

ORIGINAL



BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

DOUG LITTLE, Chairman
BOB STUMP
BOB BURNS
TOM FORESE
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AZ CORP COMMISSION
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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

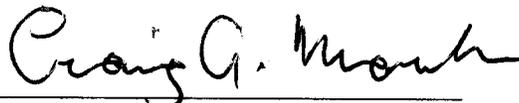
Arizona Corporation Commission
DOCKETED
MAY 11 2016

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**REPLY BRIEF OF
ARIZONA UTILITY RATEPAYER ALLIANCE**

The Arizona Utility Ratepayer Alliance hereby submits its Reply Brief in the above-captioned case.

Respectfully submitted on May 11, 2016, by:



Craig A. Marks
Craig A. Marks, PLC
10645 N. Tatum Blvd
Suite 200-676
Phoenix, Arizona 85028
(480) 367-1956
Craig.Marks@azbar.org
Attorney for the Arizona Utility Ratepayer Alliance

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**REPLY BRIEF OF
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1 **I. INTRODUCTION**

2 This case gets curiouser and curiouser.¹ UNS Electric, Inc. (“UNSE”) has now recanted
3 its January 20, 2016, rate-design proposal.² UNSE has also forgotten its rebuttal two-part rate
4 design. Instead, UNSE asks the Commission to go back more than a year—to UNSE’s May 5,
5 2015, rate design proposal—and approve *something* “very similar to what the Company initially
6 proposed in its Application.”³ Essentially, UNSE has thrown up its hands and asked the
7 Commission to figure *something* out.

8 UNSE’s recantation further confirms the wisdom of the rate-design recommendations
9 proposed by the Arizona Utility Ratepayer Alliance (“AURA”) in its Initial Brief. Judge Rodda
10 should not be forced to sort through the detritus and attempt to cobble together a rate design for

¹ “Curiouser and curiouser! cried Alice (she was so much surprised, that for the moment she quite forgot how to speak good English).” Lewis Carroll, *Alice's Adventures in Wonderland & Through the Looking-Glass*, Chapter 2.

² UNSE Brief at 4:16 – 5:7.

³ *Id.* at 5:9-10.

1 UNSE, particularly if UNSE wants new rates to be effective by August 1, 2016.⁴ And no other
2 party has offered any good reasons why the Commission should not proceed as AURA
3 recommended.

4 For these reasons, AURA offers the Commission the following slightly modified
5 recommendations.

6 **II. AURA'S MODIFIED RECOMMENDATIONS**

7 Because UNSE is no longer requesting mandatory three-part rates for residential
8 customers, there is no need for an optional second phase for this case per AURA's alternative
9 recommendation or for AURA's third recommendation to hold customers harmless. However, if
10 the Commission does determine that some kind of mandatory three-part residential rate design
11 should be implemented, then AURA asks the Commission to implement AURA's alternative and
12 third recommendations as set forth in its Initial Brief.

13 Assuming that the Commission does not require mandatory three-part rates for residential
14 customers, AURA makes three recommendations:

- 15 1. UNSE's rate design should be based on UNSE's rebuttal two-part rate (termed the
16 "transition" rate) as the permanent residential rate design. As discussed in UNSE's
17 Initial Brief, this rate design best tracks costs to serve residential customers.
- 18 2. The residential customer charge should be set at RUCO's proposed \$12.26, with any
19 reduction in revenues spread over the usage charges once a revenue requirement is
20 approved.
- 21 3. Given the pendency of generic docket (E-00000J-14-0023) on the cost and value of
22 solar, consideration of any changes to net-metering should be deferred to UNSE's
23 next rate case.

⁴ *Id.* at 2:10-13.