

ORIGINAL

OPEN MEETING



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MEMORANDUM
RECEIVED

TO: THE COMMISSION
FROM: Utilities Division
DATE: April 18, 2013
RE: UNS ELECTRIC, INC. - APPLICATION TO UPDATE THE PPFAC RATE
(DOCKET NO. E-04204A-06-0783)

2013 APR 18 A 9:18

AZ CORP COMMISSION
DOCKET CONTROL

Commission Decision No. 70360 (May 27, 2008) approved the current Purchased Power and Fuel Adjustment Clause ("PPFAC") mechanism through which UNS Electric, Inc. ("UNSE") recovers or refunds its purchased power and fuel expenses that differ from the amount being recovered in UNSE's base rates. Decision No. 70360 provides for UNSE to file its preliminary calculation of the PPFAC rate for the upcoming year by December 31 of each year and an update to the filing by April 1 of the next year. The new PPFAC rate goes into effect on June 1, unless otherwise ordered by the Commission. The current PPFAC rate is negative \$0.014437 per kWh.

On December 31, 2012, UNSE filed its Preliminary Calculation of the PPFAC rate for the PPFAC year that runs from June 1, 2013, through May 31, 2014. On April 1, 2013, UNSE filed its required update. UNSE's proposed PPFAC rate (negative \$0.004010 per kWh) is still negative but could result in a significant increase to ratepayers. Based on average usage of 887 kWh per month, the proposed PPFAC rate would result in an increase of \$9.25 per month for a residential customer.

Staff recommends that the proposed PPFAC rate not automatically go into effect on June 1, 2013, so that Staff can complete its review of the calculations and the Commission has the opportunity to consider possible mitigation of the large rate increase.

Steve M. Olea
Director
Utilities Division

SMO:BEK:sms/MAS

ORIGINATOR: Barbara Keene

Arizona Corporation Commission

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BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP
Chairman
GARY PIERCE
Commissioner
BRENDA BURNS
Commissioner
BOB BURNS
Commissioner
SUSAN BITTER SMITH
Commissioner

IN THE MATTER OF THE APPLICATION)
OF UNS ELECTRIC, INC. TO UPDATE)
THE PURCHASED POWER AND FUEL)
ADJUSTMENT CLAUSE RATE.)

DOCKET NO. E-04204A-06-0783

DECISION NO. _____

ORDER

Open Meeting
May 1 and 2, 2013
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. UNS Electric, Inc. ("UNSE") is certificated to provide electric service as a public service corporation in the State of Arizona.

2. Commission Decision No. 70360 (May 27, 2008) approved the current Purchased Power and Fuel Adjustment Clause ("PPFAC") mechanism through which UNSE) recovers or refunds its purchased power and fuel expenses that differ from the amount being recovered in UNSE's base rates. Decision No. 70360 provides for UNSE to file its preliminary calculation of the PPFAC rate for the upcoming year by December 31 of each year and an update to the filing by April 1 of the next year. The new PPFAC rate goes into effect on June 1, unless otherwise ordered by the Commission. The current PPFAC rate is negative \$0.014437 per kWh.

3. On December 31, 2012, UNSE filed its Preliminary Calculation of the PPFAC rate for the PPFAC year that runs from June 1, 2013, through May 31, 2014. On April 1, 2013, UNSE

1 filed its required update. UNSE's proposed PPFAC rate (negative \$0.004010 per kWh) is still
2 negative but could result in a significant increase to ratepayers. Based on average usage of 887
3 kWh per month, the proposed PPFAC rate would result in an increase of \$9.25 per month for a
4 residential customer.

5 4. Staff has recommended that the proposed PPFAC rate not automatically go into
6 effect on June 1, 2013, so that Staff can complete its review of the calculations and the
7 Commission has the opportunity to consider possible mitigation of the large rate increase.

8 CONCLUSIONS OF LAW

9 1. UNSE is an Arizona public service corporation within the meaning of Article XV,
10 Section 2, of the Arizona constitution.

11 2. The Commission has jurisdiction over UNSE and over the subject matter of the
12 application.

13 3. The Commission, having reviewed UNSE's application and Staff's Memorandum
14 dated April 18, 2013, concludes that it is in the public interest that UNSE's new PPFAC rate not
15 automatically go into effect on June 1, 2013.

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ORDER

IT IS THEREFORE ORDERED that the Purchased Power and Fuel Adjustment Clause rate proposed by UNS Electric, Inc. shall not automatically go into effect on June 1, 2013.

IT IS FURTHER ORDERED that the Purchased Power and Fuel Adjustment Clause rate requested herein shall not go into effect until approved by the Commission.

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

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, 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 _____ day of _____, 2013.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:BK:sms\MAS

1 SERVICE LIST FOR: UNS Electric, Inc.
2 DOCKET NO. E-04204A-06-0783

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