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Transcript Exhibit(s)

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To: Docket Control

Date: February 25, 2010

Re: UNS Electric, Inc. / Rates
E-04204A-09-0206
February 4 through 11, 2010
Volumes I through V, Concluded

STATUS OF ORIGINAL EXHIBITS

FILED WITH DOCKET CONTROL

Arizona School Boards Association (ASBA Exhibits)

1 and 2

Residential Utility Consumer Office (RUCO Exhibits)

1 through 12

Staff (S Exhibits)

2 through 4,
6 through 9, and
11 through 17

UNS Electric (UNSE Exhibits)

1 through 35

LATE-FILED EXHIBITS

Staff (S Exhibits)

18

UNS Electric (UNSE Exhibits)

36

CONFIDENTIAL EXHIBITS

Staff (S Exhibits)

1, 5, and 10 Delivered this date to CALJ Farmer

Copy to:

Lyn A. Farmer, Chief Administrative Law Judge
Maureen Scott, Esq. – Staff
Daniel Pozefsky, Esq. – RUCO
Michael W. Patten, Esq. – UNS Electric
Philip J. Dion, Esq. – UNS Electric
Timothy M. Hogan, Esq. – AZ School Boards Association

EXHIBIT
S-11
ADMITTED

BEFORE THE ARIZONA CORPORATION COMMISSION

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

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.	)	DOCKET NO. E-04204A-09-0206

SURREBUTTAL

TESTIMONY

OF

THOMAS H. FISH, PH.D.

ON BEHALF OF

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

JANUARY 15, 2010

TABLE OF CONTENTS

Page

INTRODUCTION 1

MICHAEL J. DeCONCINI 1

Black Mountain Generating Station ("BMGS") 1

CWIP 4

Purchased Power and Fuel Adjustment Clause ("PPFAC") 5

Fuel and Purchased Power Policies 6

DALLAS J. DUKES 8

CWIP 8

Working Capital 8

Operating Income Adjustments 9

Incentive Compensation Expense *9*
Rate Case Expense *10*
Membership Dues Expense *11*
Call Center Expense *12*
Bad Debt Expense *13*
Outside Legal Expense *14*
Fleet Fuel Expense *15*

D. BENTLEY ERDWURM 16

KENTTON C. GRANT 17

BMGS 17

PPFAC 18

Fair Value Rate of Return 18

THOMAS A. McKENNA 22

SCHEDULES
Schedules Accompanying
The Surrebuttal Testimony of Thomas H. Fish, Ph.D.

Schedule	Description
	Revenue Requirement
THF A-1	Computation of Increase in Gross Revenue Requirement
	Rate Base
THF B-1	Original Cost, RCND, and Fair Value Rate Base
THF B-2	Pro Forma Adjustments to Original Cost Rate Base
	Operating Income Adjustments
THF C-1	Adjusted Test Year Income
THF C-2	Income Pro Forma Adjustments

EXECUTIVE SUMMARY
UNS ELECTRIC INC.
DOCKET NO. E-04204A-09-0206

My Surrebuttal Testimony addresses the following issues raised by UNS Electric, Inc. ("UNS Electric" or "Company") witnesses in their Rebuttal Testimony:

- The Company's proposed revenue requirement.
- Adjustments to test year data.
- Rate base
- Test year revenues and expenses

My findings and recommendations for each of these areas are as follows:

- The Company is proposing an increase in gross revenue requirement of $13,500,000 which represents a weighted average cost of capital of 10.38 percent (of which 1.34 percent is fair value adjustment). I identified an operating income deficiency of $4,594,246 and an increase in gross revenue requirement of $7,517,565 in my Direct Testimony. As a result of my analysis and evaluation of the Company's Rebuttal Testimony and information provided by Staff witness Parcell, I am modifying my identified operating income deficiency to $4,631,859 and my recommended increase in gross revenue requirement to $7,579,110 which represents a weighted average cost of capital of 8.4 percent (plus a fair value adjustment of 1.5 percent on the increment in fair value rate base over original cost rate base).

