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COMMISSIONERS

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- MARC SPITZER, Chairman
- WILLIAM A. MUNDELL
- JEFF HATCH-MILLER
- MIKE GLEASON
- KRISTIN K. MAYES

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

IN THE MATTER OF THE REORGANIZATION
OF UNISOURCE ENERGY CORPORATION.

DOCKET NO. E-04230A-03-0933

PROCEDURAL ORDER

BY THE COMMISSION:

On December 29, 2003, pursuant to A.A.C. R14-2-803, UniSource Energy Corporation ("UniSource") filed a Notice of Intent with the Arizona Corporation Commission ("Commission"). UniSource has entered into an Agreement and Plan of Merger with Saguaro Acquisition Corp.

By letter dated January 9, 2004, UniSource waived the 60-day period for determining whether a hearing should be held and requested that a hearing be conducted. UniSource also waives any objection to the 30-day deadline for the Commission Staff to notify UniSource of any questions it has concerning the information provided in the Notice of Intent.

By Procedural Orders dated January 21 and 23, 2004, the matter was set for procedural conference on February 4, 2004, with the purpose of establishing procedural guidelines and timeframes for this matter.

On January 29, 2004, UniSource and Staff filed a Joint Request for Procedural Schedule that suggested dates for filing testimony and for a hearing. At the February 4, 2004 Procedural Conference, Staff and UniSource indicated that the proposed schedule was designed to allow a final Commission Order on the application before the end of the third quarter of 2004. The Residential Utility Consumer Office ("RUCO"), the intervenor present at the February 4, 2004 Procedural Conference, agreed to the proposed schedule.

Pursuant to A.A.C. R14-3-101, the Commission now issues this Procedural Order to govern the preparation and conduct of this proceeding.

1 IT IS THEREFORE ORDERED that the hearing in the above-captioned matter shall
2 commence on **June 21, 2004** at 10:00 a.m., or as soon thereafter as is practical, at the Commission's
3 offices, Room 222, 400 West Congress, Tucson, Arizona 85701.

4 IT IS FURTHER ORDERED that a pre-hearing conference shall be held on **June 17, 2004**, at
5 10:00 a.m. at the Commission's Tucson offices, for the purpose of scheduling witnesses and the
6 conduct of the hearing.

7 IT IS FURTHER ORDERED that any testimony and associated exhibits to be presented at
8 hearing on behalf of UniSource shall be reduced to writing and filed on or before **February 13, 2004**.

9 IT IS FURTHER ORDERED that any testimony and associated exhibits to be presented at
10 hearing on behalf of Staff shall be reduced to writing and filed on or before **April 30, 2004**.

11 IT IS FURTHER ORDERED that any testimony and associated exhibits to be presented at
12 hearing on behalf of intervenors shall be reduced to writing and filed on or before **April 30, 2004**.

13 IT IS FURTHER ORDERED that any rebuttal testimony and associated exhibits to be
14 presented at hearing on behalf of UniSource shall be reduced to writing and filed on or before **May**
15 **25, 2004**.

16 IT IS FURTHER ORDERED that any surrebuttal testimony and associated exhibits to be
17 presented at hearing on behalf of Staff or intervenors shall be reduced to writing and filed on or
18 before **June 11, 2004**.

19 IT IS FURTHER ORDERED that any objections to any testimony or exhibits which have
20 been pre-filed shall be made before or at the June 17, 2004 pre-hearing conference.

21 IT IS FURTHER ORDERED that any substantive corrections, revisions, or supplements to
22 pre-filed testimony shall be reduced to writing and filed no later than five days before the witness is
23 scheduled to testify.

24 IT IS FURTHER ORDERED that the parties shall prepare a brief, written summary of the
25 pre-filed testimony of each of their witnesses and shall file each summary at least two working days
26 before the witness is scheduled to testify.
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28

1 IT IS FURTHER ORDERED that copies of summaries should be served upon the Presiding
2 Officer, the Commissioners, and the Commissioners' aides as well as the parties of record.

3 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and
4 regulations of the Commission, except that any objection to discovery requests shall be made within
5 7 days¹ of receipt and responses to discovery requests shall be made within 10 days of receipt.

6 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel
7 discovery, any party seeking discovery may telephonically contact the Commission's Hearing
8 Division to request a date for a procedural hearing to resolve the discovery dispute; that upon such a
9 request, a procedural hearing will be convened as soon as practicable; and that the party making such
10 a request shall forthwith contact all other parties to advise them of the hearing date and shall at the
11 hearing provide a statement confirming that the other parties were contacted²

12 IT IS FURTHER ORDERED that any responses to motions shall be filed within ten days of
13 the filing date of the motion.

14 IT IS FURTHER ORDERED that any replies shall be filed within five days of the filing date
15 of the response.

16 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,
17 except that all motions to intervene must be filed on or before June 1, 2004.

18 IT IS FURTHER ORDERED that UniSource shall provide public notice of the hearing in this
19 matter, in the following form and style:

20 **PUBLIC NOTICE OF HEARING ON APPLICATION BY**
21 **UNISOURCE ENERGY CORPORATION**
22 **FOR APPROVAL OF REORGANIZATION**
DOCKET NO. E-04230A-03-0933

23 On December 29, 2003, UniSource Energy Corporation ("UniSource"), the
24 parent of Tucson Electric Power Company, filed an application with the Arizona
25 Corporation Commission ("Commission") for approval of its Agreement and Plan of
26 Merger. Currently, UniSource is a publicly-traded company. If the merger is
27 approved, Saguaro Utility Group LP, an Arizona limited partnership, will own all of
28 the common stock of UniSource.

