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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

**COMMISSIONERS**

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

**DOCKETED**

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IN THE MATTER OF THE REORGANIZATION  
OF UNS ENERGY CORPORATION.

DOCKET NO. E-04230A-14-0011  
E-01933A-14-0011

**ORIGINAL**

**STAFF'S POST HEARING BRIEF**

The Utilities Division Staff ("Staff") of the Arizona Corporation Commission ("Commission") hereby submits its Post Hearing Brief in the above-captioned matter as directed by the Administrative Law Judge ("ALJ") on June 17, 2014.<sup>1</sup>

**I. PROCEDURAL BACKGROUND.**

At the conclusion of the hearing in this matter on June 17, 2014, a discussion ensued among counsel who remained at the hearing<sup>2</sup> and the ALJ regarding the option of any party adopting or joining in the brief of UNS Energy Corporation and Fortis, Inc. (collectively, "Applicants") in order to avoid unnecessary redundancy. At that time, the ALJ indicated that any party could join in or adopt Applicants' brief, but that each party should also provide its own position on and analysis of the issues, as necessary, to ensure each party's position would not be subject to the ALJ's interpretation.<sup>3</sup>

**II. STAFF ADOPTS AND JOINS IN THE APPLICANTS' BRIEF.**

Based on the foregoing, Staff reviewed the draft of the Post-Hearing Brief of UNS Energy Corporation and Fortis, Inc. provided to the parties on July 7, 2014. Staff submits that the Applicants

<sup>1</sup> Tr. at 389:10-11.

<sup>2</sup> Prior to this time, counsel for many of the intervenors had requested and were granted permission to be excused from the hearing. Counsel for the following parties remained: UNS Energy Corporation, Fortis, Inc., Noble Gas Solutions/Southern Arizona Homebuilders Association, Residential Utility Consumer Office, City of Nogales and Commission Staff.

<sup>3</sup> 390:8-14; 391:9-11.

1 have thoroughly and accurately delineated Staff's positions regarding the Settlement Agreement as  
2 set forth in the pre-filed and hearing testimony of Staff witness Steven Olea including, without  
3 limitation: the fair, open and transparent nature of the negotiations leading to the Settlement  
4 Agreement; that the negotiations provided all interested parties an opportunity to participate and be  
5 heard on the terms and conditions of the Settlement Agreement; the Settlement Agreement's terms  
6 including the 66 Conditions contained therein and the treatment of the 1997 TEP Holding Company  
7 Order conditions; protection of the respective interests of the numerous and varied parties hereto;  
8 maintenance and/or improvement of the financial conditions of Tucson Electric Power, UNS Electric  
9 and UNS Gas (collectively, the "Regulated Utilities"); maintenance of the management teams and  
10 principle place of business of the Regulated Utilities in Arizona; protection of the independent nature  
11 of the Regulated Utilities; and, the continued support for low income customer assistance programs.

12 **III. CONCLUSION.**

13 Staff submits that the Merger Transaction, subject to the terms of the Settlement Agreement,  
14 balances the interests of the public, the Applicants, the Regulated Utilities and their customers and  
15 employees; meets the standard required by A.A.C. R14-2-803(C); and, is in the public interest. Staff  
16 therefore recommends that the Settlement Agreement should be approved by the Commission at a  
17 September 2014 Open Meeting.

18 RESPECTFULLY SUBMITTED this 9<sup>th</sup> day of July, 2014.

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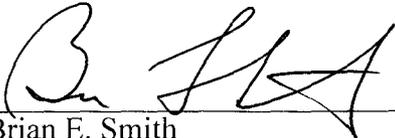
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Original and thirteen (13) copies  
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9<sup>th</sup> day of July 2014 with:

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