- The following are adjustments to UNS Electric's proposed original cost and fair value rate base from Staff's Direct Testimony and reflecting modifications resulting from Staff's Surrebuttal Testimony:

Summary of Staff Adjustments to Rate Base		**Surrebuttal Testimony Original Cost**	**Direct Testimony Original Cost**	**Surrebuttal Testimony Fair Value**	**Direct Testimony Fair Value**
	Description	Increase (Decrease)	Increase (Decrease)	Increase (Decrease)	Increase (Decrease)
	Remove post test-year plant in service	($7,263,614)	($7,263,614)	($7,263,614)	($7,263,614)
	Cash working capital – lead/lag study	$61,025	($61,025)	$61,025	($61,025)
	Total of Staff Adjustments	($7,202,589)	($7,324,639)	($7,202,589)	($7,324,639)
	UNS Proposed Rate Base	$175,818,913	$175,818,913	$265,152,067	$265,152,067
	Staff Proposed Rate Base	$168,616,324	$168,494,274	$257,949,478	$257,827,428

- The following adjustments to UNS Electric's proposed revenues, expenses and net operating income should be made:

Description	**Direct Testimony Increase (Decrease)**	**Surrebuttal Testimony Increase (Decrease)**
Incentive Compensation PEP	($132,159)	($132,159)
Incentive Compensation SERP	($102,142)	($102,142)
Payroll Tax Expense PEP	($10,110)	($10,110)
Call Center Expense	($281,581)	($99,476)
Industry Association Dues	($40,792)	($4,763)
Legal Expense	($58,722)	($27,359)
Fuel Expense	($75,798)	($75,798)
Rate Case Expense	($66,667)	($66,667)
CARES Expense (Revenue Shortfall)	$61,797	$61,797
Bad Debt Expense	($105,487)	$105,487
Depr. & Property tax for Post TY PIS	($442,526)	($442,526)
Income Tax	$481,859	($48,747)
Adjusted Operating Income per UNS Electric	$10,003,347	$10,003,347
Adjusted Operating Income per Staff	$10,899,270	$10,871,910

INTRODUCTION

Q. Please state your name, occupation, and business address.

A. My name is Thomas H. Fish. I am President of Ariadair Economics Group. My business address is 1020 Fredericksburg Road, Excelsior Springs, Missouri 64024.

Q. What is the purpose of your Surrebuttal Testimony?

A. The purpose of my Surrebuttal Testimony is to rebut portions of the Rebuttal Testimony of UNS Electric, Inc. ("UNS Electric", "Company" or "UNSE") witnesses Michael J. DeConcini, Dallas J. Dukes, D. Bentley Erdwurm, Kentton C. Grant and Thomas A. McKenna. The areas I will address include rate base/revenue requirement, the Black Mountain Generating Station proposed acquisition treatment, Purchased Power and Fuel Adjustment Clause, and Fuel and Purchased Power Policies.

Q. Did you revise your Schedules as a result of your analysis and review of information provided by the Company in its Rebuttal Testimony?

A. Yes. These Revised Schedules are attached to this Testimony. They are Schedules THF A-1, THF B-1, THF B-2, THF C-1, and THF C-2.

MICHAEL J. DECONCINI

Black Mountain Generating Station ("BMGS")

Q. What does the Company request regarding the Black Mountain Generating Station?

A. The Company requests the Commission to pre-authorize inclusion of the BMGS in rate base after it has been purchased. It proposes a purchase price equal to the total cost net depreciation and a revenue-neutral rate classification that would go into effect only upon acquisition of BMGS by the Company.

Q. In its previous case, did the Company request financing authority to acquire BMGS?

A. Yes. The Company requested and received financing authority to acquire BMGS in its last rate case.

Q. Did the Company acquire the BMGS?

A. No.

Q. Why not?

A. The Company claimed that even with the financing authority it did not have the financial strength to acquire the BMGS.

