

ORIGINAL

OPEN MEETING



0000148730

MEMORANDUM

Arizona Corporation Commission

DOCKETED

RECEIVED

2013 OCT -3 P 4: 22

OCT 03 2013

AZ CORP COMMISSION
DOCKET CONTROL

TO: THE COMMISSION

FROM: Utilities Division

DATE: October 3, 2013

DOCKETED BY

RE: UNS GAS, INC.—APPLICATION FOR APPROVAL OF A TEMPORARY PURCHASED GAS ADJUSTOR CREDIT (DOCKET NO. G-04204A-13-0314)

Background. On September 13, 2013, UNS Gas, Inc. (“UNS Gas” or “the Company”) filed an application requesting an increase in its current Purchased Gas Adjustor (“PGA”) surcredit, from \$0.045 per therm to \$0.10 per therm. UNS Gas also requests that the increased surcredit become effective November 1, 2013, and expire on April 30, 2014, or expire if the bank balance reaches zero during the term of the surcredit.¹

The Company recovers the cost of the gas, including its transportation costs, through a Purchased Gas Adjustor (“PGA”) rate. Currently, the UNS Gas PGA rate is calculated based on a twelve-month rolling average, with a \$0.15 per therm annual bandwidth. The rolling average and bandwidth are designed to reduce the volatility of gas costs passed on to customers. The rolling average produces a more predictable and consistent PGA rate, while the bandwidth provides another brake on volatility. Both of these features limit rate shock.

Differences between the rolling average cost of gas and the actual cost of natural gas are tracked and recorded in the PGA bank balance, so that under-collections can be recovered by the Company and over-collections can be returned to ratepayers. Decision No. 70011 (November 27, 2007) imposed a \$10 million threshold on over-collected bank balances, to ensure that they are returned to ratepayers on a timely basis. Once the over-collected PGA bank balance hits \$10 million, UNS Gas must file an application for a surcredit within 45 days, or explain why a surcredit would not be in the public interest.

In Decision No. 73143 (May 2, 2012), the Commission approved a \$0.045 per therm surcredit to address an over-collection. The surcredit went into effect on May 1, 2012, and was set to continue through April 30, 2014, unless the bank balance decreased to zero.

Current Over-collection. Even with the current surcredit in place, over-collection has continued due to natural gas prices falling below projected levels. (The over-collected PGA bank balance reached \$14.2 million as of September 2013.) In addition, UNS Gas will be receiving a refund of approximately \$3.6 million on or about October 11th as the result of the El Paso Natural Gas Federal Energy Regulatory Commission rate case settlement, with this amount becoming part of the Company’s over-collected bank balance. By the end of October, the total

¹ The Company notes that, in mid-2014, it will evaluate market conditions in order to assess whether a surcredit should be implemented again next winter (November 1, 2014 through April 30, 2015).

over-collection (including the \$3.6 million refund) is estimated to reach approximately \$17.3 million.

Based on its proposal, UNS Gas states that the total average bill for its residential customers would decrease by \$3.49 per month, or 5.52%. This decrease would be over and above the decrease provided by the surcredit already in place.

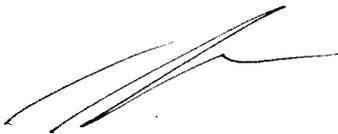
Analysis. The proposed surcredit would be applied to customers' bills during peak winter usage (November through April). This provides a benefit to ratepayers during the period when gas bills are highest.

The Company's projections show that, without the proposed increase from a negative \$0.045 to a negative \$0.10 per therm (Alternative 1, Exhibit B), the bank balance will continue to be over-collected by more than \$10 million through at least July 2015. Conversely, if the increase to \$0.10 per therm is approved (Alternative 2, Exhibit B), the bank balance is projected to drop below the \$10 million threshold in March of 2014. UNS Gas projects that if the surcredit is terminated on April 30, 2014, its bank balances will remain between \$6 million and \$7 million for most of the period through July 2015. Increasing the surcredit to \$0.11 (as shown in Alternative 3, Exhibit B) would further decrease the over-collection, but also increase the risk that a relatively small upward price movement could result in under-collection and possibly the need for a surcharge.

