

PUBLIC NOTICE OF HEARING ON UNS ELECTRIC, INC.'S APPLICATION FOR THE ESTABLISHMENT OF A JUST AND REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERTIES DEVOTED TO ITS OPERATIONS THROUGHOUT THE STATE OF ARIZONA AND FOR RELATED APPROVALS (DOCKET NO. E-04204A-22-0251)

Summary

On November 18, 2022 UNS Electric, Inc. ("UNSE" or "Company") filed an Application with the Arizona Corporation Commission ("Commission") for an increase in annual non-fuel retail revenues of \$15.7 million, an increase in fuel revenues of \$8.4 million, and a revenue increase of \$1.1 million resulting from proposed modifications to the Renewable Energy Standard & Tariff ("REST"), Demand Side Management ("DSM"), and Tax Cuts and Jobs Act ("TCJA") Adjustors ("Application"). This results in an overall increase in retail revenues of \$25.2 million, or approximately 10.4% over annualized revenue based on rates and surcharges in effect just before new rates go into effect. The Application uses a test year ending June 30, 2022. UNSE states that the increased revenue requested is necessary to cover UNSE's investments to upgrade, expand and reinforce its energy delivery systems and maintain its existing generation fleet. In addition, the increase reflects changes to the depreciation rates currently applied to UNSE's utility plant and 12 months of post-test year investments in plant. The Application proposes a return on equity of 10.25%, a 7.45% weighted average cost of capital, and a return on fair value increment of 0.69%, resulting in a proposed fair value rate of return of 5.34% on a proposed fair value rate base of \$580 million.

Adjustor Mechanisms

UNSE proposes:

- A new Resource Transition Mechanism ("RTM") that would support investments that advance the Company's resource planning objectives;
- A new Tax Expense Adjustor Mechanism ("TEAM") that would allow timely pass through of changes to tax rates and would replace the current TCJA rate mechanism; and
- To eliminate the REST and DSM surcharges and recover the associated costs in base rates.

Rate Design Changes

UNSE is not seeking to modify the rate design for any of its existing rate offerings. Rather, UNSE is requesting only to adjust the existing rate components to reflect the proposed revenue requirement and increase the monthly Basic Service Charge ("BSC") by \$2.00 for all residential rate options. In conjunction with the proposed BSC increase, UNSE also is proposing to increase the monthly Customer Assistance Residential Energy Support ("CARES") Discount by \$2.00 (from \$16 to \$18).

Bill Impacts

Under the rates as proposed by the Company, the current average monthly bill for a typical UNSE Residential Service customer based on 952 kWh of average monthly consumption will increase by \$18.52, or 14.2%, from \$130.06 to \$148.58. For non-CARES customers with usage among the lowest 25% of all residential customers, monthly

bill increases range from 12% to 15%. High-usage customers with monthly usage greater than 95% of all residential customers are expected to result in an average bill increase of 19.5% per month. **A CUSTOMER'S BILL DEPENDS ON THE MONTHLY ENERGY CONSUMPTION. CUSTOMERS USING LESS OR MORE THAN THE AVERAGE WOULD EXPERIENCE A SMALLER OR LARGER INCREASE.**

Additional Requests

UNSE is also seeking approval for modifications to its Tariffs and Rules and Regulations, and other related matters.

If you have any questions concerning how the Company's rate proposal will affect your bill or other substantive questions about this Application, you may contact the Company at: UNS Electric, Inc., 88 E. Broadway Blvd. HQE 808, Tucson, Arizona 85701, or by phone (520) 884-3742, or email corpcomm@tep.com.

The Commission's Utilities Division ("Staff") is in the process of reviewing and analyzing the Application and has not yet made recommendations regarding UNSE's request. The Commission will determine the appropriate rate relief to be granted based on the evidence of record in this proceeding. **THE COMMISSION IS NOT BOUND BY THE PROPOSALS OF UNSE, STAFF, OR ANY INTERVENORS. THE COMMISSION WILL DETERMINE THE APPROPRIATE RELIEF TO BE GRANTED IN RESPONSE TO UNSE'S APPLICATION BASED ON THE EVIDENCE PRESENTED IN THIS MATTER. THE FINAL RATES APPROVED BY THE COMMISSION MAY BE HIGHER, LOWER, OR DIFFERENT THAN THE RATES PROPOSED BY UNSE OR BY OTHER PARTIES.**

How You Can View or Obtain a Copy of the Application

Copies of the Application and proposed tariffs are available from UNSE on the Internet via UNSE's website (www.uesaz.com) and at the following locations: Mohave County Library District Lake Havasu City branch, 1770 North McCulloch Blvd, Lake Havasu City, Arizona; the Mohave County Library District Kingman branch, 3269 North Burbank Street, Kingman, Arizona; the Nogales-Santa Cruz County Public Library Nogales-Rochlin Library, 518 North Grand Avenue, Nogales, Arizona; at the Commission's Docket Control Center at 1200 West Washington Street, Phoenix, Arizona, and the Commission's office at 400 West Congress Street, Suite 218, Tucson, Arizona, during regular business hours; and on the Commission website (www.azcc.gov) using the e-Docket function and the Docket Number shown above.

