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BEFORE THE ARIZONA CORPORATION C

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COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
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IN THE MATTER OF THE APPLICATION OF
UNS ELECTRIC, INC. FOR THE
ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES
DESIGNED TO REALIZE A REASONABLE
RATE OF RETURN ON THE FAIR VALUE
OF THE PROPERTIES OF UNS ELECTRIC,
INC. DEVOTED TO ITS OPERATIONS
THROUGHOUT THE STATE OF ARIZONA
AND REQUEST FOR APPROVAL OF
RELATED FINANCING.

DOCKET NO. E-04204A-06-0783

**STATUS UPDATE AND REQUEST FOR
CONTINUANCE**

On December 5, 2008, Marshall Magruder filed before the Arizona Corporation Commission (“Commission”) a Formal Complaint against UNS Electric, Inc. (“UNSE”), which alleged violations of several Commission decisions.

On December 29, 2008, UNSE filed its Response to the Complaint.

On February 18, 2009, the Commission Hearing Division issued a Procedural Order setting forth the procedural framework for this matter.

A procedural conference was held in this matter on March 2, 2009, at which the parties attempted to narrow down the specific issues within the complaint.

Thereafter, on March 16, 2009, the Hearing Division issued a Procedural Order directing Commission Utilities Division Staff to meet with the parties in an attempt to resolve the dispute, after which Staff would file a report of its findings and recommendations.

On Friday June 5, 2009, the Staff initiated a conference call with Mr. Magruder and counsel for UNSE, Ms. Michelle Livengood and Mr. Mike Patten. The parties discussed all of the issues in the Complaint at length, and decided upon a course of action to address discovery.

The parties have agreed to have Mr. Magruder meet with a representative from UNSE. The two will travel to a pair of mutually agreed-upon sites within the UNSE service territory and will conduct the investigation necessary to alleviate the concerns expressed in the Complaint. Upon

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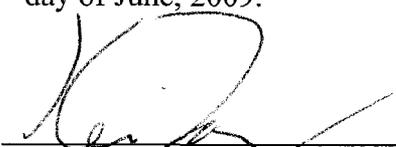
1 completion of the meeting and documentation of the results, there will be a second conference with
2 Staff to determine an appropriate resolution based upon those findings. The parties have already
3 proposed potential resolutions contingent upon discovery results.

4 Staff is confident that once the meeting between Mr. Magruder and UNSE has been
5 completed that a mutually acceptable solution will be quickly forthcoming.

6 At the close of the teleconference, the parties agreed that Staff counsel would make the
7 instant filing. Staff avows that both Mr. Magruder and UNSE have consented to this filing and agree
8 with the substance of these representations.

9 WHEREFORE, in order to provide enough time to conduct the meeting and a second
10 telephonic conference, Staff requests that the Hearing Division schedule a follow-up status
11 conference in approximately 30 days. The purpose of the status conference will be to inform the
12 Hearing Division as to the results of the meeting and to decide upon the appropriate course going
13 forward.

14 RESPECTFULLY SUBMITTED this 18th day of June, 2009.

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17 _____
18 Kevin O. Torrey SBN#022300
19 Attorney, Legal Division
20 Arizona Corporation Commission
21 1200 West Washington Street
22 Phoenix, Arizona 85007
23 (602) 542-3402

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25 Original and thirteen (13) copies
26 of the foregoing were filed this
18th day of June, 2009 with:

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

1 Copy of the foregoing mailed this
18th day of June, 2009 to:

2 Marshall Magruder
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