It is reasonable to terminate the surcredit in the event that the bank balance decreases to zero. Such a termination would limit the under-collections that might occur if the surcredit stayed in place after the bank balance hit zero.

Recommendations. Staff recommends the following:

- That the Commission approve an increase in the UNS Gas surcredit from \$0.045 per therm to \$0.10 per therm; and
- That the surcredit expire on April 30, 2014, or if the bank balance reaches zero prior to April 30, 2014.



Steven M. Olea
Director
Utilities Division

SMO:JMK:sms\CHH

ORIGINATOR: Julie McNeely-Kirwan

EXHIBIT A

Comparison of Current Surcredit with Proposed Increase
Bills impacted by existing \$0.045 surcharge

	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
No. Therms	13	12	18	38	58	120	99	74	41	28	17	12
Customer Charge	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
Delivery Charge Per Therm	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434
Total Delivery Charge	\$4.49	\$4.06	\$6.16	\$12.91	\$19.84	\$41.32	\$34.10	\$25.31	\$14.07	\$9.71	\$5.78	\$4.12
PGA Per Therm Charge with Discount where applicat	\$0.5055	\$0.5055	\$0.5055	\$0.5055	\$0.5055	\$0.5055	\$0.5055	\$0.5055	\$0.5055	\$0.5505	\$0.5505	\$0.5505
PGA total	\$6.61	\$5.97	\$9.07	\$19.00	\$29.20	\$60.82	\$50.19	\$37.26	\$20.70	\$15.57	\$9.26	\$6.61
DSM Per Therm Charge	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084
DSM Total	\$0.11	\$0.10	\$0.15	\$0.32	\$0.49	\$1.01	\$0.83	\$0.62	\$0.34	\$0.24	\$0.14	\$0.10
Bill	\$21.21	\$20.12	\$25.38	\$42.22	\$59.52	\$113.15	\$95.12	\$73.20	\$45.11	\$35.52	\$25.18	\$20.83

Bills impacted by proposed \$0.10 surcharge

	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
No. Therms	13	12	18	38	58	120	99	74	41	28	17	12
Customer Charge	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
Delivery Charge Per Therm	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434
Total Delivery Charge	\$4.49	\$4.06	\$6.16	\$12.91	\$19.84	\$41.32	\$34.10	\$25.31	\$14.07	\$9.71	\$5.78	\$4.12
PGA Per Therm Charge with Discount where applicat	\$0.5055	\$0.5055	\$0.5055	\$0.4505	\$0.4505	\$0.4505	\$0.4505	\$0.4505	\$0.4505	\$0.5505	\$0.5505	\$0.5505
PGA total	\$6.61	\$5.97	\$9.07	\$16.93	\$26.02	\$54.21	\$44.73	\$33.21	\$18.45	\$15.57	\$9.26	\$6.61
DSM Per Therm Charge	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084
DSM Total	\$0.11	\$0.10	\$0.15	\$0.32	\$0.49	\$1.01	\$0.83	\$0.62	\$0.34	\$0.24	\$0.14	\$0.10
Bill	\$21.21	\$20.12	\$25.38	\$40.15	\$56.34	\$106.54	\$89.66	\$69.14	\$42.86	\$35.52	\$25.18	\$20.83

Bills impacted by alternative \$0.11 surcharge

	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
No. Therms	13	12	18	38	58	120	99	74	41	28	17	12
Customer Charge	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
Delivery Charge Per Therm	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434	\$0.3434
Total Delivery Charge	\$4.49	\$4.06	\$6.16	\$12.91	\$19.84	\$41.32	\$34.10	\$25.31	\$14.07	\$9.71	\$5.78	\$4.12
PGA Per Therm Charge with Discount where applicat	\$0.5055	\$0.5055	\$0.5055	\$0.4405	\$0.4405	\$0.4405	\$0.4405	\$0.4405	\$0.4405	\$0.5505	\$0.5505	\$0.5505
PGA total	\$6.61	\$5.97	\$9.07	\$16.55	\$25.44	\$53.00	\$43.74	\$32.47	\$18.04	\$15.57	\$9.26	\$6.61
DSM Per Therm Charge	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084	\$0.0084
DSM Total	\$0.11	\$0.10	\$0.15	\$0.32	\$0.49	\$1.01	\$0.83	\$0.62	\$0.34	\$0.24	\$0.14	\$0.10
Bill	\$21.21	\$20.12	\$25.38	\$39.78	\$55.77	\$105.33	\$88.67	\$68.41	\$42.45	\$35.52	\$25.18	\$20.83

