

UES Requests New Electric Rates to Cover Rising Service Costs

TUCSON, Ariz., Apr 30, 2009 (BUSINESS WIRE) -- UniSource Energy Services (UES) filed a request today with the Arizona Corporation Commission (ACC) for new rates to cover the rising cost of providing reliable electric service to customers. UES' current electric rates do not reflect the operating costs and capital expenditures that the company has incurred since July 2006.

The impact of the proposed rates, which would take effect next year, would be more than offset by an upcoming reduction in an energy cost charge on customers' bills, said Tom McKenna, Vice President of UES and its parent company, UniSource Energy Corporation (NYSE: UNS).

"Thanks to lower energy costs, we're in the unique position of requesting rates that would end up lower than they are today," McKenna said.

On June 1, a change to the Purchased Power and Fuel Adjustment Charge (PPFAC) is expected to reduce the bills of typical residential customers by about \$22.12 per month. The PPFAC, which passes along UES' energy procurement costs, is adjusted each year to reflect current expenses.

The new delivery rates proposed by UES are expected to increase the bills of typical residential customers by about \$14.66 per month. But that estimated increase, which includes the impact of the PPFAC expected to be in place beginning in June 2010, would still leave average residential bills about 7 percent lower than they are today.

The proposed rate increase would not be applied to the bills of low-income customers who participate in the company's CARES discount program. Instead, those customers would pay rates designed to keep their bills about level with the ones they'll pay after the June 1, 2009 PPFAC reduction. CARES participants also would be exempted from any future increases to the PPFAC.

"Customers who struggle the most to pay their monthly energy bills would receive a significant break under the new rates we've proposed," McKenna said.

The CARES program is available to customers whose gross monthly income does not exceed 150 percent of the federal poverty level. A family of four with gross monthly income lower than \$2,582 is eligible for CARES.

The new, higher rates are needed to cover the cost of new transmission facilities, substation expansions, distribution lines and other infrastructure improvements as well as operating expenses the company incurs to maintain reliable service. UES' current electric rates do not reflect costs the company has incurred since July 2006.

UES provides electric service to about 90,000 customers in Mohave and Santa Cruz Counties. The company also provides natural gas service to nearly 146,000 customers in northern and southern Arizona. For more information, visit uesaz.com. For more information about UniSource Energy, visit uns.com.

SOURCE: UniSource Energy Services

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