

ORIGINAL

OPEN MEETING AGENDA ITEM



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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP, CHAIRMAN
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

2013 DEC -4 P 2:07

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

DEC 04 2013

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF)	DOCKET NO. E-04204A-12-0504
UNS ELECTRIC, INC. FOR THE)	
ESTABLISHMENT OF JUST AND)	
REASONABLE RATES AND CHARGES)	UNS ELECTRIC, INC'S
DESIGNED TO REALIZE A REASONABLE)	EXCEPTIONS TO
RATE OF RETURN ON THE FAIR VALUE OF)	RECOMMENDED OPINION
THE PROPERTIES OF UNS ELECTRIC, INC.)	AND ORDER
DEVOTED TO ITS OPERATIONS)	
THROUGHOUT THE STATE OF ARIZONA,)	
AND FOR RELATED APPROVALS.)	

UNS Electric, Inc. ("UNS Electric" or "Company"), through undersigned counsel, hereby files its Exceptions to the Recommended Opinion and Order ("ROO") docketed on November 25, 2013 in the above-captioned matter. All the issues in this rate case were resolved by a Settlement Agreement that was signed by all parties to the docket. The Company appreciates the diligence of the Hearing Division to prepare the ROO in time to meet the January 1, 2014 effective date for new rates, as contemplated by the Settlement Agreement. However, although the Company generally supports the ROO, it has one exception of significance and several that are clarifications. For the convenience of the Arizona Corporation Commission ("Commission"), the Company has included amendment language in Attachment A to these Exceptions.

Effective Date of LFCR Mechanism.

The ROO proposes a material modification to the Settlement Agreement by delaying by a full year the effective date of the Company's Lost Fixed Cost Recovery ("LFCR") mechanism. Pursuant to the terms of the Settlement Agreement, calculation of the LFCR would commence on January 1, 2013 for the 2013 calendar year and the LFCR surcharge would be charged to customers for the prior calendar year effective July 1, 2014. The ROO provides for the LFCR

1 calculation to commence on January 1, 2014 with the LFCR surcharge to become effective on July
2 1, 2015. This change to the Settlement Agreement would deny the Company its ability to recover
3 lost fixed costs associated with ongoing energy efficiency and distributed generation programs for
4 all of 2013.¹

5 The ROO cites two reasons for the proposed change to the effective date of the LFCR.
6 First, the ROO states that *“this modification is consistent with the Settlement approved in the last*
7 *APS rate case (Decision No. 73183).”*² The important word here is “Settlement.” The APS rate
8 case (which was decided on May 24, 2012) resulted in a negotiated settlement wherein those
9 parties (including APS) *agreed* to the timing of the effective date of the LFCR. With respect to
10 UNS Electric, the parties in this docket did not look to the APS settlement, but looked to the more
11 recent Commission decision in the Tucson Electric Power Company (“TEP”) rate case (Decision
12 No. 73912, June 27, 2013). In that case the Commission approved a settlement agreement that
13 provided for a similar approach to the one used in the UNS Electric Settlement Agreement for the
14 effective date of the LFCR. More importantly, the parties to the UNS Electric Settlement
15 Agreement specifically negotiated the issue of the effective date of the LFCR because of the
16 economic impact such commencement date has on the overall revenues of the Company. From
17 the Company’s perspective, UNS Electric was ultimately willing to settle upon a lower revenue
18 requirement, a lower return on equity (“ROE”), and a lower return on fair value increment than
19 what the Company originally requested.³ In doing so, UNS Electric took a holistic approach to
20 evaluating various financial aspects of the proposed settlement that included the economic effect
21 of a January 1, 2013 start date for the calculation of the LFCR. The Company believes that if the
22 Commission was to adopt this modification to the Settlement Agreement, the Company would

25 ¹ Because of the timing of when the Commission adopted the REST and Energy Efficiency Rules, to date the
26 Company has been unable to recover its lost fixed costs associated with its compliance with such Rules.

26 ² ROO at page 25, footnote 7. It should be further noted that the calculation of the APS LFCR is different than the
27 calculation methodology for UNS Electric and TEP.

27 ³ It should be noted that the revenue requirement, the ROE, and the return on fair value increment that the Company
agreed to is also lower than the corresponding values in the APS settlement agreement approved by the Commission.

1 lose its ability to recover approximately \$800,000⁴ of lost fixed cost revenue that the LFCR
2 mechanism is designed to capture.

3 The second reason the ROO gives for the proposed change is that the recovery would be
4 “retroactive.” That is not accurate. First, the Commission recently approved a similar LFCR
5 mechanism for TEP. Although the effective date for rates in the TEP rate case was July 1, 2013,
6 the Commission approved TEP’s settlement agreement in which the parties agreed to an LFCR
7 calculation commencement date of January 1, 2013; six months prior to the effective date of the
8 new rates. In approving that settlement, the Commission did not conclude the calculation period
9 to be retroactive. For UNS Electric, the calculation will commence one year prior to the
10 effectiveness of the new rates. However, the rate application, including a proposed LFCR
11 mechanism, would have been on file with the Commission since December 30, 2012 and the
12 LFCR surcharge will not take effect until six months after new rates are implemented on January
13 1, 2014. Moreover, the agreed-upon effective date is after the end of the June 30, 2012 test year in
14 this docket. Accordingly, like in TEP, the Commission would not be allowing recovery of lost
15 fixed costs on a retroactive basis.