*12 month rolling average with discount subtracted where applicable.

EXHIBIT B

Alternative 1: \$0.045 surcredit with no increase												
	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
	Forecast											
PGA (Over)/Under Collection	\$ (14,304,884.30)	\$ (13,633,107.79)	\$ (13,633,107.79)	\$ (17,006,065.92)	\$ (16,522,831.65)	\$ (15,998,931.78)	\$ (15,090,375.29)	\$ (13,547,545.18)	\$ (11,942,476.29)	\$ (11,434,906.01)	\$ (11,421,298.04)	\$ (11,289,132.63)
Costs	\$ 1,946,286	\$ 1,983,438	\$ 3,359,367	\$ 6,477,020	\$ 10,472,742	\$ 10,284,346	\$ 8,930,664	\$ 7,356,047	\$ 4,419,609	\$ 2,673,975	\$ 1,950,537	\$ 1,956,090
Sales (Therms)	\$ 3,351,999	\$ 3,485,032	\$ 6,186,001	\$ 11,862,605	\$ 20,021,970	\$ 19,468,167	\$ 16,417,144	\$ 12,525,920	\$ 8,324,065	\$ 5,010,425	\$ 3,407,800	\$ 3,381,759
Est PGA Factor	\$ 0.551	\$ 0.550	\$ 0.551	\$ 0.550	\$ 0.542	\$ 0.527	\$ 0.495	\$ 0.504	\$ 0.515	\$ 0.531	\$ 0.533	\$ 0.540
Credit	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045
PGA Revenues	\$ 1,846,281	\$ 1,916,071	\$ 3,409,105	\$ 6,525,619	\$ 10,847,903	\$ 10,249,990	\$ 8,124,845	\$ 6,313,064	\$ 4,285,229	\$ 2,659,032	\$ 1,817,039	\$ 1,824,459
Offsets	\$ (150,840)	\$ (156,826)	\$ (278,370)	\$ (533,817)	\$ (900,989)	\$ (876,068)	\$ (738,771)	\$ (563,666)	\$ (374,583)	\$ -	\$ -	\$ -
Total Collected	\$ 1,695,441	\$ 1,759,244	\$ 3,130,735	\$ 5,991,802	\$ 9,946,915	\$ 9,373,922	\$ 7,386,073	\$ 5,749,397	\$ 3,910,646	\$ 2,659,032	\$ 1,817,039	\$ 1,824,459
Interest	\$ (1,646)	\$ (1,616)	\$ (1,591)	\$ (1,984)	\$ (1,928)	\$ (1,867)	\$ (1,761)	\$ (1,581)	\$ (1,393)	\$ (1,334)	\$ (1,332)	\$ (1,317)
(Over)/Under Collection	\$ 249,198.89	\$ 222,577.62	\$ 227,041.87	\$ 483,234.27	\$ 523,895.86	\$ 908,556.49	\$ 1,542,830.11	\$ 1,605,068.89	\$ 507,570.28	\$ 13,607.97	\$ 132,165.42	\$ 130,314.52

