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AZ CORP COMMISSION Arizona Corporation Commission
 DOCKET CONTROL **DOCKETED**

AUG 25 2008

DOCKETED BY	<i>MM</i>
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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)
 REASONABLE RATES AND CHARGES) **UNS ELECTRIC, INC.'S**
 DESIGNED TO REALIZE A REASONABLE) **COMPLIANCE FILING**
 RATE OF RETURN ON THE FAIR VALUE OF) **REGARDING CITIZENS**
 THE PROPERTIES OF UNS ELECTRIC, INC.) **UTILITIES' EDUCATIONAL**
 DEVOTED TO ITS OPERATIONS) **ASSISTANCE PROGRAM**
 THROUGHOUT THE STATE OF ARIZONA) **(DECISION NO. 70360)**
 AND REQUEST FOR APPROVAL OF)
 RELATED FINANCING.)

UNS Electric, Inc. ("UNS Electric" or the "Company"), through undersigned counsel and pursuant to Decision No. 70360 (May 27, 2008), hereby submits its compliance filing regarding an educational assistance program which was part of the Revised Settlement Agreement between the City of Nogales and Citizens Utilities Company ("Citizens"), dated June 1, 1999 ("1999 Settlement Agreement"). UNS Electric provides the following information:

In order to settle various claims related to Citizen's poor and unreliable provision of electric service in Santa Cruz County, the City of Nogales and Citizens entered into the 1999 Settlement Agreement. The 1999 Settlement Agreement was approved by Decision No. 61793 (June 29, 1999).

The educational assistance program is outlined in Section 9 of the 1999 Settlement Agreement and states that the City of Nogales and Citizens will work together to develop a program to assist worthy Santa Cruz County high school seniors to attend an Arizona college of their choice. Each year, the program was to select one Santa Cruz County senior for a four-year,

1 interest free loan to assist with tuition, books, and other miscellaneous college expenses. If,
2 following graduation, the student returned to Santa Cruz County to live and work, the loan would
3 be forgiven. Citizens was to contribute \$3,000 per year, per student, toward this program.
4 Additional contributions were to be solicited from other benefactors by the City of Nogales to
5 expand the program even further.

6 Upon review of the educational assistance program, UNS Electric realized that the
7 following deficiencies existed:

- 8 1. Students were not required to attend Arizona schools;
- 9 2. Students were not required to return to Santa Cruz County to live and work;
- 10 3. Program funding had been inadequate; and
- 11 4. No student had been selected after 2003.

12 UNS Electric representatives met with officials from the City of Nogales on June 19,
13 2008, and again with City officials, the Santa Cruz Valley Assistant School Superintendent,
14 community members and Commission Staff on June 20, 2008 to discuss the educational
15 assistance program. UNS Electric representatives returned to Nogales to meet with City of
16 Nogales officials and the Superintendent and Assistant Superintendent of the Nogales and Rio
17 Rico High School Districts, respectively, on August 21, 2008, and to present proposals and
18 concepts for a new College Assistance Program to be funded by UNS Electric. UNS Electric
19 requested input on its proposals from the City and school officials to ensure that the program to
20 be implemented is one that is meaningful and beneficial to the City, the high schools, and most
21 importantly, the students. UNS Electric is currently awaiting program feedback from the City of
22 Nogales, and Nogales and Rio Rico High Schools.

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RESPECTFULLY SUBMITTED this 25th day of August 2008.

UNS ELECTRIC, INC.

By Michelle Livengood
Michelle Livengood
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and

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Attorneys for UNS Electric, Inc.

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

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

Copies of the foregoing
mailed this 25th day of August 2008, to:

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

By Mary Spolite