16 Finally, this is not a policy issue for the Commission, but an economic issue for the UNS
17 Electric Settlement Agreement that would result in a material change to the delicate balance
18 reached in the Settlement Agreement. Although the Commission approved a settlement agreement
19 for APS that provided for the LFCR to commence after the conclusion of the rate case, the
20 Commission more recently approved a settlement agreement for TEP that provided for the LFCR
21 to commence prior to the effective date of the new rates. In the case of UNS Electric, the parties,
22 through a give and take process, arrived at an equitable Settlement Agreement that factored in the
23 economics of an appropriate start date for the LFCR. Accordingly, the Commission should not
24 adopt the ROO’s proposed change to the LFCR. To do so would unnecessarily and unfairly
25 penalize the Company and materially change the Settlement Agreement.

26
27

⁴ This is because of the cumulative effect of the LFCR.

1 **Additional LFCR Provision.**

2 The ROO adopts UNSE Exhibit-13 that includes the following language agreed to by all
3 parties:

4 The Lost Fixed Cost Recovery (“LFCR”) mechanism shall be
5 subject to Commission review at any time, the first review to occur
6 no later than UNS Electric’s next general rate case. Based upon
7 review, the Commission may suspend, terminate, or modify the
8 LFCR mechanism. Such suspension, termination or modification
9 may occur prior to UNS Electric’s next general rate case upon
10 notice and opportunity to be heard, provided that any suspension,
11 termination or modification is revenue neutral as it relates to UNS
12 Electric’s non-fuel revenue requirement.

13 UNS Electric respectfully requests that the above language to be included in the final order
14 consistent with the proposed amendment language in Attachment A.

15 **Typographical Correction.**

16 UNS Electric requests that a typographical correction be made in the final Order. On page
17 9, line 27, the Total Base Fuel and Non-fuel Revenue increase should state \$14,533,854⁵, instead
18 of \$14,318,063.

19 **Revised Attachments to the Settlement Agreement.**

20 The ROO has recommended the adoption of the Settlement Agreement filed on September
21 6, 2013 as modified by late filed UNSE Exhibits 11, 12 and 13.⁶ UNSE Exhibit-12 contains the
22 LFCR Schedules that should be attached to the LFCR Plan of Administration as part of
23 Attachment D to the Settlement Agreement. Moreover, UNS Electric filed a corrected Proof of
24 Revenue on November 6, 2013, which should replace the Proof of Revenue in Attachment B to
25 the Settlement Agreement. For clarity, and in order to ensure that the Settlement Agreement
26 attached to the final Order contains all of the approved attachments, the Company requests that
27 these pages be added or replaced in the Settlement Agreement attached to the final Order. For the

⁵ See UNS Electric Settlement Agreement Section 2.3 “UNSE’s total base fuel and non-fuel revenue increase is \$14,533,854. . .”

⁶ UNS Electric ROO at page 32, line 7-9.

1 convenience of the Commission, UNS Electric has included these pages with the attached
2 proposed amendment language

3 **Conclusion.**

4 On the basis of the foregoing, UNS Electric respectfully requests that the Commission
5 amend the ROO consistent with the modifications contained in Attachment A and include the
6 approved replacement pages in the final Order.

7 RESPECTFULLY SUBMITTED this 4th day of December 2013.

8 UNS ELECTRIC, INC.

9
10 By 
11 Michael W. Patten
12 Roshka DeWulf & Patten, PLC
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15 Phoenix, Arizona 85004

14 and

15 Bradley S. Carroll
16 Kimberly A. Ruht
17 UNS Electric, Inc.
18 88 East Broadway, MS HQE910
19 P.O. Box 71

18 Attorneys for UNS Electric, Inc.

19
20 Original and 13 copies of the foregoing
21 filed this 4th day of December 2013, with:

21 Docket Control
22 Arizona Corporation Commission
23 1200 West Washington Street
24 Phoenix, Arizona 85007

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Copies of the foregoing hand-delivered/mailed
this 4th day of December, 2013, to:

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By Mary Ippolito

Attachment A

EFFECTIVE DATE OF LFCR

Page 25, lines 9-14 – DELETE the paragraph including corresponding footnote 7.

Page 30, lines 7–9 –DELETE Finding of Fact 39 and renumber accordingly.

Page 32, lines 16-18 – DELETE: “ *and to amend its LFCR Plan of Administration to become effective beginning July 1, 2015, to recover the lost fixed costs from January 1, 2014 forward, the effective date of rates in this Decision*”.

ADDITIONAL LFCR PROVISION

Page 30, line 7 - INSERT new Finding of Fact as follows: “*It is reasonable to adopt the language contained in late filed Exhibit UNSE-13 regarding future Commission review of the LFCR Mechanism.*”

Page 32, line 17 - INSERT new Ordering Paragraph as follows:

“IT IS FURTHER ORDERED that the LFCR mechanism shall be subject to Commission review at any time, the first review to occur no later than UNS Electric’s next general rate case. Based upon review, the Commission may suspend, terminate, or modify the LFCR mechanism. Such suspension, termination or modification may occur prior to UNS Electric’s next general rate case upon notice and opportunity to be heard, provided that any suspension, termination or modification is revenue neutral as it relates to UNS Electric’s non-fuel revenue requirement.”

TYPOGRAPHICAL CORRECTION

Page 9, line 26 ½ - DELETE: “\$14,318,063” and **REPLACE** with: “\$14,533,854”.

