

ORIGINAL

HEARING DIVISION PROPOSED AMENDMENT



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TIME/DATE PREPARED: August 5, 2016 at 10:00

COMPANY: UNS Electric, Inc.

AGENDA ITEM NO. U-22

DOCKET NO(S). E-04204A-15-0142

OPEN MEETING DATE: August 9 & 10, 2016

Purpose: to modify the process for the transition to TOU rates. (Adopts UNSE's modified process, except does not accept mandatory demand rates for DG customers and allows for interested parties to review and comment on UNSE's proposed final rates, as well as requires a second Commission Order for those rates to go into effect. Also should address concerns about the traditional two-part rates remaining as an option.)

Page 66, line 9-12

DELETE sentence that starts "Before turning to . . ."

INSERT "Before turning to mandatory three-part residential rates, however, we find that the better, more tempered, path to modernity is to move more customers to TOU rates or three-part rates."

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Page 66, line 12 After "Appropriately designed TOU rates"

INSERT "or three-part rates"

Arizona Corporation Commission

DOCKETED

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Page 66, lines 16-17

DELETE "(a two-part rate, TOU, Super Peak TOU, three-part rates, and three-part TOU)"

INSERT "(a standard two-part rate, two-part TOU rate, three-part rate and three-part TOU rate)"

DOCKETED BY *KG*

Page 66, line 18 through Page 67, line 20

DELETE "In order to move . . ." through "in order to be revenue neutral."

INSERT "In order to allow better recovery of costs and encourage residential customers to move to rates other than traditional two-part rates, we direct UNSE to file rate schedules for the Residential Class for review by the parties and Commission approval that conform to the following principles:

<b>THIS AMENDMENT:</b>		
_____ Passed _____	Passed as amended by _____	
_____ Failed _____	Not Offered _____	Withdrawn _____

**HEARING DIVISION PROPOSED AMENDMENT NO. 4**

TIME/DATE PREPARED: August 5, 2016 at 10:00 a.m.

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1. Customers will remain on their current rate plans with rate design modified to match the rate options proposed by UNSE in its Initial Brief (except that residential DG customers shall have the same rate options as non-DG customers until further order of the Commission), and as adjusted below until final rate schedules are approved by the Commission (with a target implementation date of the March 2017 billing period).
2. All residential rates will have a \$13 basic service charge for the transition period.
3. The TOU peak periods will be shortened to 3-7 p.m. in the summer, and 6-9 a.m. and 6-9 p.m. in the winter.
4. The Super Peak TOU rate will be eliminated due to the shortened time period for the standard TOU rate and those customers will be moved to the standard TOU rate.
5. The two-part TOU rate will be the default rate for new residential customers starting with the implementation date for the final rates.
6. The Company will file a customer communications plan with the Commission by September 30, 2016, that is designed to educate customers about their rate options and how they can manage their bills.
7. Starting with the implementation date for the final rates, the \$13 basic service charge for the standard non-TOU two-part rate will increase to \$15 (with corresponding revenue neutral decreases to per-kWh energy charges). The basic service charge for all other residential rates will remain at \$13.

We anticipate that final rates which conform to these guidelines can be implemented by the March 2017 billing period. However, neither the Commission nor parties to this proceeding have had the opportunity to review and analyze the final rate schedules discussed herein. A second Commission Order approving the final rates is necessary in order to avoid unintended rate impacts or consequences. In the event the proposed rates produce unanticipated results, the Commission has the right and opportunity to require revisions to UNSE's proposed final rates and/or a different implementation date in order to protect the public interest. In order to assist the Commission in its review, UNSE shall file a bill impact analysis with the proposed rate schedules, and Staff, RUCO and other interested parties to this docket, shall have the opportunity to review the proposed rates and

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education plan, and provide comments if any. We believe the March billing cycle is a reasonable target for the implementation of the final rate schedules. In order that the new rates can be implemented during the March 2017 billing cycle, any comments on UNSE's revised rate schedules shall be filed by interested parties by September 30, 2016, and Staff shall file a Proposed Order addressing approval of the final rates or request a hearing by October 28, 2016. Any comments on the proposed customer communications plan shall be filed by interested parties by October 28, 2016, and Staff shall prepare a Proposed Order addressing the communications plan for Commission consideration by November 30, 2016.

Page 68, lines 2 - 5

DELETE "The ultimate TOU . . ." through "usage patterns."

INSERT "The SGS Class rates will be treated the same as the Residential Class rates except that: (1) the TOU periods will not change in order to remain consistent with the MGS Class TOU periods and (2) the initial basic service charge will be \$20 for all SGS rates initially and the basic service charge for the standard two-part SGS rate will increase to \$25 starting with the implementation of final rates (expected to be the March 2017 billing period)."

Page 136, lines 11-20

DELETE Findings of Fact 59-61

INSERT New Findings of Fact 59-61:

59. The various rate options offered by UNSE in its Initial Brief for residential customers (a standard two-part rate, two-part TOU rate, three-part rate and three-part TOU rate) and for SGS customers, as modified to be available to both non-DG and DG customers until further order of the Commission, and to reflect the revenue allocations and other adjustments approved herein, are reasonable.

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60. In order to encourage residential and SGS customers to move to rates other than standard two-part rates, it is reasonable to authorize the rate plan process described herein.

61. It is reasonable to require UNSE to prepare and submit a customer communications plan with the Commission by September 30, 2016 that is designed to educate customers about their rate options and how they can manage their bills, and to permit interested parties to file comments on that plan by October 28, 2016.”

Page 139, line 12      After “discussion herein,”

INSERT      “a typical bill analysis,”

Page 139, line 18– Page 140, line 1

DELETE      Ordering paragraphs

INSERT      “IT IS FURTHER ORDERED that any comments on UNS Electric, Inc.’s revised schedules of final rates and charges shall be filed by any interested party by September 30, 2016, and that Staff shall file a Proposed Order for approval of the final rates or a request for a hearing by October 28, 2016.

IT IS FURTHER ORDERED that UNSE Electric, Inc. shall prepare and submit a customer communications plan by September 30, 2016, that is designed to educate customers about their rate options and how they can manage their bills, and that interested parties shall file any comments on the plan by October 28, 2016, and Staff shall submit a Proposed Order addressing the communications plan for Commission consideration by November 30, 2016.

IT IS FURTHER ORDERED that the net metering and residential and SGS DG rate design portion of this docket shall remain open.”

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_____ Failed _____	_____ Not Offered _____	_____ Withdrawn _____