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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

Arizona Corporation Commission

DOCKETED

MAY - 9 2013

DOCKETED BY	<i>NR</i>
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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. 73886

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 5. UNSE filed exceptions to the proposed order recommended by Staff. UNSE
9 requested the Commission to reject the proposed order and to allow the proposed PPFAC rate of
10 negative \$0.004010 per kWh to go into effect on June 1, 2013. UNSE also proposed an alternative
11 approach with respect to the resetting of the PPFAC rate. The Commission agrees with the
12 alternative proposal except for modifications of the dates.

13 CONCLUSIONS OF LAW

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

16 2. The Commission has jurisdiction over UNSE and over the subject matter of the
17 application.

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

21 ORDER

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

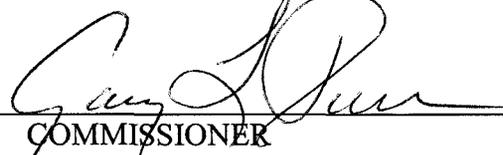
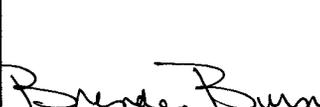
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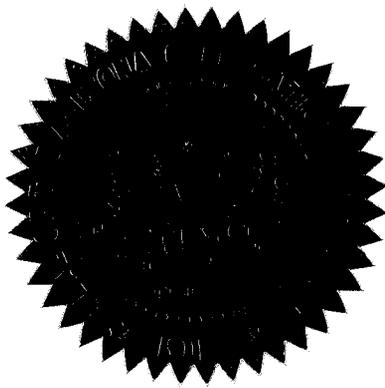
1 IT IS FURTHER ORDERED that the UNS Electric, Inc. Purchased Power and Fuel
2 Adjustment Clause rate be set at negative \$0.009233 per kWh effective for the period June 1,
3 2013, through August 31, 2013.

4 IT IS FURTHER ORDERED that the UNS Electric, Inc. Purchased Power and Fuel
5 Adjustment Clause rate be set at negative \$0.004010 per kWh effective September 1, 2013, unless
6 otherwise ordered by the Commission before that date.

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

8
9 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

10 
11 CHAIRMAN 
12 COMMISSIONER
13 
14 COMMISSIONER 
15 COMMISSIONER 
16 COMMISSIONER



17 IN WITNESS WHEREOF, I, JODI JERICH, Executive
18 Director of the Arizona Corporation Commission, have
19 hereunto, set my hand and caused the official seal of this
20 Commission to be affixed at the Capitol, in the City of
21 Phoenix, this 9th day of May, 2013.

22 
23 JODI JERICH
24 EXECUTIVE DIRECTOR

25 DISSENT: _____

26 DISSENT: _____

27 SMO:BK:sms\MAS

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