REVISED ATTACHMENTS TO SETTLEMENT AGREEMENT

Attachment B, Proof of Revenue - **DELETE and REPLACE** with Proof of Revenue contained in UNSE Exhibit-11 (copies of replacement pages are attached).

Attachment D, Lost Fixed Cost Recovery Mechanism, Plan of Administration, Page 5 – **INSERT** LFCR Schedules contained in UNSE Exhibit-12 (copies of LFCR Schedules to be added are attached).

MAKE ALL CONFORMING CHANGES.

CORRECTED

PROOF OF REVENUE

Attachment B

UNS ELECTRIC, INC.
 TEST YEAR RATES VS. PROPOSED RATES AND REVENUES
 TEST PERIOD ENDING JUNE 30, 2012
 REVISED

Line No.	Rate Schedule	Test Year Adjusted Billing Determinants	Current Rates	Test Year Adjusted Revenue	Proposed Adjusted Billing Determinants	Proposed Rates	Proposed Revenue
RESIDENTIAL - CARES							
1	Customer Charge	79,488	\$3.50	\$278,208	79,488	\$4.90	\$389,491
2	Energy Charge 1st 400 kWh	29,906,669	\$0.018973	567,419	29,906,669	\$0.018973	567,419
3	Energy Charge, all additional kWhs	40,265,846	\$0.035855	1,443,732	40,265,846	\$0.035400	1,425,411
4	Base Power Supply Charge, all kWhs	70,172,515	\$0.064603	4,533,355	70,172,515	\$0.061700	4,329,644
5	PPFAC 7/1/11 - 5/31/12	62,840,408	(\$0.008414)	(527,056)			
6	PPFAC 6/1/12	7,532,107	(\$0.013829)	(104,162)			
7	TOTAL RESIDENTIAL CARES REVENUE			\$5,504,516			\$6,711,966
RESIDENTIAL Service R-01							
8	Customer Charge	874,104	\$8.00	\$6,992,832	874,104	\$10.00	\$8,741,040
9	Energy Charge 1st 400 kWh	298,807,066	\$0.019370	5,787,893	298,807,066	\$0.019300	5,786,976
10	Energy Charges 401 - 1,000 kWh				94,478,884	\$0.034350	9,114,901
11	Energy Charge, all additional kWh	469,851,115	\$0.036605	17,198,900	375,355,995	\$0.038499	7,872,320
12	Base Power Supply Charge, all kWhs	768,641,945	\$0.067445	51,841,056	768,641,945	\$0.064510	49,585,092
13	PPFAC 7/1/11 - 5/31/12	673,559,436	(\$0.008788)	(5,919,240)			
14	PPFAC 6/1/12	97,082,509	(\$0.014437)	(1,401,580)			
15	TOTAL RESIDENTIAL REVENUE			\$74,499,860			\$81,080,329
RESIDENTIAL - RES-01-TOU							
16	Customer Charge	1,668	\$8.00	\$13,344	1,668	\$11.50	\$19,182
17	Energy Charge 1st 400 kWh	661,574	\$0.019370	12,815	661,574	\$0.030350	20,079
18	Energy Charge, all additional kWhs	1,081,596	\$0.036605	39,592	1,081,596	\$0.030350	32,826
19	Base Power Supply ChargeS						
20	Summer On-peak, kWh	178,668	\$0.151771	27,117	317,069	\$0.129605	41,094
21	Summer Shoulder-peak, kWh	138,400	\$0.067445	9,334			
22	Summer Off-peak, kWh	730,158	\$0.046791	34,185	730,158	\$0.039605	28,918
23	Winter On-peak, kWh	181,376	\$0.151771	27,528	181,376	\$0.129605	23,507
24	Winter Off-peak, kWh	514,570	\$0.034527	17,767	514,570	\$0.031385	16,150
25	PPFAC 7/1/11 - 5/31/12	1,517,923	(\$0.008788)	(13,340)			
26	PPFAC 6/1/12	225,248	(\$0.014437)	(3,252)			
27	TOTAL RESIDENTIAL TOU			\$165,069			\$181,756
SMALL GENERAL SERVICE							
28	Customer Charge	96,408	\$12.50	\$1,205,100	102,040	\$14.50	\$1,479,580
29	Energy Charge 1st 400 kWh	29,184,828	\$0.032235	940,773	30,396,828	\$0.030176	917,255
30	Energy Charge 401 -12,000 kWh	67,874,782	\$0.046614	3,183,915	86,975,951	\$0.041042	3,589,639
31	Energy Charge >7,500 kWh				545,369	\$0.076042	41,471
32	Base Power Supply Charge, all kWhs	97,059,610	\$0.065495	6,356,919	117,918,148	\$0.058241	6,867,671
33	PPFAC 7/1/11 - 5/31/12	82,093,043	(\$0.008788)	(721,434)			
34	PPFAC 6/1/12	21,919,852	(\$0.014437)	(318,457)			
35	TOTAL SMALL GENERAL SERVICE			\$10,628,817			\$12,875,615
SMALL GENERAL SERVICE TOU							
36	Customer Charge	49	\$12.50	\$613	49	\$16.50	\$809
37	Energy Charge 1st 400 kWh	32,836	\$0.032235	1,058	32,836	\$0.030176	991
38	Energy Charge 401 -7,500 kWh	48,264	\$0.046614	2,250	48,264	\$0.043176	2,084
39	Energy Charge >7,500 kWh				0	\$0.076042	0
40	Base Power Supply Charges						
41	Summer On-peak, kWh	8,094	\$0.129605	1,049	10,117	\$0.129605	1,311
42	Summer Shoulder-peak, kWh	2,024	\$0.065495	133			
43	Summer Off-peak, kWh	30,435	\$0.039605	1,205	30,435	\$0.039605	1,205
44	Winter On-peak, kWh	8,109	\$0.129605	1,051	8,109	\$0.129605	1,051
45	Winter Off-peak, kWh	32,437	\$0.031385	1,018	32,437	\$0.031385	1,018
46	PPFAC 7/1/11 - 5/31/12	74,335	(\$0.008788)	(653)			
47	PPFAC 6/1/12	6,764	(\$0.014437)	(98)			
48	TOTAL SMALL GENERAL SERVICE TOU			\$7,626			\$8,469
INTERRUPTIBLE POWER SERVICE							
49	Customer Charge	468	\$16.00	\$7,488	468	\$18.00	\$8,424
50	Demand Charge, per kW	126,006	\$4.56	574,083	126,006	\$5.00	630,030
51	Energy Charge (kWhs)	41,411,045	\$0.019403	803,498	41,411,045	\$0.019408	803,706
52	Base Power Supply Charge, all kWhs	41,411,045	\$0.047985	1,987,109	41,411,045	\$0.043760	1,812,147
53	PPFAC 7/1/11 - 5/31/12	34,947,125	(\$0.008788)	(307,115)			
54	PPFAC 6/1/12	7,463,919	(\$0.014437)	(107,757)			
55	TOTAL INTERRUPTIBLE POWER SERVICE			\$2,957,307			\$3,254,307

