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January 27, 2005

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Arizona Corporation Commission  
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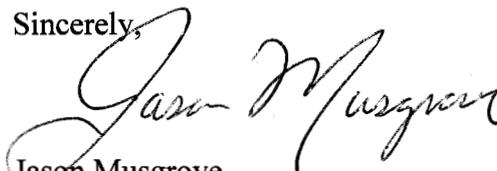
Docket Control:

Pursuant to Decision No., 67434, Docket No. E-04204A-04-0744, G-04204A-04-0744, "UNS shall file Semi-annual reports with the Commission, documenting CARES program participation levels as well as program cost recoveries and expenditures related to the CARES program deferral account balance, on a monthly basis. Such reports shall be filed by January 30<sup>th</sup> and July 30<sup>th</sup> of each year, documenting the previous first six months' and second six months' activity for each calendar year, respectively.

Enclosed please find the original and thirteen copies of the Semi-Annual reports for UNS Electric, Inc. and UNS Gas, Inc. CARES Discount Program. Also enclosed is an additional copy that the Company requests that you date-stamp as received by the Commission and return in the pre-addressed stamped envelope for our files.

If you have any questions, please call me at 520-745-3432.

Sincerely,

  
Jason Musgrove  
Regulatory Services Analyst

Enclosures

Cc: Ernest Johnson, ACC  
Brian Bozzo, ACC  
Tom Campbell, Lewis & Roca  
Gary A. Smith, UNS Gas, Inc.  
Dennis Nelson, UNS Gas, Inc.  
Tom Ferry, UNS Electric, Inc.

Arizona Corporation Commission  
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UNSGas, Inc. CARES Discount Program - Summary of Total Program Expenses

July 2004 - December 2004

2004	Discount	Avg. Discount	Customer Participation	Administrative Expenses	Marketing Expenses
July	\$ -	\$ -	3,075	\$ 750.00	\$ 12,200.00
August	\$ -	\$ -	3,101	\$ 750.00	\$ 12,200.00
September	\$ -	\$ -	3,385	\$ 750.00	\$ 12,200.00
October	\$ -	\$ -	3,746	\$ 750.00	\$ 12,200.00
November	\$ 26,986.95	\$ 6.35	4,251	\$ 750.00	\$ 12,200.00
December	\$ 47,445.30	\$ 10.24	4,630	\$ 750.00	\$ 12,200.00
<b>TOTAL</b>	<b>\$ 74,432.25</b>	<b>\$ 8.30</b>		<b>\$ 4,500.00</b>	<b>\$ 73,200.00</b>

Total Discount and Expenses July 04 - Dec 04	Avg. Monthly Customer Participation July 04 - Dec 04	Avg. Discount Per Customer July 04 - Dec 04
\$ 152,132.25	3,698	\$ 8.30

Total Discount and Expenses Jan 04 - Jun 04	Avg. Monthly Customer Participation Jan 04 - Jun 04	Avg. Discount Per Customer Jan 04 - Jun 04
\$ 109,754.39	2,883	\$ 6.35

Total Discount and Expenses Jan 04 - Dec 04	Avg. Monthly Customer Participation Jan 04 - Dec 04	Avg. Discount Per Customer Jan 04 - Dec 04
\$ 261,886.64	3,290	\$ 7.32

Notes:

- 1) Basic Cost of Service Rate: first 100 therms or less per month will be discounted by \$0.1500 per therm for the billing months November through April
- 2) Marketing expenses were not included in the January through June 2004 CARES report. Marketing expenses will be included in all subsequent filings.

**UNS Electric, Inc. CARES Discount Program - Summary of Total Program Expenses**

July 2004 - December 2004

2004	Discount	Avg. Discount	Customer Participation	Administrative Expenses	Marketing Expenses
July	\$ 38,385.09	\$ 7.54	5,093	Not Available	2,568.00
August	\$ 38,907.66	\$ 7.59	5,127	Not Available	2,568.00
September	\$ 38,868.02	\$ 7.56	5,142	Not Available	2,568.00
October	\$ 37,951.79	\$ 7.40	5,131	Not Available	2,568.00
November	\$ 37,729.87	\$ 7.29	5,178	Not Available	2,568.00
December	\$ 39,258.14	\$ 7.44	5,276	Not Available	2,568.00
<b>TOTAL</b>	<b>\$ 231,100.57</b>	<b>\$ 7.47</b>		<b>Not Available</b>	<b>15,408.00</b>

Total Discount and Expenses	Avg. Monthly Customer Participation	Avg. Discount Per Customer
July 04 - Dec 04	July 04 - Dec 04	July 04 - Dec 04
<b>\$ 246,508.57</b>	<b>5,158</b>	<b>\$ 7.47</b>

Total Discount and Expenses	Avg. Monthly Customer Participation	Avg. Discount Per Customer
Jan 04 - Jun 04	Jan 04 - Jun 04	Jan 04 - Jun 04
<b>\$ 224,756.36</b>	<b>5,077</b>	<b>\$ 7.38</b>

Total Discount and Expenses	Avg. Monthly Customer Participation	Avg. Discount Per Customer
Jan 04 - Dec 04	Jan 04 - Dec 04	Jan 04 - Dec 04
<b>\$ 471,264.93</b>	<b>5,118</b>	<b>\$ 7.42</b>

Notes:

1) UNS Electric did not track administrative expenses during the July through December 2004 reporting. UNS Electric has created administrative accounting codes to track expenses for subsequent filings.