Q. Are you testifying that the Company should not purchase the BMGS?

A. No. That is a decision to be made by Company management. In fact, as I mentioned in my Direct Testimony, the Commission urged the Company to acquire BMGS. I agree with the Commission's determination in the last case that the Company should pursue purchase of BMGS if it decides that is in the best interest of its customers and owners.

Q. Mr. DeConcini states at page 4 of his Rebuttal Testimony that "Staff argues that the Company chose not to acquire BMGS and that, since it does not own the facility, it should not be included in rate base." Is this a fair statement of Staff's position?

A. To a degree. Staff does not accept that the BMGS should be included in rate base before all facts regarding the purchase are known. After the purchase has been made, then the request for inclusion of BMGS in rate base should be made. At that time, the Commission could be expected to have the necessary facts to make a determination. At this time, prior to the purchase, the Commission may not have all the necessary information. In the last case, in addition to urging the Company to pursue the possible acquisition of BMGS, the Commission was very clear that approval of financing did not imply pre-approval of the

purchase. At page 78, lines 23-27, of Decision No. 70360, the Commission stated: "However, approval of the financing set forth herein does not constitute or imply approval or disapproval by the Commission of any particular expenditure of the proceeds derived thereby for purposes of establishing just and reasonable rates."

Q. What reason does the Company provide for requesting pre-approval of inclusion of BMGS in rate base.

A. Company witness DeConcini testified that the Company was unable to buy the BMGS after the last case and acquisition of an asset the size of the BMGS would have a very detrimental impact on the Company's financial position and credit profile.

Q. Does Staff take issue with the Company's determination of the financial impact of the acquisition?

A. Yes. Staff witness Parcell addressed that issue in his Testimony.

Q. At page 5 of his Rebuttal Testimony, Mr. DeConcini lists the benefits of purchasing BMGS. Does Staff disagree with the benefits?

A. Staff has no reason to disagree with Management's determination of the possible benefits of the acquisition. Company management must weigh the benefits and costs of ownership in making its determination to purchase the BMGS or to continue with the Purchased Power agreement regarding BMGS or to pursue other sources of power.

Q. If the Company chooses not to purchase the BMGS, will it lose that source of power?

A. It is my understanding that the purchased power agreement with UniSource Energy Development ("UED") will continue if the Company does not purchase the plant.

CWIP

Q. Does Mr. DeConcini take issue with Staff's recommendation to reject UNS Electric's request to include CWIP in rate base?

A. Yes. Although the Company called the CWIP adjustment "post test-year non-revenue producing plant in service" in Direct Testimony, during the test year it was CWIP. Now Mr. DeConcini is referring to it as "non-revenue post-test year plant" and it was still CWIP during the test year.

Q. Has the Commission addressed inclusion of CWIP in the Company's rate base before?

A. Yes. In the Company's last rate case the Commission rejected both the request to include CWIP in rate base and the request to include Post Test-Year Plant in rate base. In Decision No. 70360, the Commission referred to the Decision in UNS Gas's rate case, Decision No. 70011, where it rejected the Company's requests to include CWIP in rate base, its request to include Post Test-Year Plant in rate base, and its request to not deduct customer advances from rate base.

Q. Do you agree with the Commission's decisions in those two cases?

A. Yes.

Q. Are there situations where including CWIP or Post Test-Year Plant in rate base is necessary and beneficial?

A. In my opinion there are situations where the use of these tools by the Commission is both advisable and beneficial. In my review of past Commission Decisions, it appears that small water companies find themselves in serious financial straits from time to time and the use of these tools has been beneficial in these cases. In other rare situations, other utilities may find themselves in serious financial trouble and require the use of these tools

by the Commission. For example, if construction costs of a nuclear generating unit get out of control then the use of CWIP may be useful for maintaining the financial viability of the Utility. In the instant situation, however, I do not believe inclusion of Post Test-Year Plant in rate base is warranted or beneficial.