Attachment B

UNS ELECTRIC, INC.
 TEST YEAR RATES VS. PROPOSED RATES AND REVENUES
 TEST PERIOD ENDING JUNE 30, 2012
 REVISED

Line No.	Rate Schedule	Test Year Adjusted Billing Determinants	Current Rates	Test Year Adjusted Revenue	Proposed Adjusted Billing Determinants	Proposed Rates	Proposed Revenue
LARGE GENERAL SERVICE 5713-5714							
1	Customer Charge	21,802	\$18.00	\$345,632	15,970	\$50.00	\$798,500
2	Customer Charge TOU	94	\$20.90	1,965			
3	Demand Charge, per kW	1,381,198	\$14.12	19,502,521	1,467,413	\$12.81	18,797,557
4	Energy Charge (kWhs)	458,062,917	\$0.004085	1,871,187	437,204,380	\$0.005470	2,391,508
5	Base Power Supply Charge, all kWhs	458,062,917	\$0.057991	26,563,527	437,204,380	\$0.056603	24,747,080
6	PPFAC 7/1/11 - 5/31/12	386,534,858	(\$0.008788)	(3,366,868)			
7	PPFAC 6/1/12	51,528,059	(\$0.014437)	(743,911)			
8	TOTAL LARGE GENERAL SERVICE			\$44,144,052			\$46,734,645
LARGE POWER SERVICE 5709 -5712							
9	Customer Charge <69 kV	188	\$372.00	\$69,936	188	\$1,200.00	\$225,600
10	Customer Charge >69 kV	36	\$407.00	14,652	36	\$1,200.00	43,200
11	Demand Charge <69kV, per kW	245,834	\$21.73	5,341,968	245,834	\$22.00	5,408,343
12	Demand Charge >69kV, per kW	107,250	\$15.80	1,694,547	107,250	\$17.00	1,823,247
13	Energy Charge (kWhs)	151,873,990	\$0.000453	68,799	151,873,990	\$0.000462	70,166
14	Power Factor Adjustment			23,979			
15	Primary Meter Discount			(40,574)			(40,574)
16	Base Power Supply Charge, all kWhs	151,873,990	\$0.046056	6,994,708	151,873,990	\$0.041880	6,360,483
17	PPFAC 7/1/11 - 5/31/12	127,191,477	(\$0.008788)	(1,117,759)			
18	PPFAC 6/1/12	34,763,513	(\$0.014437)	(501,881)			
19	TOTAL LPS (<69KV)			\$12,548,375			\$13,890,464
LARGE POWER SERVICE (>69KV) TOU 5573							
20	Customer Charge	12	\$407.00	\$4,884	12	\$1,200.00	\$14,400
21	Demand Charge, per kW	58,584	\$15.80	925,627	58,584	\$17.00	995,928
22	Energy Charge (kWhs)	37,247,731	\$0.000453	16,873	37,247,731	\$0.000462	17,208
23	Power Factor Adjustment			111,627			
24	Base Power Supply Charge, all kWhs						
25	Summer On-peak, kWh	1,852,440	\$0.094016	174,159	2,043,213	\$0.123580	252,500
26	Summer Shoulder-peak, kWh	1,966,146	\$0.046056	90,553			
27	Summer Off-peak, kWh	15,691,517	\$0.034016	533,763	17,466,890	\$0.024716	431,712
28	Winter On-peak, kWh	3,712,627	\$0.094016	349,046	2,085,277	\$0.093880	195,766
29	Winter Off-peak, kWh	14,025,001	\$0.022002	308,578	15,652,352	\$0.022105	345,995
30	PPFAC 7/1/11 - 5/31/12	31,402,426	(\$0.008788)	(275,965)			
31	PPFAC 6/1/12	5,745,305	(\$0.014437)	(82,945)			
32	TOTAL LPS (>69KV)			\$2,156,201			\$2,253,509
LARGE POWER SERVICE MINING							
33	Customer Charge	24	\$407.00	\$9,768	24	\$1,200.00	\$28,800
34	Demand Charge, per kW	180,016	\$15.80	2,844,248	180,016	\$17.00	3,060,287
35	Energy Charge (kWhs)	111,371,411	\$0.000453	50,451	111,371,411	\$0.000462	51,454
36	Power Factor Adjustment			29,864			
37	Base Power Supply Charge, all kWhs	111,371,411	\$0.046056	5,129,322	111,371,411	\$0.041880	4,664,235
38	PPFAC 7/1/11 - 5/31/12	98,618,082	(\$0.008788)	(866,656)			
39	PPFAC 6/1/12	12,564,147	(\$0.014437)	(181,389)			
40	TOTAL LPS (>69KV)			\$7,015,608			\$7,804,756
LIGHTING DUSK TO DAWN							
41	New 30' Wood Pole (Class 6) - Overhead	8,494	\$4.31	\$36,609	8,494	\$4.34	\$36,864
42	New 30' Metal or Fiberglass - Overhead	6,145	\$8.63	53,031	6,145	\$8.66	53,216
43	Existing Wood Pole - Underground	3,335	\$2.15	7,170	3,335	\$2.18	7,270
44	New 30' Wood Pole (Class 6) - Underground	94	\$6.47	608	94	\$6.52	613
45	New 30' Metal or Fiberglass - Underground	1,986	\$10.78	21,409	1,986	\$10.81	21,473
46	Wattage, per Watt	6,919,346	\$0.049181	340,300	6,919,346	\$0.051681	357,599
47	Base Power Supply Charge, customer charge	2,673,232	\$0.006761	18,074	2,673,232	\$0.010113	27,034
48	PPFAC 7/1/11 - 5/31/12	2,288,231	(\$0.008788)	(20,109)			
49	PPFAC 6/1/12	385,001	(\$0.014437)	(5,558)			
50	TOTAL LIGHTING DUSK TO DAWN			\$451,535			\$504,069
51	Total Non-Fuel Revenue			\$72,380,595			\$75,566,270
52	CARES Non-Fuel Discount			(247,889)			(247,889)
53	Total Fuel Revenue			88,385,352			99,733,613
54	CARES Fuel Discount			(439,091)			(439,091)
55	Community Solar Revenue			24,439			24,439
56	Total Revenue			\$160,103,406			\$174,637,342

