

ORIGINAL



BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

- GARY PIERCE - CHAIRMAN
- BOB STUMP
- SANDRA KENNEDY
- PAUL NEWMAN
- BRENDA BURNS

2012 DEC 31 A 11:29

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF)
 UNS ELECTRIC, 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 ELECTRIC, INC.)
 DEVOTED TO ITS OPERATIONS)
 THROUGHOUT THE STATE OF ARIZONA)
 AND REQUEST FOR APPROVAL OF)
 RELATED FINANCING.)

DOCKET NO. E-04204A-06-0783

**NOTICE OF FILING
ANNUAL PPFAC RATE
CALCULATION**

Pursuant to Decision No. 70360 (May 27, 2008) and the related approved Plan of Administration ("POA"), UNS Electric, Inc. ("UNS Electric"), through undersigned counsel, hereby submits its Annual Purchased Power and Fuel Adjustment Clause ("PPFAC") Rate filing.

Attached are Schedules 1 through 5 that set forth the PPFAC rate, the Forward Component and True-Up Component for the PPFAC year beginning June 1, 2013. As indicated in Schedule 1, the PPFAC rate for this scenario is presently anticipated to change from a credit of (\$0.014437/kWh) to a credit of (\$0.006308/kWh) as of June 1, 2013. The reduced credit for the upcoming PPFAC Year is due to the very low natural gas and purchased power costs in the prior PPFAC Year. However, the PPFAC Rate is still a credit that results in an Average Total Rate that is 10% below the Average Base Rate. UNS Electric will provide an update to this preliminary information in a filing on or before April 1, 2013 as required by Section 5.B of the POA.

Arizona Corporation Commission

DOCKETED

DEC 31 2012

DOCKETED BY	<i>ISM</i>
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1 The data underlying the attached Schedules 1 through 5 is confidential and is being
2 provided separately to Commission Staff. It also will be provided upon request to any party that
3 has signed a protective agreement in this docket.

4 WHEREFORE, UNS Electric requests the Commission allow the proposed PPFAC rate
5 to go into effect June 1, 2013.

6 RESPECTFULLY SUBMITTED this 31st day of December 2012.

7 UNS Electric, Inc.

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By 
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and

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Attorneys for UNS Electric, Inc.

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Original and thirteen copies of the foregoing
filed this 31st day of December 2012, with:

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Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

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Copy of the foregoing hand-delivered
this 31st day of December 2012, to:

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Steve Olea
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

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Confidential Copy

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By Mary Appolito

UNS ELECTRIC, INC.

Annual December 31st PPFAC Filing

**UNS Electric, Inc.
Purchased Power and Fuel Adjustment Clause
Monthly Information Filing**

Schedule 1	Rate Calculation Effective June 1, 2012 And Projected June 1, 2013
Schedule 2	PPFAC Forward Component Rate Calculation Effective June 1, 2012 And Projected June 1, 2013
Schedule 3	Forward Component Tracking Account - (PPFAC Prior Forward Component Rate in effect from June 1, 2012 to May 31, 2013 and Projected June 1, 2013
Schedule 4	PPFAC True-Up Component Rate Calculation Effective June 1, 2012 And Projected June 1, 2013
Schedule 5	True-Up Component Tracking Account - Prior PPFAC True-Up Component Rate in Effect June 1, 2012 through May 31, 2013 and Projected June 1, 2013

UNS-Electric Contact Information

**Toby Voge
Senior Director, Tucson Electric Power
(520) 745-3332**

UNS Electric, Inc.
Schedule 1

Purchased Power and Fuel Adjustment Clause (PPFAC) Rate Calculation Effective June 1, 2012
(\$/kWh)

Line No.	PPFAC Rate Calculation	Current 1-Jun-12 ¹	Proposed 1-Jun-13	Increase / (Decrease) \$.000000/kWh	%
1	Forward Component Rate - FC (Sch. 2, L8) ⁴	\$ (0.016364)	\$ (0.012224)	0.004140	25.30%
2	True-Up Component Rate - HC (Sch. 4, L5) ^{2,4}	\$ 0.001926	\$ 0.005916	0.003990	207.18%
3	PPFAC Rate ⁴ (L1+L2)	<u>\$ (0.014437)</u>	<u>\$ (0.006308)</u>	<u>0.008129</u>	56.31%
5	Average Total Rate (L3+L4)	<u>\$ 0.061067</u>	<u>\$ 0.061067</u>	-	0.00%
		<u>\$ 0.046630</u>	<u>\$ 0.054759</u>	<u>0.008129</u>	17.43%

Notes:

- 1 See April 1, 2012 PPFAC Filing and ACC Decision No. 71914.
- 2 A Historical Component is a true-up related to respective prior period PPFAC activity.
- 3 Average Base Rate as defined in supporting documents for ACC Decision No. 71914.
- 4 Negative value is PPFAC credit; positive value is PPFAC surcharge.

