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BEFORE THE ARIZONA CORPORATION COMMISSION

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JIM IRVIN
Commissioner - Chairman
RENZ D. JENNINGS
Commissioner
CARL J. KUNASEK
Commissioner

IN THE MATTER OF THE APPLICATION)
OF NORTHERN STATES POWER-GAS)
UTILITY, CAVE CREEK DIVISION TO)
INCREASE ITS PURCHASED GAS)
ADJUSTOR RATE)

DOCKET NO. G-03493A-98-0602

DECISION NO. 61224

ORDER
Arizona Corporation Commission

DOCKETED

OCT 30 1998

Open Meeting
October 27 and 28, 1998
Phoenix, Arizona

BY THE COMMISSION:

DOCKETED BY *Jed*

FINDINGS OF FACT

1. Northern Sates Power - Gas Utility, Cave Creek Division (Cave Creek) is certified to provide natural gas service as a public service corporation in the State of Arizona.

2. On August 13, 1998, Cave Creek filed an application to increase its Purchased Gas Adjustor (PGA) rate from the current level of negative \$0.0500 per therm, authorized in Decision No. 58038, dated October 7, 1992, to a positive \$0.0400 per therm.

3. The requested increase is partially the result of Decision No. 61009, dated July 16, 1998. This Decision ordered Cave Creek to reduce its under-collected bank balance by \$176,431.

4. The Company's proposed PGA rate of \$0.0400 per therm reflects the result of amortizing the under-collected bank balance of \$409,263 (as of June 30, 1998), over the next three years projected sales of 14,174,000 therms (\$409,263 divided by 14,174,000 = \$0.288 which Cave Creek rounded off to \$0.0300 per therm). Additionally, Cave Creek is requesting \$0.0100 per therm to mitigate future gas cost increases.

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Decision No. 61224

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1 5. Cave Creek's proposed PGA rate of \$0.0400 per therm would result in an increase
2 of \$5.22 per month or 9.8 percent for the typical residential customer usage of 58 therms.

3 6 Staff analysis indicates that a PGA rate of \$0.0400 would result in an over-
4 collection in the bank balance of approximately \$157,697 at the end of the third year based on
5 the current cost of gas of approximately \$0.2000 per therm.

6 7 Staff has reviewed the application and supporting schedules and recommends a
7 PGA rate of \$0.0288 per therm. Based on Staff's analysis, the recommended PGA rate of
8 \$0.0288 per therm would allow Cave Creek to recover its under-collected bank balance of
9 \$409,263, as of July 1, 1998, over a three-year period.

10 8 Staff further recommends that the PGA rate of \$0.0288 per therm become
11 effective with all usage billed after October 31, 1998.

12 9 Staff further recommends that Cave Creek file tariff pages consistent with the
13 terms of this Decision within fifteen days from the effective date of the Decision.

14 CONCLUSIONS OF LAW

15 1. Cave Creek is an Arizona public service corporation within the meaning of
16 Article XV, Section 2, of the Arizona Constitution.

17 2. The Commission has jurisdiction over Cave Creek and over the subject matter in
18 this Application.

19 3. Approval of the recommended PGA rate increase does not constitute a rate
20 increase as contemplated by A. R. S. Section 40-250.

21 4. The Commission, having reviewed the proposed PGA rate increase and Staff's
22 Memorandum dated October 15, 1998, concludes that Staff's recommendations are reasonable
23 and should be adopted.

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11/10/00 11:00 AM

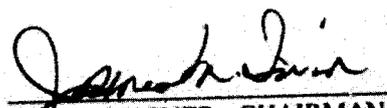
ORDER

THEREFORE, IT IS ORDERED that Cave Creek's PGA rate be increased to a positive \$0.0288 per therm, effective with all usage billed after October 31, 1998.

IT IS FURTHER ORDERED that Cave Creek file tariff pages consistent with the terms of this Decision within fifteen days from the effective date of this Decision.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

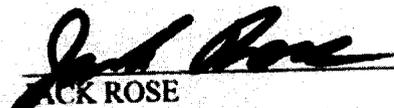
BY ORDER OF THE ARIZONA CORPORATION COMMISSION


COMMISSIONER - CHAIRMAN


COMMISSIONER


COMMISSIONER

IN WITNESS WHEREOF, I, JACK ROSE, Executive Secretary 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 30th day of Oct 1998.


JACK ROSE
Executive Secretary

DISSENT _____

RTW:CMF/djg

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