

ORIGINAL

NEW APPLICATION



0000163982

BEFORE THE ARIZONA CORPORATION COMMISSION

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2015 AUG 24 P 4: 37

Arizona Corporation Commission

DOCKETED

AZ CORP COMMISSION
DOCKET CONTROL

AUG 25 2015

DOCKETED BY TV

IN THE MATTER OF THE APPLICATION OF)
UNS GAS, INC. FOR APPROVAL OF A)
TEMPORARY CUSTOMER CREDIT)
ADJUSTMENT FOR THE PERIOD OF)
NOVEMBER 1, 2015 THROUGH APRIL 30,)
2016)

DOCKET NO:

G-04204A-15-0307

APPLICATION

Expedited Approval Requested

UNS Gas, Inc. ("UNS Gas" or "Company"), through undersigned counsel, hereby requests that the Arizona Corporation Commission ("Commission") approve a temporary Purchased Gas Adjustor ("PGA") credit adjustment of 10.0 cents-per-therm for the period of November 1, 2015 through April 30, 2016. The Company believes that Commission approval of a new temporary credit adjustment as set forth in this Application is in the public interest. In support thereof, UNS Gas states as follows:

1. In Decision No. 70011 (November 27, 2007), the Commission set the threshold to trigger a refund from the PGA bank balance at \$(10) million. Under UNS Gas' PGA (UNS Gas' Rider RR-1 Purchased Gas Adjustment), the Company must either: (i) file an application for a credit adjustment within 45 days of the Company's monthly information filing that illustrates the \$(10) million threshold has been exceeded, or (ii) justify why a credit adjustment is not in the public interest.

2. Since May 2014, when the Company's last PGA credit expired, actual gas prices have been below the levels included in our prior forecasts. The current PGA balance has reached a balance of approximately \$(10.0) million.

3. Taking into consideration the PGA bank balance and current market conditions, UNS Gas proposes to implement a temporary PGA credit of \$0.10 per therm for the period of

1 November 1, 2015 through April 30, 2016. If the Company's proposal is accepted, the average
2 total bill for residential customers will decrease by \$7.20 per month (or 9.87%) from the current
3 average projected total bill.

4 4. The Company believes that the proposed term for the credit is appropriate given the
5 estimated impact on the PGA bank balance. However, while natural gas prices have remained at
6 relatively low levels, the natural gas markets are prone to periods of unforeseen volatility. An
7 increase of \$1.00 per dekatherm in the cost of natural gas would increase the cost of service by
8 more than \$8.9 million in the winter months alone. Therefore, the Company also requests the
9 authority to terminate the temporary credit in the event the PGA bank balance reaches zero at any
10 time during the proposed term.

11 5. In support of this Application, UNS Gas is providing three attachments.

- 12 • Attachment A is a graph showing the estimated PGA bank balance, both
13 with and without the temporary credit adjustment. Attachment A includes
14 three scenarios, all starting in November 2015, to provide the Commission
15 some perspective with respect to the Company's proposal: (1) a 7.5 cent-
16 per-therm credit applied for 6 months; (2) a 10.0 cent-per-therm credit
17 applied for 6 months; and (3) a 12.5 cent-per-therm credit applied for 6
18 months. Without application of a credit, the PGA bank balance is projected
19 to be \$(13.6) million at the end of April 2016, reflecting the over-collected
20 amount. Application of the three credit scenarios results in projected April
21 2016 bank balances of \$(6.9) million, \$(4.7) million and \$(2.4) million,
22 respectively.
- 23 • Attachment B is a graph showing the trend of anticipated PGA factors (the
24 total per therm cost of actual natural gas commodity), including the
25 recommended 10 cent-per-therm credit, for all scenarios through April 2016.
- 26 • Attachment C is a table showing the average monthly residential bill (usage
27 of 72 therms) under each PGA credit scenario.

1 Original and 14copies of the foregoing
2 filed this 24th day of August, 2015, with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, Arizona 85007