UNS Electric, Inc.
Schedule 2

PPFAC Forward Component Rate Calculation Effective June 1, 2012
(\$ in thousands; Forward Component Rate in \$/kWh)

Line No.	PPFAC Forward Component Rate - Calculation	Current 1-Jun-12 ¹	Proposed 1-Jun-13
1	Projected Fuel and Purchased Power Costs	\$ 82,989	\$ 92,338
2	Projected Short Term Sales Revenue Credit ²	\$ (3,819)	\$ (8,903)
3	Net Fuel and Purchased Power Cost (L1 through L3)	<u>\$ 79,170</u>	<u>\$ 83,435</u>
4	Projected Total Native Load Energy Sales (MWhs)	1,770,993	1,708,224
5	Projected Average Net Fuel Costs \$/kWh (L4/L5)	\$ 0.044703	\$ 0.048843
6	Authorized Base Cost of Fuel and Purchased Power Rate \$/kWh	\$ 0.061067	\$ 0.061067
7	Forward Component Rate \$/kWh (L6 - L7) ^{3,4} (Forward Component Capped at \$0.01845 per kWh)	<u>\$ (0.016364)</u>	<u>#####</u>

Notes:

- 1 See April 1, 2012 PPFAC Filing and ACC Decision No. 71914.
- 2 Short Term Sales revenues are credited at 100% as approved by the Commission in Decision No. 70360.
- 3 Forward Component Rate capped at \$0.01845 per kWh in ACC Decision No. 71914.
- 4 Negative value is PPFAC credit; positive value is PPFAC surcharge.

Schedule presentation will appear to roundup \$'s and MWhs; however calculations are performed on an actual \$ and MWh basis with resultant Rates/kWh roundup to \$0.000000/kWh

UNS Electric, Inc.

Schedule 4

PPFAC True-Up Component Rate Calculation Effective June 1, 2012
(\$ in thousands; True Up Component Rate in \$/kWh)

Line No.	PPFAC Historical Component Rate - Calculation	Current 1-Jun-12 ¹	Proposed 1-Jun-13 ¹	Increase / (Decrease) \$ Values	%
1	Forward Component Tracking Account Balance (From Schedule 3, L16, C11) ^{2,3}	\$ 1,531.05	\$ 6,815.59		
2	True-Up Component Tracking Account Balance (From Schedule 5, L8) ^{4,5}	\$ 1,880.66	\$ 3,290.64		
3	Total True-Up Amount to be (refunded)/Collected Balance (L1+L2) ⁶	\$ 3,411.71	\$ 10,106.23		
4	Projected Native Load Sales (MWh)	1,770,993	1,708,224		
5	Applicable True-Up Component Rate for Apr 1, 2010 & 2011 (\$/kWh) (L3 / L4) ⁷	\$ 0.001926	\$ 0.005916		

Notes:

- 1 See April 1, 2012 PPFAC Filing and ACC Decision No. 71914.
- 2 Estimated May 31, 2012 Forward Component Tracking Account Balance as of February 28, 2012, shown in April 1, 2012 filing.
- 3 Includes interest for March, April, May.
- 4 Estimated May 31, 2012 True-Up Component Tracking Account Balance as of February 28, 2012, shown in April 1, 2012 filing.
- 5 Beginning with 2009 PPFAC, Current Actual Historical Component Tracking Account Balance as of March 1, 2009 and Estimated Balance for Mar, April, & May. Because the actual amount of revenue to be received in March, April & May from application of the prior Applicable True Up Component is not available at the time of filing, Schedule 5 will reflect as necessary estimates for those periods as well as true-up calculations for the prior period estimates, See Schedule 5 for more detail.
- 6 Beginning Balance as of June 1 - to be carried forward to subsequent period PPFAC, True Up Component Tracking account Balance, Schedule 5, L1.
- 7 Negative value is PPFAC credit; positive value is PPFAC surcharge.

Schedule presentation will appear to roundup \$'s and MWh's: however calculations are performed on an actual \$ and MWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh

UNIS Electric, Inc.
Schedule S
True-Up Component Tracking Account - Prior PPFAC True-Up Component Rate in Effect June 1, 2012 through May 31, 2013
(In thousands; Historical Component Rate in \$/kWh)
(Negative value is over-collected, Positive value is under-collected)

