

BEFORE THE ARIZONA CORPORATION



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Arizona Corporation Commission

DOCKETED

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**COMMISSIONERS**

SUSAN BITTER SMITH – Chairman  
 BOB STUMP  
 BOB BURNS  
 DOUG LITTLE  
 TOM FORESE

IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR A HEARING TO DETERMINE THE FAIR VALUE OF THE UTILITY PROPERTY OF THE COMPANY FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RATE OF RETURN THEREON, AND TO APPROVE RATE SCHEDULES DESIGNED TO DEVELOP SUCH RETURN.

DOCKET NO. E-01345A-11-0224

DECISION NO. 74948

ORDER GRANTING REHEARING

Open Meeting  
 February 3<sup>rd</sup> and 4th, 2015  
 Phoenix, Arizona

**BY THE COMMISSION:**

On December 23, 2014, the Commission entered Decision No. 74876 in Docket E-01345A-11-0224 approving a Four Corners Rate Rider.

On January 9, 2015, the Arizona School Boards Association and the Arizona Association of School Business Officials (“School Associations”) filed an application for rehearing of Decision No. 74876. On January 22, 2015, the Commission granted rehearing for the limited purpose of allowing more time for further consideration of the School Associations’ request that would have otherwise been deemed denied by operation of law.

The School Associations argue that the Decision is unlawful for two reasons. First, according to the School Associations, the Decision approves a revenue increase of \$57.05 million but makes no finding of fair value as required by Art. 15, § 14 of the Arizona Constitution.

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Decision No. \_\_\_\_\_

1 Staff notes that the rate case remained open pending the filing by APS of its Four Corners  
2 Rate Rider application. The fair value rate base in Decision No. 73183 is \$8,167,126,000. The Four  
3 Corners acquisition resulted in a \$225,933,911 addition to the FVRB found in Decision No. 73183.  
4 Thus, the total FVRB rate base including the Four Corners acquisition is \$8,393,059,911.

5 Second, the School Associations allege that the rate increase is unlawful because there was no  
6 analysis or discussion in Decision No. 74876 regarding the financial information submitted by APS  
7 and more specifically APS' earnings.

8 Staff notes that APS submitted updated financial information related to the Four Corners  
9 acquisition as required by Decision No. 73183. Contrary to the School Associations' argument, the  
10 Staff and others reviewed and analyzed all of the information submitted by APS. The conclusions  
11 regarding this analysis were presented at the evidentiary hearing on this matter, and considered by the  
12 ALJ.

13 Accordingly, Staff recommends that the Commission grant rehearing for the sole purpose of  
14 clarifying the two points raised by the School Associations. Staff recommends that the Commission  
15 include the following two findings of fact to clarify the points raised in the School Associations'  
16 rehearing request:

- 17 1. The Four Corners acquisition results in a \$225,933,911 addition to the FVRB  
18 of \$8,167,126,000 found in Decision No. 73183, for a total FVRB of  
19 \$8,393,059,911.
- 20 2. Contrary to the School Associations' argument at page 3 of its request for  
21 rehearing, APS filed updated financial information related to the Company's  
22 earnings and return. The Commission and Staff carefully considered that  
23 updated information in this matter. No party, including the School  
24 Associations, challenged APS's updated numbers or offered any alternative  
25 calculations for the Commission to consider.

26 Staff further recommends that all other findings and requirements of Decision No. 74876  
27 remain unchanged and in effect.

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**CONCLUSIONS OF LAW**

- 1. APS is a public service corporation as defined in Art. 15 § 2 of the Arizona Constitution.
- 2. The School Associations filed a timely request for rehearing pursuant to A.R.S. § 40-253.
- 3. The Commission has jurisdiction over the subject matter of the School Associations' request.
- 4. It is in the public interest to grant the request for rehearing filed by the School Associations to the extent discussed in this Order.

**ORDER**

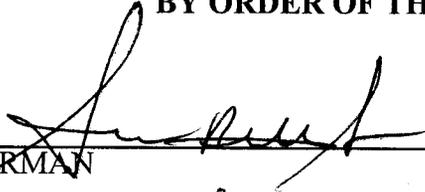
IT IS THEREFORE ORDERED that the request for rehearing of Decision No. 74876 filed by the Arizona School Boards Association and the Arizona Association of School Business Officials is granted to the extent discussed above.

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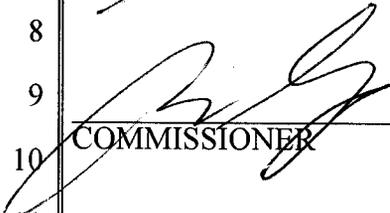
1 IT IS FURTHER ORDERED that all other findings and requirements of Decision No. 74876  
2 are unchanged and remain in effect.

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

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5 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

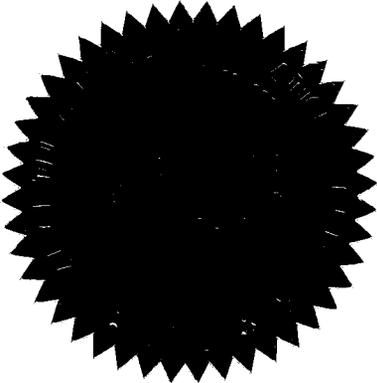
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CHAIRMAN

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COMMISSIONER

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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 9<sup>th</sup> day of February, 2015.

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24 JODI JERICH  
25 EXECUTIVE DIRECTOR

26  
27 DISSENT: \_\_\_\_\_

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DISSENT: \_\_\_\_\_

This document is available in alternative formats by contacting Shaylin A. Bernal, ADA Coordinator,  
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Original and thirteen (13) copies  
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