs pursuant to Decision No. 71914 on December 22, 2011, which UNSE presented as its proposed TOU options for schools. These tariffs were determined by Staff to be insufficient because they were not school specific as required by Decision No. 71914. The proposed tariffs filed on December 22, 2011 were instead

1 tariffs that were available to all commercial customers served under UNSE’s non-TOU Small
2 General Service and Large General Service rates.

3 4. The Time-of-Use for Small General Service Schools (“SGS TOU-S”) is applicable
4 to both private and public schools (K-12) where monthly usage is not more than 7,500 kWh in any
5 two consecutive months. Customers who use more than 7,500 kWh for two consecutive months
6 shall not be eligible for SGS TOU-S pricing plan and shall take service under a Large General
7 Service pricing plan. SGS TOU-S is available to single phase customers and three phase
8 customers with eligible loads over 5 kW. The Time-of-Use for Large General Service Schools
9 (“LGS TOU-S”) is applicable to both private and public schools (K-12) where monthly demand is
10 less than 1,000 kW. LGS TOU-S is available to both single and three phase customers.

11 5. The proposed LGS TOU-S and SGS TOU-S tariffs, submitted under the current
12 May 11, 2012 application, have a summer (May-August) on-peak period of 3 p.m. to 6 p.m., with
13 shoulders from 12 p.m. to 3 p.m. and 6 p.m. to 8 p.m. The winter (September-April) on-peak
14 periods run from 6 a.m. to 10 a.m. and 5 p.m. to 9 p.m. On-peak period pricing applies to all hours
15 of the week, including weekends. The on-peak hours and rates of LGS TOU (Table 1.1) and SGS
16 TOU (Table 1.2) are listed in the following tables, along with the rates of UNSE's standard non-
17 TOU rate. The monthly customer charges on the proposed SGS TOU-S and the LGS TOU-S are
18 the same as on UNSE’s existing TOU rate schedules.

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Table 1.1

Comparison of Standard and TOU Rates for LGS

	Existing Non-TOU (LGS)	Proposed LGS TOU-S
Customer charge per month	\$16.00	\$20.90
Demand charge per kW	\$14.12	\$14.12
Standard rate per kWh (applied at all hours)	\$0.062076	
Summer Months (May-August)		
Summer on-peak hours		3 p.m. to 6 p.m.
Summer shoulder hours		12 p.m. to 3 p.m. / 6 p.m. to 8 p.m.
Summer on-peak rate per kWh		\$0.118971
Summer shoulder rate per kWh		\$0.062076
Summer off-peak rate per kWh		\$0.043971
Winter Months (September- April)		
Winter on-peak hours		6 a.m. to 10 a.m. / 5 p.m. to 9 p.m.
Winter on- peak rate per kWh		\$0.118971
Winter off-peak rate per kWh		\$0.030253

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Table 1.2

Comparison of Standard and TOU Rates for SGS

	Existing Non-TOU (SGS)	Proposed SGS TOU-S
Customer charge per month	\$12.50	\$12.50
Rate per kWh (First 400 kWh)	\$0.097730	
Rate per kWh (All Additional kWh)	\$0.112109	
Summer Months (May-August)		
Summer on-peak hours		3 p.m. to 6 p.m.
Summer shoulder hours		12 p.m. to 3 p.m. / 6 p.m. to 8 p.m.
<i>First 400 kWh</i>		
Summer on- peak rate per kWh		\$0.161840
Summer shoulder rate per kWh		\$0.097730
Summer off-peak rate per kWh		\$0.071840
<i>All Additional kWh</i>		
Summer on- peak rate per kWh		\$0.176219
Summer shoulder rate per kWh		\$0.112109
Summer off-peak rate per kWh		\$0.086219
Winter Months (September- April)		
Winter on-peak hours		6 a.m. to 10 a.m. / 5 p.m. to 9 p.m.
Winter on- peak rate per kWh		\$0.118971
<i>First 400 kWh</i>		
Summer on- peak rate per kWh		\$0.161840
Summer off-peak rate per kWh		\$0.063620
<i>All Additional kWh</i>		
Summer on- peak rate per kWh		\$0.176219
Summer off-peak rate per kWh		\$0.077999