Line No.	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14		
1	\$ 1,880.08	\$ 6,330.97	\$ 5,955.92	\$ 5,745.58	\$ 5,247.56	\$ 4,952.43	\$ 4,732.43	\$ 4,481.74	\$ 4,273.94	\$ 4,002.59	\$ 3,781.11	\$ 3,556.03	\$ 3,290.64	\$ 3,064.45	\$ 2,866.45	\$ 2,681.87	\$ 2,512.78	\$ 2,357.90	\$ 2,213.16	\$ 2,078.48	\$ 1,952.78	\$ 1,836.48	\$ 1,728.78	\$ 1,629.90	\$ 1,538.65	\$ 1,454.65	\$ 1,377.44	\$ 1,305.16	
2	\$ 4,768.54																												
3	\$ 6,640.61	\$ 6,330.97	\$ 5,955.92	\$ 5,745.58	\$ 5,247.56	\$ 4,952.43	\$ 4,732.43	\$ 4,481.74	\$ 4,273.94	\$ 4,002.59	\$ 3,781.11	\$ 3,556.03	\$ 3,290.64	\$ 3,064.45	\$ 2,866.45	\$ 2,681.87	\$ 2,512.78	\$ 2,357.90	\$ 2,213.16	\$ 2,078.48	\$ 1,952.78	\$ 1,836.48	\$ 1,728.78	\$ 1,629.90	\$ 1,538.65	\$ 1,454.65	\$ 1,377.44	\$ 1,305.16	
4	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	\$ 0.001926	
5	\$ 164,823,084	\$ 186,694,884	\$ 194,877,312	\$ 167,151,564	\$ 149,642,000	\$ 114,857,000	\$ 130,376,000	\$ 134,658,000	\$ 115,119,000	\$ 117,036,000	\$ 117,036,000	\$ 137,947,000	\$ 164,599,000	\$ 196,892,000	\$ 191,910,000	\$ 159,912,000	\$ 124,114,000	\$ 114,498,000	\$ 131,620,000	\$ 134,982,000	\$ 116,048,000	\$ 134,982,000	\$ 134,982,000	\$ 134,982,000	\$ 134,982,000	\$ 134,982,000	\$ 134,982,000	\$ 134,982,000	\$ 134,982,000
6	\$ 303.36	\$ 365.63	\$ 381.93	\$ 327.58	\$ 295.65	\$ 220.49	\$ 231.16	\$ 252.25	\$ 221.77	\$ 221.88	\$ 225.46	\$ 203.75	\$ 196.16	\$ 1,164.86	\$ 1,135.38	\$ 946.07	\$ 734.29	\$ 677.40	\$ 778.69	\$ 798.58	\$ 686.57	\$ 798.58	\$ 677.40	\$ 677.40	\$ 677.40	\$ 677.40	\$ 677.40	\$ 677.40	\$ 677.40
7	\$ 0.66	\$ 0.63	\$ 0.60	\$ 0.56	\$ 0.52	\$ 0.50	\$ 0.47	\$ 0.45	\$ 0.42	\$ 0.40	\$ 0.38	\$ 0.36	\$ 0.33	\$ 0.31	\$ 0.29	\$ 0.27	\$ 0.25	\$ 0.23	\$ 0.21	\$ 0.19	\$ 0.17	\$ 0.15	\$ 0.13	\$ 0.11	\$ 0.09	\$ 0.07	\$ 0.05	\$ 0.03	
8	\$ 6,330.97	\$ 5,955.92	\$ 5,745.58	\$ 5,247.56	\$ 4,952.43	\$ 4,732.43	\$ 4,481.74	\$ 4,273.94	\$ 4,002.59	\$ 3,781.11	\$ 3,556.03	\$ 3,290.64	\$ 3,064.45	\$ 2,866.45	\$ 2,681.87	\$ 2,512.78	\$ 2,357.90	\$ 2,213.16	\$ 2,078.48	\$ 1,952.78	\$ 1,836.48	\$ 1,728.78	\$ 1,629.90	\$ 1,538.65	\$ 1,454.65	\$ 1,377.44	\$ 1,305.16		

Notes:

- The True-Up component value listed on Line 1 for June 2012 is the sum of the actual Forward Component and True-Up Component balances as of June 1, 2012.
- The True-Up is the result of using estimated data for November through May for the reported PPFAC rate filing under each February since the actual amounts for all periods included in the filing are not available at the time of the PPFAC filing. Because the Forward Component rates are not based on estimates, the over/under-recovered amount for results from actual data and revenue is an adjustment to the True-Up Component Tracking Account at the end of each PPFAC cycle (the PPFAC cycle for June through May).
- Historical Component Prior Period PPFAC Sols. 4, L15.
- Some amounts are for energy billed beginning with the first billing cycle of June.
- Generally, Line 4 + Line 5 = Line 6; however, differences may occur due to billing adjustments.
- Based on average National Treasury Constant Maturity rate contained in the Federal Reserve's Statistical Release, H-10 on the first business day of the calendar year.

0.1348% As of 1/15/2012

Schedule is accurate as of 11:00:00 AM on 05/31/2013. However, calculations are performed on an annual basis and may vary from actual results.