¹ "Days" means calendar days.

² The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations before seeking Commission resolution of the controversy.

1 The application is available for inspection during regular business hours at the
 2 offices of the Commission in Phoenix, at 1200 West Washington Street, Phoenix,
 Arizona or in Tucson at 400 West Congress Street, Suite 218, and at UniSource's
 offices, [insert applicants' addresses].

3 The Commission will hold a hearing on this matter commencing on June 21,
 4 2004 at 10:00 a.m., or as soon thereafter as is practical, at the Commission's offices,
 Room 222, 400 West Congress, Tucson, Arizona, 85701. As a shareholder or
 5 customer you may have the right to intervene in the proceeding. If you do not want to
 intervene, you may appear at the hearing and make a statement on your own behalf.
 6 Intervention shall be permitted to any person entitled by law to intervene and having a
 direct and substantial interest in the matter. Persons desiring to intervene must file a
 7 written notice to intervene with the Commission, which motion should be sent to the
 Applicant or their counsel and to all parties of record, and which, at the minimum,
 shall contain the following:

- 8 1. The name, address, and telephone number of the proposed intervenor
 9 and of any party upon whom service of documents is to be made if
 different than the intervenor.
- 10 2. A short statement of the proposed intervenor's interest in the
 11 proceeding (e.g., a customer of the Applicants, a shareholder or
 member of the Applicants, etc.)
- 12 3. A statement certifying that a copy of the motion to intervene has been
 13 mailed to the Company or its counsel and to all parties of record in the
 case.

14 The granting of motions to intervene shall be governed by A.A.C. R14-3-105,
 15 except that all motions to intervene must be filed on or before June 1, 2004. The
 granting of intervention, among other things, entitles a party to present sworn evidence
 16 at hearing and to cross-examine other witnesses. However failure to intervene will not
 17 preclude any customer from appearing at the hearing and making a statement on such
customer's own behalf. However, you will not receive any further notice of the
 18 proceeding unless requested by you.

19 If you have any questions or concerns about this application or have any
 objections to its approval, or wish to make a statement in support of it, mail them to:

20 The Arizona Corporation Commission
 Attention Docket Control
 21 Re: UniSource Energy Corporation
 T-04230A-03-0933
 22 1200 West Washington Street
 Phoenix, Arizona 85007

23 In addition, you may contact the Consumer Services Section of the Commission at
 24 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

25 The Commission does not discriminate on the basis of disability in admission to
 26 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
 27 format, by contacting Yvonne McFarlin, ADA Coordinator, voice phone number
 602/542-0838, E-mail ymcfarlin@cc.state.az.us. Requests should be made as early as
 28 possible to allow time to arrange the accommodation.

1 IT IS FURTHER ORDERED that UniSource shall publish a copy of the notice in a
2 newspaper of general circulation in each county in Arizona in which it provides service.

3 IT IS FURTHER ORDERED that UniSource shall file certification of publication as soon as
4 practicable after publication is complete.

5 IT IS FURTHER ORDERED that notice shall be deemed complete upon publication,
6 notwithstanding the failure of an individual to read the notice.

7 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized
8 Communications) applies to this proceeding as the matter is now set for public hearing.

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

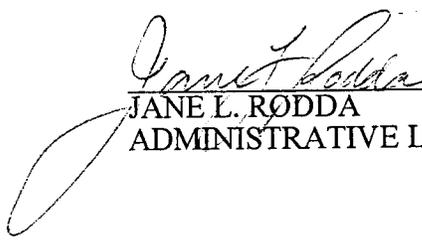
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12 DATED this 5th day of February, 2004.

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JANE L. RODDA
ADMINISTRATIVE LAW JUDGE

16 Copies of the foregoing mailed
this 5th day of February, 2004 to:

17 Raymond S. Heyman
18 Roshka Heyman & Dewulf
19 One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

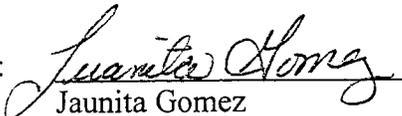
20 Scott S. Wakefield, Chief Counsel
21 Dan Pozefsky, Staff Attorney
22 Residential Utility Consumer Office
1110 West Washington, Suite 220
Phoenix, Arizona 85007

23 John White
24 Deputy County Attorney
Mohave County Attorney's Office
25 P.O. Box 7000
Kingman, Arizona 86402-7000

26 Mr. Christopher Kempley, Chief Counsel
27 Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
28 Phoenix, Arizona 85007

1 Mr. Ernest Johnson, Director
2 Utilities Division
3 ARIZONA CORPORATION COMMISSION
4 1200 West Washington Street
5 Phoenix, Arizona 85007

6
7 ARIZONA REPORTING SERVICE, INC.
8 2627 N. Third Street, Suite Three
9 Phoenix, Arizona 85004-1104

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By: 
Jaunita Gomez
Secretary to Jane L. Rodda