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April 3, 2008

RE: Tucson Electric Power Company  
Docket Nos. E-01933A-07-0402/E-01933A-05/0650

Dear Parties to the Consolidated Dockets:

Throughout these proceedings Tucson Electric Power Company ("TEP") has expressed its willingness to discuss with the parties the settlement of all or part of the cases prior to the commencement of the hearing on May 12, 2008.

The parties to the TEP rate case have filed their direct testimony. TEP has filed its rebuttal testimony and the other parties' surrebuttal testimony is due on April 24, 2008. We think that the timing is right to initiate settlement discussions.

Accordingly, TEP invites you to attend settlement discussions to be held on Thursday, April 10, 2008 at 10:00 a.m. at the Second Floor Conference Room at the offices of the Arizona Corporation Commission, 1200 West Washington Street, Phoenix, Arizona.

We ask that those who attend be prepared to present their position on settlement as well as any issues that they desire to resolve through this process. We intend for this process to be inclusive of all parties to these proceedings who wish to participate and to be transparent to those who ultimately may accept the settlement of all or any of the issues.

If you have any questions, please do not hesitate to contact me at (520) 884-3635.

Sincerely,

Raymond S. Heyman

RSH:mi

Arizona Corporation Commission  
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Original and 15 copies of the foregoing filed this 3<sup>rd</sup> day of April 2008 with:

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