Arizona Corporation Commission Public Hearing Information

The Commission will hold a hearing on this matter beginning **Thursday, September 14, 2023, at 10:00 a.m.**, at the Commission's Tucson offices, Room 222, 400 West Congress Street, Tucson, Arizona 85701.

Additional Public Comment Meetings

The Commission will take public comment on these matters at the following dates and times, and in the following manner:

DATE	TIME	MANNER
Wednesday, September 6, 2023	5:00 p.m. - 6:30 p.m., or until the last speaker has concluded, whichever occurs later.	<u>In-person and telephonic:</u> In-person participation will be in Room 222 at the Commission's offices at 400 W. Congress Street, Tucson, Arizona 85701. To provide telephonic public comments, call 1-877-309-3457, and this code: 24601833204##
Monday, September 11, 2023	5:00 p.m. - 6:30 p.m., or until the last speaker has concluded, whichever occurs later.	<u>In-person and telephonic:</u> In-person participation will be in Room 222 at the Commission's offices at 400 W. Congress Street, Tucson, Arizona 85701. To provide telephonic public comments, call 1-877-309-3457, and this code: 24601833204##
Thursday, September 14, 2023	10:00 a.m., prior to the beginning of the first day of hearing.	<u>In-person and telephonic:</u> In-person participation will be in Room 222 at the Commission's offices at 400 W. Congress Street, Tucson, Arizona 85701. To provide telephonic public comments, call 1-877-309-3457, and this code: 24601833204##

Written public comments may be submitted by mailing a letter referencing **Docket No. E-04204A-22-0251** to Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007, or by submitting comments on the Commission's website (www.azcc.gov) using "Cases and Open Meetings" and "Make a Public Comment in a Docket." If you require assistance, you may contact the Consumer Services Section at 602-542-4251 or 1-800-222-7000.

If you do not intervene in this proceeding, you will receive no further notice of the proceedings in this docket unless you sign up to Follow the Docket. However, all documents filed in this docket are available online (usually within 24 hours after docketing) at the Commission's website (www.azcc.gov) using the e-Docket function. Information on how to Follow a Docket is available on the Commission's website by clicking on "Cases and Open Meetings" and "Follow a Docket or Document Type."

About Intervention

The law provides for an open public hearing at which, under appropriate circumstances, interested persons may intervene. An interested person may be granted intervention if the outcome of the case will directly and substantially impact the person, and the person's intervention will not unduly broaden the issues in the case. Intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other parties' witnesses. **Intervention is not required for you to appear at the hearing and provide public comment, to file written comments in the docket for the case, or to receive emailed notice of each filing made in the case by following the docket.**

Information about what intervention means, including an explanation of the rights and responsibilities of an intervenor, is available on the Commission's website (www.azcc.gov) by clicking on "Cases and Open Meetings" and then clicking on "Intervene in a Case." The information includes a Sample Intervention Request and a Fillable Intervention Request Form.

To request intervention, you must file a written request to intervene, either (a) by a filing a hard copy request (meeting filing requirements) with Docket Control (Docket Control, 1200 West Washington, Phoenix, AZ 85007), or (b) by **eFiling** the request. Your request **must be filed or eFiled no later than March 31, 2023**. Instructions and restrictions

for eFiling are available on the Commission's website at <http://azcc.gov/hearing/efile-for-utilitiesinstruction>. You also **must** serve a copy of the request to intervene on each party of record, on the same day that you file the request to intervene with the Commission.

Your request to intervene **must** contain the information below:

1. Your name, address, and telephone number;
2. The docket number for the case in which you are requesting to intervene;
3. A short statement explaining:
 - a. Your interest in the proceeding (e.g., a customer of the regulated company involved, a property owner in an area to be affected by the case, etc.),
 - b. How you will be directly and substantially affected by the outcome of the case, and
 - c. Why your intervention will not unduly broaden the issues in the case;
4. A statement certifying that you have sent a copy of your request to intervene to the regulated company or its attorney and to all other parties of record in the case; and
5. If you are not represented by an attorney who is an active member of the Arizona State Bar, and you are not representing yourself as an individual, sufficient information and any appropriate documentation to demonstrate compliance with Arizona Supreme Court Rules 31.1, 31.2, 31.3, 38, 39, and 42, as applicable. This only applies if you are NOT representing yourself and you are not a licensed attorney.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before **March 31, 2023**.

ADA/Equal Access Information

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Carolyn Buck, E-mail ADACoordinator@azcc.gov, voice phone number 602-542-2247. Requests should be made as early as possible and no later than 48 hours in advance of the event to allow time to arrange the accommodation.

Para leer este aviso en español, visite www.uesaz.com/propuesta.