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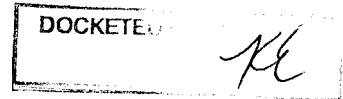
January 20, 2016
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

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Honorable Commissioners Little, Stump, Burns, Forese, and Tobin:

Subject: Docket Number E-04204A-15-0142 UNS Electric, Inc. Rate Case

My name is Jeff Hsu; I am the Special Assistant to President of JM Eagle. My business address is 5200 W. Century Blvd., Los Angeles, CA 90045

JM Eagle Corporation is the world's leading manufacturer of plastic pipe. Our 22 manufacturing plants throughout North America produce the widest array of polyvinyl chloride (PVC) and polyethylene (PE) pipe on the market. The company's \$2B annual revenue comes from customers in a variety of industrial sectors, including utility, plumbing, irrigation, electrical, natural gas, drainage and sewage, and retail. While JM Eagle sells direct to some very large international companies, many of its products are sold through a network of distributors who then supply them to their eventual end users – states, counties, cities, and towns across the United States.

Our business is very competitive. Many of the contracts are governmental and automatically awarded to the low bidder. A \$.01 decrease in cost per pound of product can increase sales by 50% for the year. As in most manufacturing environments, power is a large component of our cost of goods sold. And even with the tax exemption provided on our electric and gas bills, the cost for electricity at the Kingman plant has consistently been one of the highest across our 22 plants. In fact, for that reason in 2015 JM Eagle seriously looked at moving the plant to Utah. Currently the only thing keeping the Kingman Plant in Arizona is rail access. JM Eagle is looking for a total cost of electricity at \$.06/kWh.

The purpose of my letter is to support UNS Electric's efforts to decrease the cost of electricity for large commercial and industrial customers. JM Eagle applauds UNS Electric's attempt to move each class of service towards rates that are more reflective of cost of service. We urge that UNS Electric be allowed to get to parity as soon as possible. Two current initiatives JM Eagle supports in specific are: (1) UNS Electric's proposed decrease of demand charges for current LPS customers, and (2) to support UNS Electric's proposed Economic Development Rider 13.

JM Eagle supports the proposed decrease of demand charges for current LPS customers because, as the demand charges stand today, demand is a disincentive to continue to invest and expand the Kingman Plant. Demand accounts for almost 50% of our electric bill. Knowing that adding another production line to the plant will add to the overall electricity demand stops us from proceeding. We encourage the commissioners to set the demand charges at a rate that does not penalize industrial and large commercial customers or force them to subsidize other users of the electric grid.

J-M Manufacturing Company, Inc.

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JM Eagle supports the Economic Development proposal because it is targeted at assisting communities within UNS Electric's service territory in attracting new businesses and expanding existing businesses, both of which create new jobs. The bill discounts under the proposed Economic Development Rider would be available only to large commercial and industrial operations that UNS Electric can serve efficiently, and for which it has available facilities. Because the cost to serve these entities is low relative to other customers, and the power served under the program is new load added beyond the test year, the bill discount will not result in a cost-shift between customer classes. In addition, the new load generated by the Economic Development Rider will help the UNS Electric make up some of the decline in sales that have occurred since the last rate case. It's a win-win for Mohave communities and for UNS Electric.

Thank you for your time and consideration. I can be reached at (310) 693-8200 ext. 7107.

A handwritten signature in black ink, appearing to read 'Jeff Hsu', written in a cursive style.

Jeff Hsu,
JM Eagle
Special Assistant to President

5200 W. Century Blvd,
Los Angeles, CA 90045

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