LFCR

SCHEDULES

UNS Electric, Inc.
 Lost Fixed Cost Recovery Mechanism
 Schedule 1: LFCR Annual Adjustment Rate

Line No.	(A) Annual Adjustment	(B) Reference	(C) Total
<u>Energy Efficiency Related Adjustment</u>			
1	Total Lost Fixed Cost Revenue for Current Period	Sch 2, Line 13 x Sch 3, Line 103, Col F	\$ -
2	Forecast of Applicable Company's Revenues	Schedule 2, Line 1	-
3	Percentage Adjustment Applied to Customer's Bills for E	(Line 1 / Line 2)	0.0000%
<u>Distributed Generation Related Adjustment</u>			
4	Total Lost Fixed Cost Revenue for Current Period	Sch 2, Line 13 x Sch 3, Line 104, col F	\$ -
5	Forecast of Applicable Company's Revenues	Schedule 2, Line 1	-
6	Percentage Adjustment Applied to Customer's Bills for D	(Line 4 / Line 5)	0.0000%

EXHIBIT
 tabular UNSE-12

UNS Electric, Inc.
 Lost Fixed Cost Recovery Mechanism
 Schedule 2: LFCR Annual Incremental Cap Calculation

Line No.	(A) LFCR Annual Incremental Cap Calculation	(B) Reference	(C) Totals
1	Applicable Company Revenues		\$
2	Allowed Cap %		1.00%
3	Maximum Allowed Incremental Recovery	(Line 1 * Line 2)	\$ -
4	Total Lost Fixed Cost Revenue	Schedule 3, Line 105, Column C	\$ -
5	Total Deferred Balance from Previous Period	Previous Filing, Schedule 2, Line 11, Column C	-
6	Annual Interest Rate		0.00%
7	Interest Accrued on Deferred Balance	(Line 5 * Line 6)	-
8	Total Lost Fixed Cost Revenue Current Period	(Line 4 + Line 5 + Line 7)	\$ -
9	Lost Fixed Cost Revenue from Prior Period	Previous Filing, Schedule 2, Line 13, Column C	\$ -
10	Total Incremental Lost Fixed Cost Revenue for Current Year	(Line 8 - Line 9)	\$ -
11	Amount in Excess of Cap to Defer	(Line 10 - Line 3)	\$ -
12	Incremental Period Adjustment	[(Line 10 - Line 11)/ Line 1]	-
13	Total Lost Fixed Cost Revenue for Current Period	(Line 8 - Line 11)	\$ -

UNS Electric, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 3: LFCR Calculation

