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Tucson Electric Power Company

One South Church, P.O. Box 711
Tucson, AZ 85702

June 11, 2009

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

Re: Proposed Changes to Pricing Plan PS-40 Municipal Service
Docket Nos. E-01933A-07-0402 and E-01933A-05-0650

Tucson Electric Power Company ("TEP") hereby submits redlined and clean copies of its Pricing Plan PS-40 Municipal Service ("PS-40") for Arizona Corporation Commission approval. The proposed revisions expand the availability of service under PS-40 to qualifying customers willing to install transformers and meet technical requirements consistent with taking service at primary voltage levels. TEP is aware of two planned solar projects that require the availability of a primary option under PS-40 in order to proceed in a most cost-effective manner. The current secondary-only structure of the Pricing Plan is impeding Public Authority solar projects.

If you have any questions, please contact me at (520) 884-3680.

Sincerely,

Jessica Bryne
Regulatory Services

cc: Ernest Johnson, ACC
Barbara Keene, ACC

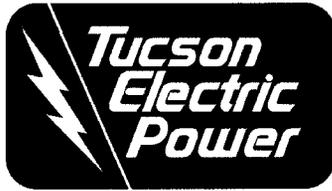
Arizona Corporation Commission
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REDLINED



Pricing Plan PS-40 Municipal Service

A UniSource Energy Company

AVAILABILITY

Available for Municipal Service where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

Applicable for service to the City of Tucson and City of South Tucson for Municipal buildings and grounds.

Not applicable to resale, breakdown, standby, or auxiliary service or to buildings used for residential purposes.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, at secondary voltage and subject to availability at point of delivery approved by the Company, and at one standard nominal voltage as mutually agreed and subject to availability at one point of delivery. Primary Service and Metering shall be an option under this tariff, but shall be required for new installations with service requirements in excess of 2,500 kW.

RATE

A monthly net bill at the following rate, plus any adjustments incorporated in this pricing plan.

BUNDLED STANDARD OFFER SERVICE

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge	
Summer (May – October)	\$0.057530 per kWh
Winter (November – April)	\$0.053159 per kWh
Base Power Supply Charge	
Summer	\$0.032245 per kWh
Winter	\$0.024745 per kWh

Purchased Power and Fuel Adjustment Clause ("PPFAC"): The Base Power Supply Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

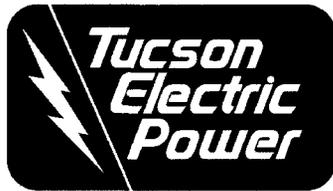
BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Energy Charges (kWh):

Delivery Charge	\$0.016298 per kWh
Generation Capacity	
Summer	\$0.029653 per kWh
Winter	\$0.025283 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PS-40
Effective: December 1, 2008 PENDING
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Pricing Plan PS-40 Municipal Service

A UniSource Energy Company

Fixed Must-Run	\$0.003289 per kWh
System Benefits	\$0.000434 per kWh
Transmission	\$0.006129 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000083 per kWh
Reactive Supply and Voltage Control	\$0.000327 per kWh
Regulation and Frequency Response	\$0.000317 per kWh
Spinning Reserve Service	\$0.000860 per kWh
Supplemental Reserve Service	\$0.000140 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	
Base Power Supply Charge	
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DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan PS-40 Municipal Service

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Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

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CLEAN



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