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PIERCE PROPOSED AMENDMENT #2

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

DATE PREPARED: May 12, 2008

COMPANY: UNS Electric, Inc.

DOCKET NO: E-04204A-06-0783

OPEN MEETING DATES: May 14, 2008 AGENDA ITEM: U-1

Arizona Corporation Commission
DOCKETED
MAY 13 2008

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Page 52, Line 6:

INSERT after (Ex. S-61, at 13):

“Mr. Radigan acknowledged at the rate case hearing that the customer confusion about which he is concerned may be alleviated through the Company’s customer education efforts.”

Page 52, Line 10:

REPLACE paragraph beginning “We agree with Staff” as follows:

“We agree with the parties that an inverted block rate structure sends a strong and important price signal to customers to conserve energy. While we recognize Staff’s concern that some customers will receive a rate decrease while other customers receive a rate increase, there is nothing inherently wrong with approving a rate decrease for low-energy using customers and a rate increase for high-energy using customers, and the public policy behind incenting conservation outweighs the concerns raised by Staff. We will approve UNSE’s inverted block rate design as supported by all parties but Staff.”

Page 80, Line 21:

INSERT after “herein.”:

“The only exception shall be that residential and small general service customers shall use UNSE’s inverted block rate design based on the revenue requirement determined herein.”

Conforming changes.