Alternative 2: \$0.045 surcredit increased to \$0.11												
	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast						
PGA (Over)/Under Collection	\$ (14,104,884.30)	\$ (13,855,685.41)	\$ (13,633,107.79)	\$ (17,006,065.92)	\$ (15,870,388.37)	\$ (14,245,204.05)	\$ (12,265,693.77)	\$ (9,819,591.18)	\$ (7,525,161.78)	\$ (6,559,252.56)	\$ (6,545,075.77)	\$ (6,412,341.46)
Costs	\$ 1,946,286	\$ 1,983,438	\$ 3,359,367	\$ 6,477,020	\$ 10,472,742	\$ 10,284,346	\$ 8,930,664	\$ 7,356,047	\$ 4,419,609	\$ 2,673,975	\$ 1,950,537	\$ 1,956,090
Sales (Therms)	\$ 3,351,999	\$ 3,485,032	\$ 6,186,001	\$ 11,862,605	\$ 20,021,970	\$ 19,468,167	\$ 16,417,144	\$ 12,525,920	\$ 8,324,065	\$ 5,010,425	\$ 3,407,800	\$ 3,381,759
Est PGA Factor	\$ 0.551	\$ 0.550	\$ 0.551	\$ 0.550	\$ 0.542	\$ 0.527	\$ 0.495	\$ 0.504	\$ 0.515	\$ 0.531	\$ 0.533	\$ 0.540
Credit	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045
PGA Revenues	\$ 1,846,281	\$ 1,916,071	\$ 3,409,105	\$ 6,525,619	\$ 10,847,903	\$ 10,249,990	\$ 8,124,845	\$ 6,313,064	\$ 4,285,229	\$ 2,659,032	\$ 1,817,039	\$ 1,824,459
Offsets	\$ (150,840)	\$ (156,826)	\$ (278,370)	\$ (533,817)	\$ (900,989)	\$ (876,068)	\$ (738,771)	\$ (563,666)	\$ (374,583)	\$ -	\$ -	\$ -
Total Collected	\$ 1,695,441	\$ 1,759,244	\$ 3,130,735	\$ 5,991,802	\$ 9,946,915	\$ 9,373,922	\$ 7,386,073	\$ 5,749,397	\$ 3,910,646	\$ 2,659,032	\$ 1,817,039	\$ 1,824,459
Interest	\$ (1,646)	\$ (1,616)	\$ (1,591)	\$ (1,984)	\$ (1,928)	\$ (1,867)	\$ (1,761)	\$ (1,581)	\$ (1,393)	\$ (1,334)	\$ (1,332)	\$ (1,317)
(Over)/Under Collection	\$ 249,198.89	\$ 222,577.62	\$ 227,041.87	\$ 483,234.27	\$ 523,895.86	\$ 908,556.49	\$ 1,542,830.11	\$ 1,605,068.89	\$ 507,570.28	\$ 13,607.97	\$ 132,165.42	\$ 130,314.52

Alternative 3: \$0.045 surcredit increased to \$0.11												
	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast						
PGA (Over)/Under Collection	\$ (14,104,884.30)	\$ (13,855,685.41)	\$ (13,633,107.79)	\$ (17,006,065.92)	\$ (15,751,762.33)	\$ (13,926,344.47)	\$ (11,752,115.31)	\$ (9,141,781.36)	\$ (6,722,013.68)	\$ (5,672,770.11)	\$ (5,658,489.90)	\$ (5,525,632.15)
Costs	\$ 1,946,286	\$ 1,983,438	\$ 3,359,367	\$ 6,477,020	\$ 10,472,742	\$ 10,284,346	\$ 8,930,664	\$ 7,356,047	\$ 4,419,609	\$ 2,673,975	\$ 1,950,537	\$ 1,956,090
Sales (Therms)	\$ 3,351,999	\$ 3,485,032	\$ 6,186,001	\$ 11,862,605	\$ 20,021,970	\$ 19,468,167	\$ 16,417,144	\$ 12,525,920	\$ 8,324,065	\$ 5,010,425	\$ 3,407,800	\$ 3,381,759
Est PGA Factor	\$ 0.551	\$ 0.550	\$ 0.551	\$ 0.550	\$ 0.542	\$ 0.527	\$ 0.495	\$ 0.504	\$ 0.515	\$ 0.531	\$ 0.533	\$ 0.540
Credit	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045	\$ 0.045
PGA Revenues	\$ 1,846,281	\$ 1,916,071	\$ 3,409,105	\$ 6,525,619	\$ 10,847,903	\$ 10,249,990	\$ 8,124,845	\$ 6,313,064	\$ 4,285,229	\$ 2,659,032	\$ 1,817,039	\$ 1,824,459
Offsets	\$ (150,840)	\$ (156,826)	\$ (278,370)	\$ (533,817)	\$ (900,989)	\$ (876,068)	\$ (738,771)	\$ (563,666)	\$ (374,583)	\$ -	\$ -	\$ -
Total Collected	\$ 1,695,441	\$ 1,759,244	\$ 3,130,735	\$ 5,991,802	\$ 9,946,915	\$ 9,373,922	\$ 7,386,073	\$ 5,749,397	\$ 3,910,646	\$ 2,659,032	\$ 1,817,039	\$ 1,824,459
Interest	\$ (1,646)	\$ (1,616)	\$ (1,591)	\$ (1,984)	\$ (1,858)	\$ (1,625)	\$ (1,371)	\$ (784)	\$ (765)	\$ (662)	\$ (660)	\$ (645)
(Over)/Under Collection	\$ 249,198.89	\$ 222,577.62	\$ 227,041.87	\$ 1,254,903.59	\$ 1,825,417.86	\$ 2,174,229.16	\$ 2,610,333.95	\$ 2,419,767.68	\$ 1,049,243.57	\$ 14,280.21	\$ 132,837.75	\$ 130,986.93

