

<b>THIS AMENDMENT:</b>		 0000091904 <small>0000091904</small>
_____ Passed _____	Passed as amended by _____	
_____ Failed _____	Not Offered _____	 <small>0000091904</small>

**MAYES PROPOSED AMENDMENT X2**

**ORIGINAL**

TIME/DATE PREPARED: December 15, 2008

COMPANY: Tucson Electric Power Company

AGENDA ITEM NO. U-16

DOCKET NO. E-01933A-07-0594

OPEN MEETING DATE: Dec. 16-19, 2008

Page 11, line 22.5, INSERT NEW FINDING OF FACT:

“The Commission believes it is important to reaffirm the appropriate treatment of Production Based Incentives. The Renewable Energy Standard rules were established to encourage development of renewable energy projects throughout Arizona, in order to diversify fossil fuel intensive energy portfolios, by providing financial incentives for renewable energy projects. The Commission finds that the Production Based Incentive payments are consistent with the RES rules. We recognize that these incentive payments are incurred to meet the Company’s obligations under Credit Purchase Agreements, and will therefore approve cost-recovery for these payments.”

Page 12, line 7, INSERT NEW ORDERING PARAGRAH:

“IT IS THEREFORE ORDERED that TEP can recover the costs of incentive payments that are incurred to meet the Company’s obligation under their Credit Purchase Agreements in accordance with their annual REST distributed energy requirement.”

Make all conforming changes.

Arizona Corporation Commission

**DOCKETED**

DEC 15 2008

DOCKETED BY	
-------------	---

**RECEIVED**  
 2008 DEC 15 P 4:56  
 AZ CORP COMMISSION  
 DOCKET CONTROL