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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

REC-1127
AZ CORP COMMISSION
DOCKET CONTROL

2015 JUN 22 AM 11 43

IN THE MATTER OF THE APPLICATION OF
UNS ELECTRIC, INC. FOR THE
ESTABLISHMENT OF JUST AND REASONABLE
RATES AND CHARGES DESIGNED TO
REALIZE A REASONABLE RATE OF RETURN
ON THE FAIR VALUE OF THE PROPERTIES OF
UNS ELECTRIC, INC. DEVOTED TO ITS
OPERATIONS THROUGHOUT THE STATE OF
ARIZONA AND FOR RELATED APPROVALS.

DOCKET NO. E-04204A-15-0142

RATE CASE
PROCEDURAL ORDER
AND NOTIFICATION OF
INTERVENTION

BY THE COMMISSION:

On May 5, 2015, UNS Electric, Inc. ("UNSE" or "Company") filed an Application with the Arizona Corporation Commission ("Commission") for a rate increase.

On May 12, 2015, The Alliance for Solar Choice ("TASC") filed an Application to Intervene. TASC is a solar energy advocacy association whose members include many of the nation's rooftop solar market. No party objected to TASC's intervention.

On May 15, 2015, Noble Americas Energy Solutions LLC ("Noble Solutions") filed for Leave to Intervene. Noble Solutions states that it offers a suite of commodity products and services structured to meet the needs of energy users. No party objected to Noble Solutions' intervention.

On May 27, 2015, Nucor Corporation ("Nucor") filed a Petition to Intervene. Nucor owns and operates a steel mill in Kingman, Arizona which is serviced by UNSE. No party objected to Nucor's intervention.

On June 2, 2015, UNSE filed Revised Schedules H-3 and H-4 in support of its Application.

On June 4, 2015, the Commission's Utilities Division ("Staff") notified UNSE that its application met the sufficiency requirements of Arizona Administrative Code ("A.A.C.") R14-2-103, and classified the Company as a Class A utility.

Arizona Corporation Commission

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JUN 22 2015

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1 On June 9, 2015, the Residential Utility Consumer Office (“RUCO”) filed an Application to
2 Intervene. RUCO was established by statute for the purpose of representing residential utility
3 consumers in matters before the Commission concerning regulated public service corporations. No
4 party objected to RUCO’s intervention.

5 On June 9, 2015, UNSE filed a Motion for Procedural Schedule which proposed a schedule
6 for this proceeding which was developed in consultation with Staff and RUCO.

7 Pursuant to A.A.C. R14-3-101, the Commission now issues this Procedural Order to govern
8 the preparation and conduct of this proceeding.

9 IT IS THEREFORE ORDERED that the **hearing** in the above-captioned matter shall
10 commence on **March 1, 2016, at 10:00 a.m.**, or as soon thereafter as is practical, at the
11 Commission’s offices, **Room 222, 400 West Congress, Tucson, Arizona 85701.**

12 IT IS FURTHER ORDERED that a **Pre-hearing Conference** shall be held on **February 26,**
13 **2016, at 10:00 a.m.**, at the Commission’s **Tucson Offices, Room 222, 400 West Congress, Tucson,**
14 **Arizona, 85701** for the purpose of scheduling witnesses and the conduct of the hearing. Parties may
15 appear telephonically, but should contact the Hearing Division at (602) 542-4250 to indicate if they
16 will be calling in.¹

17 IT IS FURTHER ORDERED that **intervention is granted to RUCO, TASC, Noble**
18 **Solutions and Nucor.**

19 IT IS FURTHER ORDERED that any **direct testimony (except that related to rate design**
20 **and cost of service)** and associated exhibits to be presented at hearing on behalf of **Staff or**
21 **Intervenors** shall be reduced to writing and filed on or before **November 6, 2015.**

22 IT IS FURTHER ORDERED that any **direct testimony related rate design and cost of**
23 **service** and associated exhibits to be presented at hearing on behalf of **Staff and Intervenors** shall be
24 reduced to writing and filed on or before **December 9, 2015.**

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¹ The call-in number to participate telephonically is 1-888-450-5996, Access Code 457395#.

1 IT IS FURTHER ORDERED that any **rebuttal testimony** and associated exhibits to be
2 presented at hearing by the **Company** shall be reduced to writing and filed on or before **January 19,**
3 **2016.**

4 IT IS FURTHER ORDERED that any **surrebuttal testimony** and associated exhibits to be
5 presented by the **Staff and/or intervenors** shall be reduced to writing and filed on or before
6 **February 19, 2016.**

7 IT IS FURTHER ORDERED that any **rejoinder testimony** and associated exhibits to be
8 presented at the hearing **by the Company** shall be reduced to writing and filed on or before
9 **February 26, 2016.**

10 IT IS FURTHER ORDERED that any objections to any testimony or exhibits which have
11 been prefiled before February 26, 2016, shall be made on or before the Pre-Hearing Conference.

12 IT IS FURTHER ORDERED that any substantive corrections, revisions, or supplements to
13 pre-filed testimony shall be reduced to writing and filed no later than five days before the witness is
14 scheduled to testify.