7 Copies of the foregoing hand-delivered
8 this 24th day of August 2015, to:

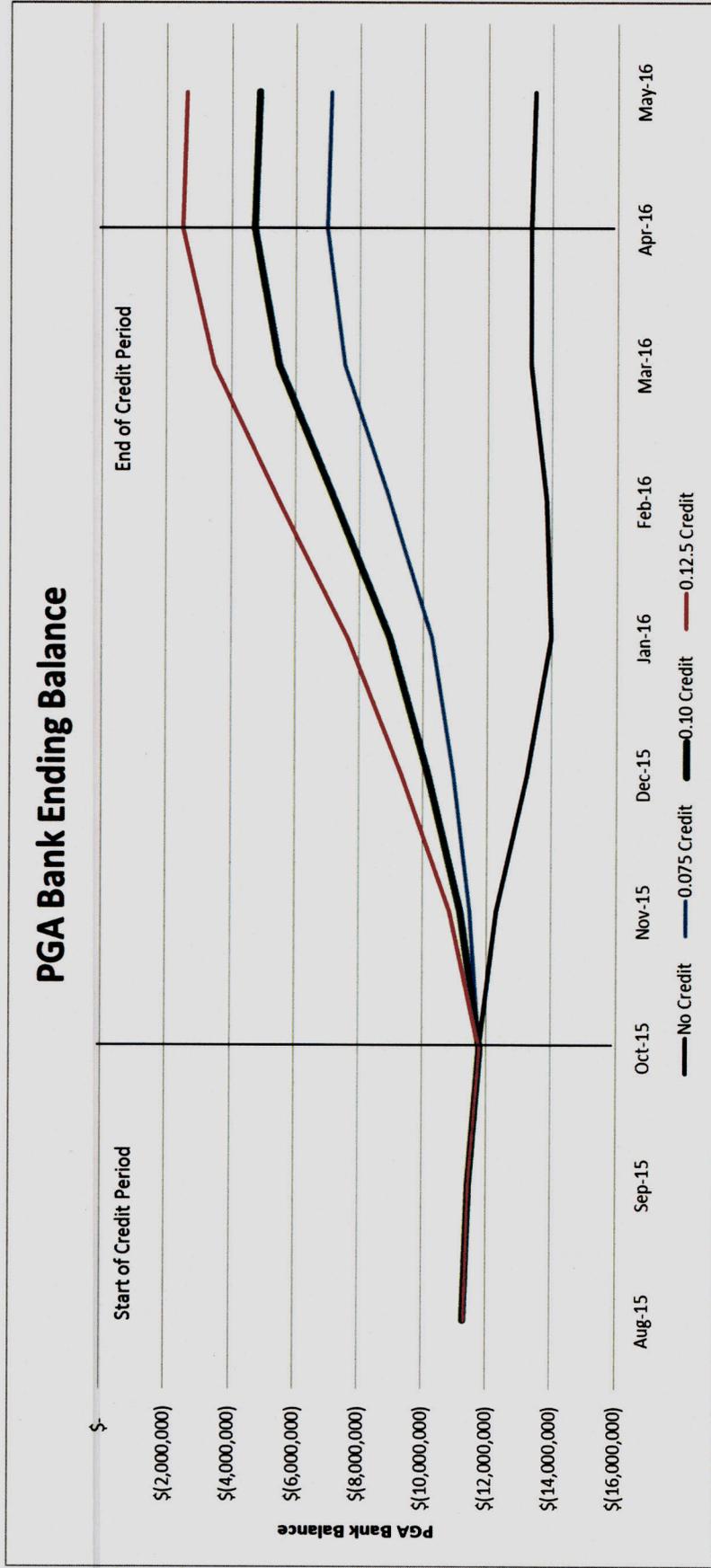
9 Dwight D. Nodes
10 Chief Administrative Law Judge
11 Hearing Division
12 Arizona Corporation Commission
13 1200 West Washington
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15 Janice M. Alward, Chief Counsel
16 Legal Division
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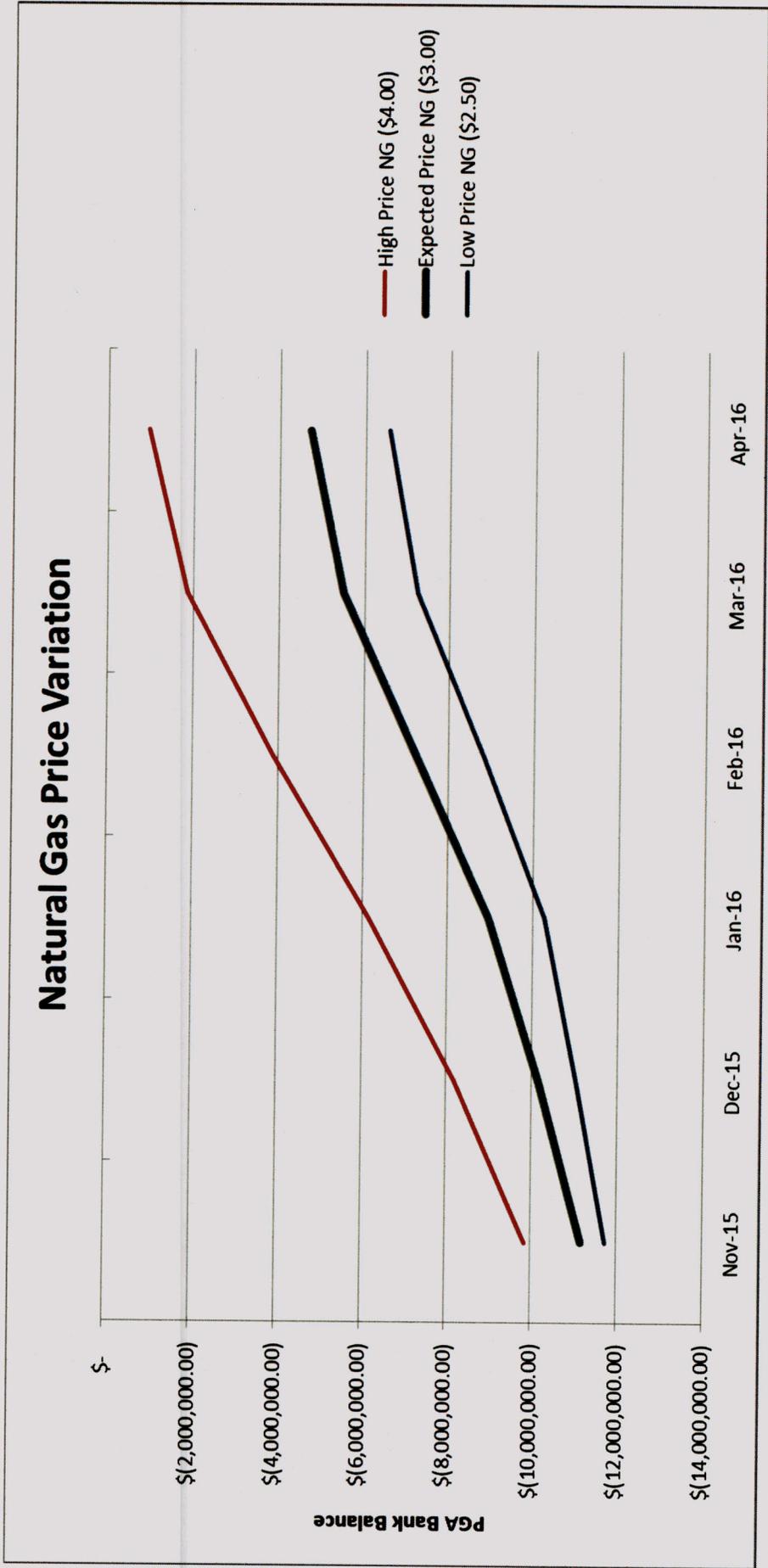
20 Thomas M. Broderick, Director
21 Utilities Division
22 Arizona Corporation Commission
23 1200 West Washington
24 Phoenix, Arizona 85007