Line No.	(A) LFCR Fixed Cost Revenue Calculation	(B) Reference	(C) Totals	(D) Units	(E)	(F)
Residential						
Energy Efficiency Savings						
1	Current Period			kWh		
2	% of Residential Customers choosing fixed-option		0.0%			
3	Excluded kWh reduction	(Line 1 * Line 2)	-	kWh		
4	Net - Current Period	(Line 1 - Line 3)	-	kWh		
5	Prior Period kWh EE losses	Previous Filing, Schedule 3, Line 6, Column C	-	kWh		
6	Cumulative Recoverable kWh savings	(Previous Filing, Schedule 3, Line 6, Column C + Line 4)	-	kWh		
7	Total Recoverable EE Savings	Line 6	-	kWh		
8	Residential - Lost Fixed Cost Rate	Schedule 4, Line 3, Column C	\$	0.0212	\$/kWh	
9	Residential - Lost Fixed Cost Revenue Relating to EE	(Line 7 * Line 8)	\$	-		
Distributed Generation						
10	Current Period			kWh		
11	% of Residential Customers choosing fixed-option		0.0%			
12	Excluded kWh reduction	(Line 10 * Line 11)	-	kWh		
13	Net - Current Period	(Line 10 - Line 12)	-	kWh		
14	Prior Period kWh DG losses	Previous Filing, Schedule 3, Line 15, Column C	-	kWh		
15	Cumulative Recoverable kWh savings	(Previous Filing, Schedule 3, Line 15, Column C + Line 13)	-	kWh		
16	Total Recoverable DG Savings	Line 15	-	kWh		
17	Residential - Lost Fixed Cost Rate	Schedule 4, Line 3, Column C	\$	0.0212	\$/kWh	
18	Residential - Lost Fixed Cost Revenue Relating to DG	(Line 16 * Line 17)	\$	-		
Small General Service						
Energy Efficiency Savings						
19	Current Period		-	kWh		
20	Prior Period kWh EE losses	Previous Filing, Schedule 3, Line 21, Column C	-	kWh		
21	Cumulative Recoverable kWh savings	(Previous Filing, Schedule 3, Line 21, Column C + Line 19)	-	kWh		
22	Total Recoverable EE Savings	Line 21	-	kWh		
23	Small General Service - Lost Fixed Cost Rate	Schedule 4, Line 6, Column C	\$	0.0280	\$/kWh	
24	Small General Service - Lost Fixed Cost Revenue Relating to EE	(Line 22 * Line 23)	\$	-		
Distributed Generation						
25	Current Period		-	kWh		
26	Prior Period kWh DG losses	Previous Filing, Schedule 3, Line 27, Column C	-	kWh		
27	Cumulative Recoverable kWh savings	(Previous Filing, Schedule 3, Line 27, Column C + Line 25)	-	kWh		
28	Total Recoverable DG Savings	Line 27	-	kWh		
29	Small General Service - Lost Fixed Cost Rate	Schedule 4, Line 6, Column C	\$	0.0280	\$/kWh	
30	Small General Service - Lost Fixed Cost Revenue Relating to DG	(Line 28 * Line 29)	\$	-		
Large General Service - Delivery Revenue - Demand						
Energy Efficiency Savings						
31	Current Period		-	kW		
32	Prior Period kW EE losses	Previous Filing, Schedule 3, Line 33, Column C	-	kW		
33	Cumulative Recoverable kW savings	(Previous Filing, Schedule 3, Line 33, Column C + Line 31)	-	kW		
34	Total Recoverable EE Savings	Line 33	-	kW		
35	Large General Service - Lost Fixed Cost Rate	Schedule 4, Line 12, Column C	\$	4.8600	\$/kW	
36	Large General Service - Lost Fixed Cost Revenue Relating to EE	(Line 34 * Line 35)	\$	-		
Distributed Generation						
37	Current Period		-	kW		
38	Prior Period kW DG losses	Previous Filing, Schedule 3, Line 39, Column C	-	kW		
39	Cumulative Recoverable kW savings	(Previous Filing, Schedule 3, Line 39, Column C + Line 37)	-	kW		
40	Total Recoverable DG Savings	Line 39	-	kW		
41	Large General Service - Lost Fixed Cost Rate	Schedule 4, Line 12, Column C	\$	4.8600	\$/kW	
42	Large General Service - Lost Fixed Cost Revenue Relating to DG	(Line 40 * Line 41)	\$	-		

UNS Electric, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 3: LFCR Calculation

Large General Service - Delivery Revenue

Energy Efficiency Savings

43	Current Period		-	kWh
44	Prior Period kWh EE losses	Previous Filing, Schedule 3, Line 45, Column C	-	kWh
		(Previous Filing, Schedule 3, Line 45, Column C + Line 43)		
45	Cumulative Recoverable kWh savings	43)	-	kWh
46	Total Recoverable EE Savings	Line 45	-	kWh
47	Large General Service - Lost Fixed Cost Rate	Schedule 4, Line 9, Column C	\$	0.0031 \$/kWh
48	Large General Service - Lost Fixed Cost Revenue Relating to EE	(Line 46 * Line 47)	\$	-

Distributed Generation

49	Current Period		-	kWh
50	Prior Period kWh DG losses	Previous Filing, Schedule 3, Line 51, Column C	-	kWh
		(Previous Filing, Schedule 3, Line 51, Column C + Line 49)		
51	Cumulative Recoverable kWh savings	49)	-	kWh
52	Total Recoverable DG Savings	Line 51	-	kWh
53	Large General Service - Lost Fixed Cost Rate	Schedule 4, Line 9, Column C	\$	0.0031 \$/kWh
54	Large General Service - Lost Fixed Cost Revenue Relating to DG	(Line 52 * Line 53)	\$	-

