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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

Arizona Corporation Commission

2014 NOV -4 P 2: 55

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AZ CORP COMMISSION
DOCKET CONTROL

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

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ORIGINAL

IN THE MATTER OF THE JOINT APPLICATION
OF UNS ELECTRIC, INC. AND UNS GAS, INC.
FOR A FINANCING ORDER AUTHORIZING
VARIOUS FINANCING TRANSACTIONS.

DOCKET NO. E-04204A-13-0447
DOCKET NO. G-04204A-13-0447

PROCEDURAL ORDER

BY THE COMMISSION:

On December 18, 2013, UNS Electric, Inc. ("UNS Electric") and UNS Gas, Inc. ("UNS Gas") (collectively, the "Companies") filed with the Commission pursuant to A.R.S. §§ 40-301 and 40-302, a Joint Application for Financing ("Application") requesting *inter alia*, that UNS Electric be authorized to issue up to \$80 million in new long term debt and UNS Gas be authorized to issue up to \$50 million in additional long-term debt.

On September 17, 2014, the Commission's Utilities Division ("Staff") filed its Staff Report which recommended approval of the financing request subject to a number of conditions.

On October 9, 2014, the Companies filed Comments on Staff Report ("Comments"), which contained modified conditions for the requested borrowing authority.

By Procedural Order dated October 14, 2014, the parties were requested to clarify certain recommendations.

On October 31, 2014, the Companies and Staff filed a Joint Response to the Procedural Order.

The Application seeks authority for UNS Gas to issue up to \$50 million in additional long-term debt for the purpose of financing on-going capital expenditure requirements.¹ The Staff Report includes an Engineering Report that presents a comprehensive analysis of UNS Electric's capital expenditures and reaches the conclusions that UNS Electric's capital budget appears adequate to address the needs of the projected customer and load growth, and that the planned expenditures on

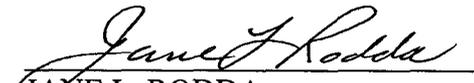
¹ Application at 5.

1 generation, transmission and distribution infrastructure appear appropriate and reasonable. Neither
2 the Application nor Staff Report, however, contain similar information concerning the UNS Gas
3 capital budget. Having additional information in the record concerning the use of the proposed long-
4 term debt proceeds and Staff's analysis of the appropriateness of the proposed issuances is necessary
5 to form a conclusion as to the reasonableness of the request and to comply with the requirements of
6 A.R.S. §40-301(C).

7 IT IS THEREFORE ORDERED that **the Companies and Staff** shall supplement the record
8 with information related to UNS Gas' planned use of the proposed new long-term debt proceeds
9 similar to the analysis provided for UNS Electric.²

10 IT IS FURTHER ORDERED that the Presiding Officer³ may rescind, alter, amend, or waive
11 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

12 DATED this 4th day of November, 2014.


JANE L. RODDA
ADMINISTRATIVE LAW JUDGE

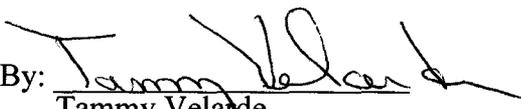
15 Copies of the foregoing mailed
16 this 4th day of November, 2014 to:

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By: 
Tammy Velarde
Assistant to Jane L. Rodda

26 ² The requested analysis does not have to be as extensive or detailed as that provided for UNS Electric, but should include
27 information on what capital projects are expected over the relevant period and Staff's conclusions whether the planned
capital expenditures adequately address the needs of UNS Gas and whether they appear appropriate and reasonable.

28 ³ The Presiding Officer apologizes for not noticing the need for additional information earlier. The sooner the parties are
able to provide the requested information, the sooner a Recommended Order can be issued.