Staff Analysis

1 6. Staff has reviewed hourly load data for four schools in the UNSE service territory.
2 Staff finds that the data supports shortening the summer shoulder TOU periods. Shoulder periods
3 surround the summer peak period, such that there is a “pre-peak” shoulder period and a “post
4 peak” shoulder period. Staff proposes a one-hour summer pre-peak shoulder period from 2 p.m.
5 to 3 p.m. as opposed to the Company-proposed three-hour pre-peak shoulder of 12 p.m. to 3 p.m.
6 Staff also proposes a one-hour summer post-peak shoulder period from 7 p.m. to 8 p.m. as opposed
7 to the Company-proposed two-hour post-peak shoulder of 6 p.m. to 8 p.m. Staff proposes a four-
8 hour summer on-peak period of 3 p.m. to 7 p.m. as opposed to the Company proposed three-hour
9 summer on-peak summer period 3 p.m. to 6 pm. Staff’s proposed adjustments to shoulder and
10 peak hours facilitates fitting the typical school day into the off-peak hours. Due to the warmer
11 climates and extended periods of summer-like weather in the UNSE territory, Staff also
12 recommends that the summer period be expanded to the six months of May-October from the
13 current four month period of May-August. In Arizona’s desert regions, typical electric system
14 daily load profiles in September are more similar to mid-summer (July/August) profiles than
15 typical winter load profiles. A daily load profile relates the 24 hours of the day(e.g., from hour
16 ending 1 a.m. to the hour ending 12 a.m.) on the “x” axis to load on the “y” axis, and provides a
17 clear representation of when the system peaks, and is useful in designing TOU rates.

18 7. Table 2.1 shows UNSE’s proposed LGS TOU-S rates and on-peak hours, and
19 Staff’s proposed changes to the LGS TOU-S rates and on-peak hours. Table 2.2 shows UNSE’s
20 proposed SGS TOU-S rates and on-peak hours, and Staff’s proposed changes to the SGS TOU-S
21 rates and on-peak hours. Peak and off-peak prices have been adjusted to minimize any rate impact
22 associated with the reduction in the length of the on-peak period. Schools choosing to take service
23 under the LGS-TOU-S or SGS-TOU-S would, on average, save 1 percent without shifting any load
24 and would have the opportunity to save further if they were able to shift.

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Table 2.1

Comparison of the UNSE-proposed and Staff-proposed LGS TOU-S Rates and On-peak Hours

LGS	Company Proposed TOU	Staff Proposed TOU
Customer Charge per month	\$20.90	\$20.90
Demand Charge per kW	\$14.12	\$14.12
Summer Months	May-August	May-October
Summer On-Peak hours	3 p.m. - 6 p.m.	3 p.m. - 7 p.m.
Summer Shoulder hours	12p.m. - 3 p.m.	2 p.m. - 3 p.m.
	6 p.m. - 8 p.m.	7 p.m. - 8 p.m.
Summer On-Peak rate per kWh	\$0.118971	\$0.124671
Summer Shoulder rate per kWh	\$0.062076	\$0.067776
Summer Off-Peak rate per kWh	\$0.043971	\$0.049671
Winter Months	September- April	November- April
Winter On-Peak hours	6 a.m. - 10 a.m.	6 a.m. - 9 a.m.
	5 p.m. - 9 p.m.	6 p.m. - 9 p.m.
Winter On-Peak rate per kWh	\$0.118971	\$0.124671
Winter Off-Peak rate per kWh	\$0.030253	\$0.035953

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Table 2.2

Comparison of the UNSE-proposed and Staff-proposed SGS TOU-S Rates and On-peak Hours