Interruptible Power Service - Delivery Revenue - Demand

Energy Efficiency Savings

55	Current Period		-	kW
56	Prior Period kW EE losses	Previous Filing, Schedule 3, Line 57, Column C	-	kW
		(Previous Filing, Schedule 3, Line 57, Column C + Line 55)		
57	Cumulative Recoverable kW savings	55)	-	kW
58	Total Recoverable EE Savings	Line 57	-	kW
59	Interruptible - Lost Fixed Cost Rate	Schedule 4, Line 18, Column C	\$	2.2350 \$/kW
60	Interruptible - Lost Fixed Cost Revenue Relating to EE	(Line 58 * Line 59)	\$	-

Distributed Generation

61	Current Period		-	kW
62	Prior Period kW DG losses	Previous Filing, Schedule 3, Line 63, Column C	-	kW
		(Previous Filing, Schedule 3, Line 63, Column C + Line 61)		
63	Cumulative Recoverable kW savings	61)	-	kW
64	Total Recoverable DG Savings	Line 63	-	kW
65	Interruptible - Lost Fixed Cost Rate	Schedule 4, Line 18, Column C	\$	2.2350 \$/kW
66	Interruptible - Lost Fixed Cost Revenue Relating to DG	(Line 64 * Line 65)	\$	-

Interruptible Power Service - Delivery Revenue

Energy Efficiency Savings

67	Current Period		-	kWh
68	Prior Period kWh EE losses	Previous Filing, Schedule 3, Line 69, Column C	-	kWh
		(Previous Filing, Schedule 3, Line 69, Column C + Line 67)		
69	Cumulative Recoverable kWh savings	67)	-	kWh
70	Total Recoverable EE Savings	Line 69	-	kWh
71	Interruptible - Lost Fixed Cost Rate	Schedule 4, Line 15, Column C	\$	0.0156 \$/kWh
72	Interruptible - Lost Fixed Cost Revenue Relating to EE	(Line 70 * Line 71)	\$	-

Distributed Generation

73	Current Period		-	kWh
74	Prior Period kWh DG losses	Previous Filing, Schedule 3, Line 75, Column C	-	kWh
		(Previous Filing, Schedule 3, Line 75, Column C + Line 73)		
75	Cumulative Recoverable kWh savings	73)	-	kWh
76	Total Recoverable DG Savings	Line 75	-	kWh
77	Interruptible - Lost Fixed Cost Rate	Schedule 4, Line 15, Column C	\$	0.0156 \$/kWh
78	Interruptible - Lost Fixed Cost Revenue Relating to DG	(Line 76 * Line 77)	\$	-

Large Power Service - Delivery Revenue - Demand

Energy Efficiency Savings

79	Current Period		-	kW
80	Prior Period kW EE losses	Previous Filing, Schedule 3, Line 81, Column C	-	kW
		(Previous Filing, Schedule 3, Line 81, Column C + Line 79)		
81	Cumulative Recoverable kW savings	79)	-	kW
82	Total Recoverable EE Savings	Line 81	-	kW
83	Large Power Service - Lost Fixed Cost Rate	Schedule 4, Line 24, Column C	\$	8.5037 \$/kW
84	Large Power Service - Lost Fixed Cost Revenue Relating to EE	(Line 82 * Line 83)	\$	-

UNS Electric, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 3: LFCR Calculation

<u>Distributed Generation</u>					
85		Current Period			- kW
86	Prior Period kW DG losses	Previous Filing, Schedule 3, Line 87, Column C			- kW
87	Cumulative Recoverable kW savings	(Previous Filing, Schedule 3, Line 87, Column C + Line 85)			- kW
88	Total Recoverable DG Savings	Line 87			- kW
89	Large Power Service - Lost Fixed Cost Rate	Schedule 4, Line 24, Column C	\$	8.5037	\$/kW
90	Large Power Service - Lost Fixed Cost Revenue Relating to DG	(Line 88 * Line 89)	\$		-
<u>Large Power Service - Delivery Revenue Energy Efficiency Savings</u>					
<u>Energy Efficiency Savings</u>					
91		Current Period			- kWh
92	Prior Period kWh EE losses	Previous Filing, Schedule 3, Line 93, Column C			- kWh
93	Cumulative Recoverable kWh savings	(Previous Filing, Schedule 3, Line 93, Column C + Line 91)			- kWh
94	Total Recoverable EE Savings	Line 93			- kWh
95	Large Power Service - Lost Fixed Cost Rate	Schedule 4, Line 21, Column C	\$	0.0004	\$/kWh
96	Large Power Service - Lost Fixed Cost Revenue Relating to EE	(Line 94 * Line 95)	\$		-
<u>Distributed Generation</u>					
97		Current Period			- kWh
98	Prior Period kWh DG losses	Previous Filing, Schedule 3, Line 99, Column C			- kWh
99	Cumulative Recoverable kWh savings	(Previous Filing, Schedule 3, Line 99, Column C + Line 97)			- kWh
100	Total Recoverable DG Savings	Line 99			- kWh
101	Large Power Service - Lost Fixed Cost Rate	Schedule 4, Line 21, Column C	\$	0.0004	\$/kWh
102	Large Power Service - Lost Fixed Cost Revenue Relating to DG	(Line 100 * Line 101)	\$		-
103	Total Lost Fixed Cost Revenue Related to Energy Efficiency	Sum Line 9 + 24 + 36 + 48 + 60 + 72 + 84 + 96	\$		-
104	Total Lost Fixed Cost Revenue Related to Distributed Generation	Sum Line 18 + 30 + 42 + 54 + 66 + 78 + 90 + 102	\$		-
105	Total Lost Fixed Cost Revenue	Sum Line 103 + 104	\$		-