15 IT IS FURTHER ORDERED that **intervention** shall be in accordance with A.A.C. R14-3-
16 105, except that all motions to intervene must be filed **on or before October 15, 2015.**

17 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and
18 regulations of the Commission, except that through **November 15, 2015**, any objection to discovery
19 requests shall be made within 7 days² of receipt and responses to discovery requests shall be made
20 within 10 days of receipt; thereafter, objections to discovery requests shall be made within 5 days and
21 responses shall be made in 7 days;¹ the response time may be extended by mutual agreement of the
22 parties involved if the request requires an extensive compilation effort.

23 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel
24 discovery, any party seeking discovery may telephonically contact the Commission's Hearing
25 Division to request a date for a procedural hearing to resolve the discovery dispute; that upon such a
26 request, a procedural hearing will be convened as soon as practicable; and that the party making such
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28 ² "Days" means calendar days.

1 a request shall forthwith contact all other parties to advise them of the hearing date and shall at the
2 hearing provide a statement confirming that the other parties were contacted.³

3 IT IS FURTHER ORDERED that any responses to motions shall be filed within five days of
4 the filing date of the motion.

5 IT IS FURTHER ORDERED that any replies shall be filed within five days of the filing date
6 of the response.

7 IT IS FURTHER ORDERED that any motions filed in this matter that are not ruled upon by
8 the Commission within 20 days of the filing date of the motion shall be deemed denied.

9 IT IS FURTHER ORDERED that the Company shall provide public notice of the hearing in
10 this matter, in the following type size, form and style with the heading in no less than 16 point bold
11 type and the body in no less than 10-point regular type:

12 **PUBLIC NOTICE OF HEARING ON THE**
13 **RATE APPLICATION OF**
14 **UNS ELECTRIC, INC.**
Docket No. E-04204A-15-0142

15 **Summary**

16 On May 5, 2015, UNS Electric, Inc. (“UNSE” or “Company”) filed an application
17 with the Arizona Corporation Commission (“Commission”) for an increase in annual
18 non-fuel revenues of \$22.6 million. Under its proposal, the Company expects the
19 increase to be offset by a \$14.9 million reduction in fuel costs. In addition, UNSE is
20 proposing: to include in its base rates \$4.3 million in transmission costs currently
21 recovered through a Transmission Cost Adjustor; a one-year credit to the purchased
22 power and fuel adjustment clause (“PPFAC”) to reflect the deferred savings related to
23 the acquisition of Gila River Power Plant Unit 3; modifications to its rate design, its
24 PPFAC, Lost Fixed Cost Recovery mechanism, and Net Metering Tariff for new net
25 metered customers submitting applications for interconnection after June 1, 2015;
26 updated depreciation rates; and modifications to its Tariffs and Rules and Regulations.
27 Under the rates as proposed by the Company, an average residential customer using
28 983 kWh in summer and 669 kWh in winter would see a monthly increase of \$1.99,
from \$87.83 to \$89.82 in the first year, and an additional increase of \$7.87, to \$97.69,
in subsequent years. A customer’s bill depends on monthly energy consumption. A
customer using less or more than the average would experience a smaller or larger
increase.

If you have any questions concerning how the Company’s rate proposal will affect
your bill or have other substantive questions about this application, you may contact

³ The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations
before seeking Commission resolution of the controversy.

1 the Company at: [COMPANY SHOULD INSERT NAME, ADDRESS,
2 TELEPHONE NUMBER, AND E-MAIL ADDRESS FOR CUSTOMER
CONTACTS CONCERNING THE APPLICATION].

3 The Commission's Utilities Division Staff and the Residential Utility Consumer
4 Office are in the process of reviewing and analyzing the application and have not yet
5 made recommendations regarding UNSE's request. The Commission will determine
6 the appropriate rate relief to be granted based on the evidence of record in this
7 proceeding. **THE COMMISSION IS NOT BOUND BY THE PROPOSALS
MADE BY UNSE, STAFF, OR ANY INTERVENORS AND, THEREFORE,
THE FINAL RATES APPROVED IN THIS DOCKET MAY BE LOWER OR
HIGHER THAN THE RATES DESCRIBED ABOVE.**

8 **How You Can View or Obtain a Copy of the Rate Proposal**

9 Copies of the application and proposed tariffs are available at UNSE's offices
10 [INSERT ADDRESS], and at the Commission's Docket Control Center at 1200 West
11 Washington, Phoenix, Arizona and its Tucson office, 400 West Congress, Suite 218,
Tucson, Arizona, and on the internet via the Commission website ([/www.azcc.gov/](http://www.azcc.gov/))
using the e-Docket function.

12 **Public Hearing Information**

13 The Commission will hold a **hearing** on this matter beginning **March 1, 2016, at**
14 **10:00 a.m.**, at the Commission's offices, Room 222, 400 West Congress, Tucson,
Arizona, 85701.

15 Public comments will be taken at the beginning of the hearing. Written public
16 comments may be submitted by mailing a letter referencing Docket No. E-04204A-15-
17 0142 to Arizona Corporation Commission, Consumer Services Section, 1200 West
Washington, Phoenix, AZ 85007, or by email. For a form to use and instructions on
18 how to e-mail comments to the Commission, go to
<http://www.azcc.gov/divisions/utilities/forms/PublicCommentForm.pdf>. If you
require assistance, you may contact the Consumer Services Section at 1-800-222-7000
or (520) 628-6550.

