



COMMISSION NEWS

Arizona Corporation Commission

Public Information Office

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September 19, 2007

COMMISSION APPROVES DECREASE FOR UNS GAS CUSTOMERS

UNS Gas customers will receive a purchase gas adjustor credit of \$0.04 per therm for 2007 – 2008 winter months.

PHOENIX- This afternoon the Arizona Corporation Commission (ACC) unanimously approved a \$0.04 per therm credit for UNS Gas customers. The monthly credit will appear on customer bills starting on October 1, 2007 and ending on April 30, 2008. Lower than projected gas prices have allowed customers to reap savings just in time for the winter heating season.

For January 2008, a UNS Gas customer, using an average of 107 therms, will pay \$123.07, excluding taxes and other assessments. With the ACC-approved credit, the average residential bill is estimated to decrease by \$4.28, or 3.6 percent, to \$118.79.

UNS Gas does not earn a profit on the commodity cost of natural gas it purchases. Natural gas costs are passed directly through to customers via a purchase gas adjustor (PGA) mechanism. Depending on costs incurred and recovered by UNS Gas, the PGA bank balance will fluctuate over time.

The ACC has limited the amount of over-recovery that UNS Gas can collect at \$4,450,000. If UNS' PGA balance exceeds the cap, it is required to take action to address the over-recovery. For June 2007, UNS Gas reported a PGA bank balance of \$10,755,098, obligating the company to propose customer credit options to the ACC.

A number of factors have contributed to lower natural gas prices so far including, mild spring weather, significant liquid natural gas imports, high gas storage inventories and the lack of significant hurricane activity in the Gulf of Mexico. However, natural gas prices could spike quickly in the coming months if market and weather conditions change.

The ACC approved an amendment that increased the credit from \$0.02 to \$0.04. The increased credit is a result of a recent rate case settlement between El Paso Natural Gas Company and its shippers, including UNS Gas. UNS Gas is entitled to a \$2 million refund that will be credited directly to the PGA bank balance.

Comments From Commissioners

Chairman Mike Gleason: “The credit voted on today is a direct reflection of the lower natural gas market prices.”

Commissioner Bill Mundell: “I am pleased to be providing welcome relief to ratepayers before the winter heating season.”

Commissioner Jeff Hatch-Miller: “It is about time to see natural gas prices headed lower. The Commission should continue to do all it can decrease prices for customers.”

Commissioner Kristin Mayes: “I’m very happy to vote for this order today. The credit will bring much needed relief to Northern Arizona customers who have suffered in the past few years from increased natural gas prices.”

Commissioner Gary Pierce: “The Commission is often faced with the difficult decision of raising rates; it is nice to vote for a measure that lowers rates for customers.”

For more information about this case, use the Commission’s online e-Docket system. The docket number assigned to this case is: G-04204A-07-0503.

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