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BEFORE THE ARIZONA CORPORATION COMMISSION

AZ CORP COMMISSION

DOCKET CONTROL

COMMISSIONERS

DOUG LITTLE – Chairman
BOB STUMP
BOB BURNS
TOM FORESE
ANDY TOBIN

2016 FEB 5 AM 11 39

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

DOCKETED

FEB 5 2016

DOCKETED IN

PROCEDURAL ORDER

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.

By Procedural Order dated June 22, 2015, the matter was set for hearing to commence on March 1, 2016, and with a schedule for pre-filed written testimony as follows: Staff/Intervenor Direct (except Cost of Service (“COS”) and rates) on November 6, 2015; Staff/Intervenor Direct on COS and Rates on December 9, 2015; UNSE Rebuttal on January 19, 2016; Staff/Intervenor Surrebuttal on February 19, 2016; Company Rejoinder on February 26, 2016.

On January 29, 2016, the Sun City Homeowners Association (“SCHOA”) filed an Application to Intervene in this matter.¹ SCHOA states that when UNSE filed its Rebuttal testimony on January 19, 2016, the case “suddenly” became of interest to customers of Arizona Public Service Company (“APS”). SCHOA alleges that UNSE’s decision to support the recommendation of the Commission’s Utilities Division (“Staff”) for a three-part rate design encompassing demand charges for residential customers was a fundamental change that came late in the rate case process, and could have a precedential and negative affect on ratepayers in the upcoming APS rate case.

On February 2, 2016, UNSE filed an Opposition to SCHOA’s Application to Intervene. UNSE

¹ SCHOA’s Application includes a board authorization that allows Mr. Eisert and Mr. Puck to represent it in this proceeding.

1 argues that the request is not timely as the deadline to intervene was in October, 2015; SCHOA is not
2 directly and substantially affected by UNSE's rate case as neither the Association nor its members have
3 a nexus to UNSE; and several intervenors already represent residential customers. UNSE notes that
4 APS filed its intervention application in this matter on June 11, 2015 and is not "suddenly" interested
5 in this docket. UNSE claims that it is not unusual for utilities to intervene in each other's cases because
6 they can have a number of interests in common, including power purchase agreements and joint
7 ownership of assets.

8 On February 3, 2016, the Property Owners and Residents Association of Sun City West
9 ("PORA") filed an Application to Intervene.² PORA states that it recently became aware of the
10 importance of the UNSE rate case and its potential impact on customer rates for Sun City West.
11 PORA's members are customers of APS, and PORA states that it finds APS' intervention in the UNSE
12 rate case to be "unusual and curious" and an indication that the outcome may be a major part of the
13 upcoming APS rate case.

14 On February 4, 2016, UNSE filed an Opposition to PORA's Application to Intervene, re-
15 iterating the same arguments against SCHOA's intervention. UNSE argues that the issue of three-part
16 rates has been present since the beginning of the case, and have been discussed by other parties such
17 as The Alliance for Solar Choice ("TASC"), Vote Solar, Western Resource Advocates and the
18 Southwest Energy Efficiency Project, the Residential Utility Consumer Office ("RUCO") and Staff.

19 SCHOA and PORA represent ratepayers who reside in APS's service territory, and will not be
20 directly impacted by the outcome of UNSE's rate case. Their interest in this proceeding appears to be
21 based on the possible effect of UNSE's rate case, more specifically, the adopted rate design, may have
22 on APS's forthcoming rate case; and their requests to intervene months after the established
23 intervention deadline appear to be based on a claimed perception that the UNSE case has taken a
24 substantial and unexpected turn. Arizona Administrative Code ("A.A.C.") R14-3-105(A) provides:
25 "Persons, other than the original parties to the proceeding, who are directly and substantially affected
26 by the proceedings, shall secure an order from the Commission or presiding officer granting leave to
27

28 ² PORA's Application included a statement of board authorization for its Director of Government Affairs to represent it in this matter.

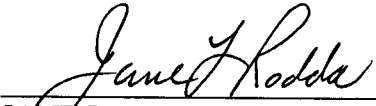
1 intervene before being allowed to participate.”

2 SCHOA and PORA have not alleged a “direct and substantial” interest in this proceeding that
3 supports granting intervention in this matter. Furthermore, granting intervention at this stage of the
4 case would unnecessarily complicate the proceeding. The issue of rate design, including demand
5 charges for some residential and small commercial customers, has been an issue since UNSE filed its
6 application in May 2015, and mandatory three-part rates for residential and small commercial UNSE
7 customers has been an issue since at least December 9, 2015, when Staff filed its Direct Testimony.
8 Several parties have proffered testimony about potential residential demand charges, and several
9 intervenors already represent the interests of residential ratepayers, including the Residential Utility
10 Consumer Office, the Arizona Utility Ratepayers Alliance, and the Arizona Community Action
11 Association. Given the circumstances of the entities requesting intervention and the current status of
12 this proceeding, it is not in the public interest to grant intervention to these groups. However, they are
13 permitted to make comments at the beginning of the hearing or to make written filings as public
14 comment.

15 IT IS THEREFORE ORDERED that SCHOA’s and PORA’s Applications to Intervene are
16 denied.

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

19 DATED this 5th day of February, 2016.

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21 
22 JANE L. RODDA
ADMINISTRATIVE LAW JUDGE

23 Copies of the foregoing mailed/delivered/mailed
24 this 5th day of February, 2016 to:

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