25
26 By *Jaclyn Howard*
27

Attachment A



Attachment B



Attachment C

UNS GAS, INC. BILL IMPACTS - PGA RATE UPDATE Residential Service R-10

Line No.	Rates	(A)		(B)	
		Existing Rates	Existing Rates with Proposed Discounts	Existing Rates with Proposed Discounts	Existing Rates with Proposed Discounts
1	Customer Charge	\$10.00	\$10.00	\$10.00	\$10.00
2	Delivery Charge per Therm	\$0.3434	\$0.3434	\$0.3434	\$0.3434
3	DSM	\$0.0005	\$0.0005	\$0.0005	\$0.0005
4		\$0.5300			
5	PGA August 2015 \$.075 Discount		\$0.4550		
6	PGA August 2015 \$.10 Discount		\$0.4300		
7	PGA August 2015 \$.125 Discount		\$0.4050		
8					
9					
10					
11	Average Winter Therm	72	72	72	72
12					
13	Customer Charge	\$10.00	\$10.00	\$10.00	\$10.00
14	Delivery Charge	24.72	24.72	24.72	24.72
15		\$34.72	\$34.72	\$34.72	\$34.72
16					
17	PGA	\$38.16	\$32.76	\$30.96	\$29.16
18	DSM	\$0.04	\$0.04	\$0.04	\$0.04
19	Total Bill	\$72.92	\$67.52	\$65.72	\$63.92
20					
21	Total Monthly Bill Change from Existing August Rates (\$)		(\$5.40)	(\$7.20)	(\$9.00)
22	Total Monthly Bill Change from Existing August Rates (%)		-7.41%	-9.87%	-12.34%