

OPEN MEETING AGENDA ITEM



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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS
MIKE GLEASON - CHAIRMAN
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

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AZ CORP COMMISSION
DOCKET CONTROL

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| IN THE MATTER OF THE APPLICATION OF) | DOCKET NO. E-04204A-06-0783 |
| UNS ELECTRIC, INC. FOR THE) | |
| ESTABLISHMENT OF JUST AND) | UNS ELECTRIC, INC.'S |
| REASONABLE RATES AND CHARGES) | UPDATED REPORT REGARDING |
| DESIGNED TO REALIZE A REASONABLE) | IMPLEMENTATION OF THE |
| RATE OF RETURN ON THE FAIR VALUE OF) | PayScan™ PROGRAM |
| THE PROPERTIES OF UNS ELECTRIC, INC.) | |
| DEVOTED TO ITS OPERATIONS) | JUL 25 2008 |
| THROUGHOUT THE STATE OF ARIZONA) | |
| AND REQUEST FOR APPROVAL OF) | |
| RELATED FINANCING.) | |

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| DOCKETED BY | <i>mm</i> |
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UNS Electric, Inc. ("UNS Electric" or the "Company"), through undersigned counsel, hereby files an update on the status of its PayScan™ program, in compliance with Decision No. 70360 (May 27, 2008).

UNS Electric has worked toward implementing a new cash option to allow customers of UNS Electric, UNS Gas, Inc. and Tucson Electric Power Company, collectively the "Companies", to pay their bills at any Circle K store throughout the Companies' service territories. While UNS Electric originally believed its existing computer systems would support this new option, it was determined that a software upgrade was needed to allow printing of the necessary barcode on the Company's bills. This upgrade has been completed, and the Company's systems are now ready for implementation. However, subsequent testing revealed that the computer network used by Circle K's Arizona stores is not capable of uniformly processing cash payments to the Company. To remedy this problem, Circle K must either perform a massive software upgrade or install new barcode scanning devices. Circle K has

1 indicated that it is evaluating the cost effectiveness of both options. In the interim, the Company
2 continues to research other options for its cash paying customers.

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RESPECTFULLY SUBMITTED this 25th day of July 2008.

UNS Electric, Inc.

By Michelle Livengood
Michelle Livengood
UniSource Energy Services
One South Church Avenue
Tucson, Arizona 85702

and

Michael W. Patten
ROSHKA DEWULF & PATTEN, PLC.
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

Attorneys for UNS Electric, Inc.

Original and thirteen copies of the foregoing
filed this 25th day of July 2008, with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Copy of the foregoing hand-delivered
this 25th day of July 2008, to:

Brian Bozzo
Compliance, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

By Mary Spolite