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THIS AMENDMENT:

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MAYES PROPOSED AMENDMENT 3

AZ CORP COMMISSION
DOCKET CONTROL

TIME/DATE PREPARED: November 20, 2008

COMPANY: Tucson Electric Power Company

AGENDA ITEM NO. U-1

DOCKET NO. E-01933A-07-0402
E-01933A-05-0650

OPEN MEETING DATE: Nov. 25, 2008

Page 39, line 22, DELETE: "cap or"

Page 39, line 26, DELETE: ", instead of relying on a cap that may or may not protect ratepayers. A cap that is too high is ineffective, and a cap that is too low, may result in larger cost deferrals that could aggravate the intended purpose of the cap to shield ratepayers."

Page 46, line 3, After "interest" INSERT:

"except that the PPFAC offered in the Settlement Agreement does not offer sufficient protections to TEP's customers in the absence of any cap on the adjustment. In order to appropriately protect TEP customers, we believe that the PPFAC must include a four mil annual cap, allowing TEP flexibility to recover costs while offering customers some degree of rate certainty."

Page 47, line 15, After "2008 Settlement Agreement" INSERT: ", as modified herein,"

Page 47, line 23, After "Exhibit A, INSERT: "and as modified herein,"

Page 47, line 26, INSERT NEW ORDERING PARAGRAPH:

"IT IS FURTHER ORDERED that a four mil annual cap on the Purchase Power Fuel Adjustment Clause be implemented as an addition to the 2008 Settlement Agreement."

Make all conforming changes.

Arizona Corporation Commission

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