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

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 GAS, INC. FOR APPROVAL OF A
TEMPORARY PURCHASED GAS
ADJUSTOR CREDIT.

DOCKET NO. G-04204A-13-0314
DECISION NO. _____
ORDER

Open Meeting
October 16 and 17, 2013
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. UNS Gas, Inc. ("UNS Gas" or "the Company") is engaged in providing natural gas within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission.

2. On September 13, 2013, UNS Gas filed an application requesting an increase in its current Purchased Gas Adjustor ("PGA") surcredit, from \$0.045 per therm to \$0.10 per therm. UNS Gas also requests that the increased surcredit become effective November 1, 2013, and expire on April 30, 2014, or expire if the bank balance reaches zero during the term of the surcredit.¹

Background

3. The Company recovers the cost of the gas, including its transportation costs, through a Purchased Gas Adjustor ("PGA") rate. Currently, the UNS Gas PGA rate is calculated based on

¹ The Company notes that, in mid-2014, it will evaluate market conditions in order to assess whether a surcredit should be implemented again next winter (November 1, 2014 through April 30, 2015).

1 a twelve-month rolling average, with a \$0.15 per therm annual bandwidth. The rolling average
2 and bandwidth are designed to reduce the volatility of gas costs passed on to customers. The
3 rolling average produces a more predictable and consistent PGA rate, while the bandwidth
4 provides another brake on volatility. Both of these features limit rate shock.

5 4. Differences between the rolling average cost of gas and the actual cost of natural gas
6 are tracked and recorded in the PGA bank balance, so that under-collections can be recovered by
7 the Company and over-collections can be returned to ratepayers. Decision No. 70011 (November
8 27, 2007) imposed a \$10 million threshold on over-collected bank balances, to ensure that they are
9 returned to ratepayers on a timely basis. Once the over-collected PGA bank balance hits \$10
10 million, UNS Gas must file an application for a surcredit within 45 days, or explain why a
11 surcredit would not be in the public interest.

12 5. In Decision No. 73143 (May 2, 2012), the Commission approved a \$0.045 per therm
13 surcredit to address an over-collection. The surcredit went into effect on May 1, 2012, and was set
14 to continue through April 30, 2014, unless the bank balance decreased to zero.

15 **Current Over-collection**

16 6. Even with the current surcredit in place, over-collection has continued due to natural
17 gas prices falling below projected levels. (The over-collected PGA bank balance reached \$14.2
18 million as of September 2013.) In addition, UNS Gas will be receiving a refund of approximately
19 \$3.6 million on or about October 11th as the result of the El Paso Natural Gas Federal Energy
20 Regulatory Commission rate case settlement, with this amount becoming part of the Company's
21 over-collected bank balance. By the end of October, the total over-collection (including the \$3.6
22 million refund) is estimated to reach approximately \$17.3 million.