19 **If you do not intervene in this proceeding, you will not receive further notice of**
20 **the proceedings in this docket. However, all documents filed in this docket are**
21 **available online** (usually within 24 hours after docketing) at the Commission's
website www.azcc.gov using the e-Docket function, located at the bottom of the
website homepage. RSS feeds are also available through e-Docket.

22 **About Intervention**

23 The law provides for an open public hearing at which, under appropriate
24 circumstances, interested parties may intervene. Any person or entity entitled by law
to intervene and having a direct and substantial interest in the matter will be permitted
25 to intervene. If you wish to intervene, you must file an original and 13 copies of a
written motion to intervene with the Commission no later than **October 15, 2015**, and
26 send a copy of the motion to UNSE or its counsel and to all parties of record. Your
motion must contain the following:

- 27 1. Your name, address, and telephone number and the name, address and
28 telephone number of any party upon whom service of documents is to
be made, if not yourself.

- 1 2. A short statement of your interest in the proceeding (e.g., a customer of
2 the Company, etc.).
- 3 3. A statement certifying that you have mailed a copy of the motion to
4 intervene to the Company or its counsel and to all parties of record in
5 the case.

6 The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except
7 that all motions to intervene must be filed on or before October 15, 2015. If
8 representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme
9 Court, intervention will be conditioned upon the intervenor obtaining counsel to
10 represent the intervenor. For information about requesting intervention, visit the
11 Commission's website at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>.
12 The granting of intervention, among other things, entitles a party to present sworn
13 evidence at the hearing and to cross-examine other witnesses. However, failure to
14 intervene will not preclude any interested person or entity from appearing at the
15 hearing and providing public comment on the application or from filing written
16 comments in the record of the case.

17 **ADA/Equal Access Information**

18 The Commission does not discriminate on the basis of disability in admission to its
19 public meetings. Persons with a disability may request a reasonable accommodation
20 such as a sign language interpreter, as well as request this document in an alternative
21 format, by contacting the ADA Coordinator Shaylin Bernal, E-mail
22 SABernal@azcc.gov, voice phone number 602/542-3931. Requests should be made
23 as early as possible to allow time to arrange the accommodation.

24 IT IS FURTHER ORDERED that the Company shall **mail** to each of its customers a copy of
25 the above notice by **August 31, 2015**; shall cause the above notice to be published at least once in a
26 newspaper of local circulation in its service territory, with **publication** to be completed no later than
27 **August 31, 2015**; and shall make the notice available on its website easily accessible from the
28 homepage.

 IT IS FURTHER ORDERED that the Company shall file certifications of mailing and
 publication as soon as practicable after they have been completed.

 IT IS FURTHER ORDERED that notice shall be deemed complete upon mailing and
 publication of same, notwithstanding the failure of an individual customer to read or receive the
 notice.

 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized
 Communications) applies to this proceeding and shall remain in effect until the Commission's
 Decision in this matter is final and non-appealable.

1 IT IS FURTHER ORDERED that all parties must comply with Rule 33 (c) and (d) of the
2 Rules of the Arizona Supreme Court with respect to practice of law and admission pro hac vice.

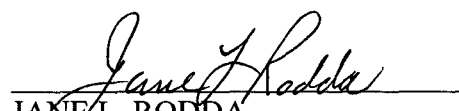
3 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance
4 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the
5 Rules of the Arizona Supreme Court). Representation before the Commission includes the obligation
6 to appear at all hearings and procedural conferences, as well as all Open Meetings for which the
7 matter is scheduled for discussion, unless counsel has previously been granted permission to
8 withdraw by the Administrative Law Judge.

9 IT IS FURTHER ORDERED that each party to this matter may opt to receive service of all
10 Procedural and Recommended Orders issued by the Commission's Hearing Division in this matter
11 via e-mail rather than U.S. Mail, as permitted under A.A.C. R14-3-107(B). To exercise this option, a
12 party shall send to HearingDivisionServicebyEmail@azcc.gov from the email address at which the
13 party desires to receive service, an e-mail request including the name of the party on whom service is
14 to be made and the docket number for this matter. After a party receives an e-mail confirmation of its
15 request from HearingDivisionServicebyEmail@azcc.gov, the party will receive all future Procedural
16 and Recommended Orders issued by the Hearing Division in this matter via e-mails to the address
17 provided by the party, unless and until the party withdraws its request. Service of a document via e-
18 mail shall be considered complete upon the sending of an e-mail containing the document to the e-
19 mail address provided by a party, regardless of whether the party receives or reads the e-mail
20 containing the document.

21 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended
22 pursuant to Rule 6(a) or (3) of the Rules of Civil Procedure.

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

25 DATED this 22nd day of June, 2015.

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28 JANE L. RODDA
ADMINISTRATIVE LAW JUDGE

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Copies of the foregoing mailed
this 22nd day of June, 2015 to:

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