Percent of Total
#DIV/0! Line 103/105
#DIV/0! Line 104/105

UNS Electric, Inc.
 Lost Fixed Cost Recovery Mechanism
 Schedule 4: LFCR Test Year Rate Calculation

Line No.	(A) LFCR Fixed Cost Calculation	(B) Reference	(C) Total
Residential Customers			
1	Delivery Revenue	Schedule 5, Line 4, Column F	\$ 17,809,359.73
2	kWh Billed	actual	840,557,630
3	Lost Fixed Cost Rate	Line1 /Line2	\$ 0.0212
Small General Service			
4	Delivery Revenue	Schedule 5, Line 8, Column F	\$ 3,304,275.12
5	kWh Billed	actual	117,999,247
6	Lost Fixed Cost Rate	Line 4 / Line 5	\$ 0.0280
Large General Service			
7	Delivery Revenue	Schedule 5, Line 12, Column F	\$ 1,344,840.67
8	kWh billed	actual	437,204,380
9	Lost Fixed Cost Rate	(Line 7 / Line 8)	\$ 0.0031
Large General Service			
10	Demand Revenue	Schedule 5, Line 22, Column F	\$ 7,131,625.89
11	kW billed	actual	1,467,413
12	Lost Fixed Cost Rate	(Line 10 / Line 11)	\$ 4.8600
Interruptible Power Service			
13	Delivery Revenue	Schedule 5, Line 14, Column F	\$ 644,645.73
14	kWh billed	actual	41,411,045
15	Lost Fixed Cost Rate	(Line 13 / Line 14)	\$ 0.0156
Interruptible Power Service			
16	Demand Revenue	Schedule 5, Line 24, Column F	\$ 281,623.36
17	kW billed	actual	126,006
18	Lost Fixed Cost Rate	(Line 16 / Line 17)	\$ 2.2350
Large Power Service			
19	Delivery Revenue	Schedule 5, Line17, Column F	\$ 108,778.51
20	kWh billed	actual	300,493,132
21	Lost Fixed Cost Rate	(Line 19 / Line 20)	\$ 0.0004
Large Power Service			
22	Demand Revenue	Schedule 5, Line 27, Column F	\$ 5,031,499.98
23	kW billed	actual	591,683
24	Lost Fixed Cost Rate	(Line 22 / Line 23)	\$ 8.5037

UNS Electric, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 5: Delivery Revenue Calculation

(A)	(B)	(C)	(D)	(E)	(F)	
Line No.	Rate Schedule	Adjusted Test Year Billing Determinants	Units	Delivery Charge	Demand Stability Factor	Total Revenue B x D x E
1	Residential Service (R-01)	768,641,945	kWh	\$ 0.0213	100% \$	16,355,164.81
2	Residential Service (R-01 TOU)	1,743,170	kWh	\$ 0.0220	100% \$	38,393.33
3	Residential Service (R-01 CARES)	70,172,515	kWh	\$ 0.0202	100% \$	1,415,801.59
4	subtotal	840,557,630	kWh	\$ 0.0212	\$	17,809,359.73
5	Small General Service (SGS-10)	117,918,148	kWh	\$ 0.0280	100% \$	3,302,043.86
6	Small General Service (SGS-10 TOU)	81,099	kWh	\$ 0.0275	100% \$	2,231.25
7	Small General Service (SGS-10 TOU-S)	-	kWh	\$ -	100% \$	-
8	subtotal	117,999,247	kWh	0.0280	\$	3,304,275.12
	<u>kWh related</u>					
9	Large General Service (LGS)	437,204,380	kWh	\$ 0.0031	100% \$	1,344,840.67
10	Large General Service (LGS-TOU)	-	kWh	\$ -	100% \$	-
11	Large General Service (LGS-TOU-S)	-	kWh	\$ -	100% \$	-
12	subtotal	437,204,380	kWh	\$ 0.0031	\$	1,344,840.67
13	Interruptible Power Service (IPS)	41,411,045	kWh	\$ 0.0156	100% \$	644,645.73
14	subtotal	41,411,045	kWh	\$ 0.0156	\$	644,645.73
15	Large Power Service (LPS)	151,873,990	kWh	\$ 0.0004	100% \$	54,978.38
16	Large Power Service (LPS-TOU)	148,619,142	kWh	\$ 0.0004	100% \$	53,800.13
17	subtotal	300,493,132	kWh	\$ 0.0004	\$	108,778.51
18	Total kWh	1,737,665,434	kWh		\$	23,211,899.77
	<u>kW related</u>					
19	Large General Service (LGS)	1,467,413	kW	\$ 9.7200	50% \$	7,131,625.89
20	Large General Service (LGS-TOU)	-	kW	\$ -	50% \$	-
21	Large General Service (LGS-TOU-S)	-	kW	\$ -	50% \$	-
22	subtotal	1,467,413	kW	\$ 4.8600	\$	7,131,625.89
23	Interruptible Power Service (IPS)	126,006	kW	\$ 4.4700	50% \$	281,623.36
24	subtotal	126,006	kW	\$ 2.2350	\$	281,623.36
25	Large Power Service (LPS)	245,834	kW	\$ 19.9300	50% \$	2,449,733.42
26	Large Power Service (LPS-TOU)	345,850	kW	\$ 14.9300	50% \$	2,581,766.56
27	subtotal	591,683	kW	\$ 8.5037	\$	5,031,499.98
28	Total kW	2,185,102	kW		\$	12,444,749.23