SGS	Company Proposed TOU	Staff Proposed TOU
Customer Charge per month	\$12.50	\$12.50
Summer Months	May-August	May-October
Summer On-Peak hours	3 p.m. - 6 p.m.	3 p.m. - 7 p.m.
Summer Shoulder hours	12 p.m. - 3 p.m.	2 p.m. - 3 p.m.
	6 p.m. - 8 p.m.	7 p.m. - 8 p.m.
<i>First 400 kWh</i>		
Summer On-Peak rate per kWh	\$0.16184	\$0.16964
Summer Shoulder rate per kWh	\$0.09773	\$0.10553
Summer Off-Peak rate per kWh	\$0.07184	\$0.07964
<i>All Additional kWh</i>		
Summer On-Peak rate per kWh	\$0.176219	\$0.184019
Summer Shoulder rate per kWh	\$0.112109	\$0.119909
Summer Off-Peak rate per kWh	\$0.086219	\$0.094019
Winter Months	September- April	November- April
Winter On-Peak hours	6 a.m. - 10 a.m.	6 a.m. - 9 a.m.
	5 p.m. - 9 p.m.	6 p.m. - 9 p.m.
<i>First 400 kWh</i>		
Winter On-Peak rate per kWh	\$0.16184	\$0.16964
Winter Off-Peak rate per kWh	\$0.06362	\$0.07142
<i>All Additional kWh</i>		
Winter On-Peak rate per kWh	\$0.176219	\$0.184019
Winter Off-Peak rate per kWh	\$0.077999	\$0.085799

1 Fair Value Considerations

2 8. Staff has analyzed UNSE's application in terms of whether there are fair value
3 implications. According to recent information provided by UNSE, as of 2012, the estimated value
4 of UNSE's plant is \$241,600,000. Staff considered this value for the purpose of this analysis.
5 Staff believes that the impact of proposed charges to UNSE's revenue, fair value rate base, or rate
6 of return would be de minimis.

7 Summary of Recommendations

8 9. Staff has recommended approval of the prices, time-of-use hours, days and months
9 for LGS TOU-S shown as "Staff-Proposed" in Table 2.1 and SGS TOU-S shown as "Staff-
10 Proposed" in Table 2.2.

11 10. Staff has recommended that UNSE should provide an annual filing by April 1 of
12 each calendar year, until further Commission order, summarizing subscription and savings of its
13 TOU customers.

14 11. Staff has recommended that UNSE file revised LGS-TOU-S and SGS-TOU-S
15 tariffs in compliance with the Decision in this case in Docket Control within 15 days of the
16 effective date of the Decision.

17 CONCLUSIONS OF LAW

18 1. UNSE is an Arizona public service corporation within the meaning of Article XV,
19 Section 2, of the Arizona Constitution.

20 2. The Commission has jurisdiction over UNSE and over the subject matter of the
21 application.

22 3. Approval of Staff's recommended changes to LGS-TOU-S and SGS-TOU-S do not
23 constitute a rate increase as contemplated by A.R.S. section 40-250.

24 4. The Commission, having reviewed the application and Staff's Memorandum dated
25 October 2, 2012, concludes that it is in the public interest to approve LGS-TOU-S and SGS-TOU-
26 S as discussed herein.

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ORDER

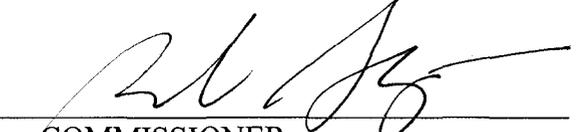
IT IS THEREFORE ORDERED that the prices, time-of-use hours, days and months for LGS TOU-S shown as "Staff-Proposed" in Table 2.1 and SGS TOU-S shown as "Staff-Proposed" in Table 2.2 shall be approved.

IT IS FURTHER ORDERED that UNS Electric should provide an annual filing by April 1 of each calendar year, until further Commission order, summarizing subscription and savings of its TOU customers on the LGS TOU-S and SGS TOU-S rates.

IT IS FURTHER ORDERED that UNS Electric file revised LGS-TOU-S and SGS-TOU-S tariffs in compliance with the Decision in this case in Docket Control within 15 days of the effective date of the Decision.

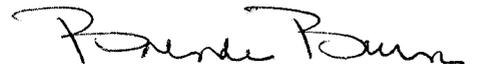
BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

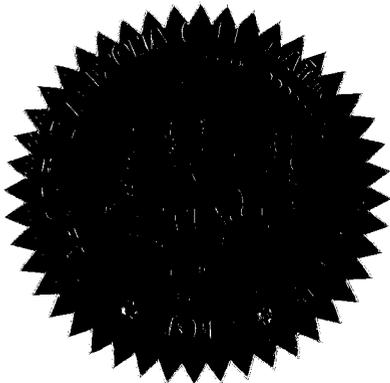

CHAIRMAN


COMMISSIONER


COMMISSIONER

EXCUSED
COMM. NEWMAN
COMMISSIONER


COMMISSIONER



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 21st day of November, 2012.


ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:PML:sms

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