23 7. Based on its proposal, UNS Gas states that the total average bill for its residential
24 customers would decrease by \$3.49 per month, or 5.52%. This decrease would be over and above
25 the decrease provided by the surcredit already in place.

26 ...

27 ...

28 ...

1 Analysis

2 8. The proposed surcredit would be applied to customers' bills during peak winter usage
3 (November through April). This provides a benefit to ratepayers during the period when gas bills
4 are highest.

5 9. The Company's projections show that, without the proposed increase from a negative
6 \$0.045 to a negative \$0.10 per therm (Alternative 1, Exhibit B), the bank balance will continue to
7 be over-collected by more than \$10 million through at least July 2015. Conversely, if the increase
8 to \$0.10 per therm is approved (Alternative 2, Exhibit B), the bank balance is projected to drop
9 below the \$10 million threshold in March of 2014. UNS Gas projects that if the surcredit is
10 terminated on April 30, 2014 its bank balances will remain between \$6 million and \$7 million for
11 most of the period through July 2015. Increasing the surcredit to \$0.11 (as shown in Alternative 3,
12 Exhibit B) would further decrease the over-collection, but also increase the risk that a relatively
13 small upward price movement could result in under-collection and possibly the need for a
14 surcharge.

15 10. It is reasonable to terminate the surcredit in the event that the bank balance decreases
16 to zero. Such a termination would limit the under-collections that might occur if the surcredit
17 stayed in place after the bank balance hit zero.

18 Recommendations

19 11. Staff has recommended the following:

- 20 • That the Commission approve an increase in the UNS Gas surcredit from
21 \$0.045 per therm to \$0.10 per therm; and
22 • That the surcredit expire on April 30, 2014, or if the bank balance reaches zero
23 prior to April 30, 2014.

24 CONCLUSIONS OF LAW

25 1. UNS Gas is an Arizona public service corporation within the meaning of Article
26 XV, Section 2, of the Arizona Constitution.

27 2. The Commission has jurisdiction over UNS Gas and over the subject matter of the
28 application.

1 3. The Commission, having reviewed the application and Staff's Memorandum dated
2 October 3, 2013, concludes that it is in the public interest to approve a temporary customer credit
3 (or surcredit) as discussed herein.

4 ORDER

5 IT IS THEREFORE ORDERED that the UNS Gas Inc. surcredit be increased from \$0.045
6 per therm to \$0.10 per therm, effective November 1, 2013.

7 IT IS FURTHER ORDERED that the surcredit expire on April 30, 2014, or when the bank
8 balance reaches zero, whichever comes first.

9 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

10
11 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

12
13 _____
CHAIRMAN

COMMISSIONER

14
15
16 _____
COMMISSIONER

COMMISSIONER

COMMISSIONER

17
18 IN WITNESS WHEREOF, I, JODI JERICH, Executive
19 Director of the Arizona Corporation Commission, have
20 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.

21
22
23 _____
JODI JERICH
EXECUTIVE DIRECTOR

24
25 DISSENT: _____

26
27 DISSENT: _____

28 SMO:JMK:sms\CHH

1 SERVICE LIST FOR: UNS Gas, Inc.
2 DOCKET NO. G-04204A-13-0314

3 Michael W. Patten
4 Roshka DeWulf & Patten, PLC
5 One Arizona Center
6 400 East Van Buren Street, Suite 800
7 Phoenix, Arizona 85004

8 Bradley S. Carroll
9 Kimberly A. Ruht
10 UNS Gas, Inc.
11 88 East Broadway, MS HQE910
12 P.O. Box 711
13 Tucson, Arizona 85702

14 Mr. Steven M. Olea
15 Director, Utilities Division
16 Arizona Corporation Commission
17 1200 West Washington Street
18 Phoenix, Arizona 85007

19 Ms. Janice M. Alward
20 Chief Counsel, Legal Division
21 Arizona Corporation Commission
22 1200 West Washington Street
23 Phoenix, Arizona 85007

24
25
26
27
28