Purchased Power and Fuel Adjustment Clause ("PPFAC")

Q. Does the Company offer additional reasons for changing the interest rate on PPFAC over- and under-collected balances?

A. Only that the Company will continue to procure fuel and purchased power in a prudent manner if it is allowed to use the 3-month LIBOR rate plus 1 percent as the interest rate on PPFAC over- and under-collected balances.

Q. Does this assurance remove the possible disincentive to strive for a zero bank balance?

A. In my opinion, it does not.

Q. What costs are included in the PPFAC?

A. In Decision No. 70360, the Commission determined that only fuel and purchased power costs recorded in FERC Accounts 501, 547, 555, and 565 should be flowed through the PPFAC. The Commission determined that the recovery of "other" expenses through the PPFAC should be denied.

Q. As part of your analysis in this proceeding, did you review the expense included in the PPFAC?

A. Yes.

Q. Did the Company include expenses other than those allowed by the Commission?

A. I did not identify any non-permissible expenses in the PPFAC as a result of my analysis. In addition, I asked the Company if any non-permissible expenses had been included in the PPFAC and they assured me that none had.

Q. Does the Company incur expenses associated with credit support for its acquisition of wholesale power?

A. Yes.

Q. Did the Company remove those expenses in calculating its revenue requirement?

A. The Company does not offer a pro forma adjustment to remove those expenses from its revenue requirement. They were not included in the PPFAC for recovery.

Fuel and Purchased Power Policies

Q. Mr. DeConcini, at page 11 of his Rebuttal Testimony, suggests that Staff's recommendation to strengthen the relationship between fuel contract management and procurement is related to the acquisition of back-up diesel fuel for the Valencia units. Is this what you were referring to?

A. No. The recommendation is not related to diesel fuel. This recommendation is actually connected to the recommendation for periodic audits on the procurement of fuel and purchased power that I discuss on page 63 of my Direct Testimony. My review of the Company's data request responses and my visit with Company personnel in Tucson regarding the prudence of PPFAC procedures and policies indicate to me that the Company's PPFAC policies and procedures are, overall, well organized and efficient. There does appear, however, to be somewhat of a disconnect between the identification and acquisition process of a source of purchased power and the actual procurement of the power within the framework of each contract. In my opinion, although I did not identify

specific problems as a result of my analysis, a periodic connection of the procurement process and the source agreement could strengthen this area. Also, as Mr. DeConcini noted in response to Staff data request STF 3.135, the Company had no audit reports issued in 2007 or 2008 related to the procurement of fuel and purchased power. Therefore, periodic audits of this relationship could serve to further strengthen this area.

Q. Mr. DeConcini, at page 12 of his Rebuttal Testimony, states that the Company does not have any interstate pipeline capacity and implies that all gas procurement for the Company is by UNS Gas. Do you agree?

A. UNS Electric does not have interstate pipeline capacity and, as I discussed in my Direct Testimony, UNS Gas provides natural gas to the Company. However, the Company does hedge gas, and it does this with the use of financial swing products because the actual physical gas is supplied by UNS Gas. When hedging, UNS Electric is hedging price risk through the use of fixed price financial swing gas.

Q. Are there characteristics of the months of August, September, and October which make them especially important in hedging operations involving natural gas?

A. Yes. Those months represent the hurricane season. Hurricanes in the Gulf of Mexico disrupt the production of natural gas and can result in significant price swings. This extra risk translates into extra hedging costs. During my visit to Tucson, UNS Electric personnel expressed concern regarding the implication of the UNS Gas case for additional hedging costs if hedging is required to be undertaken during these months. Their position was that situations could arise where the cost and risk relationships were such that hedging during these months would be beneficial but there could also be situations where hedging would not be beneficial. In light of this expressed concern, and I consider it a legitimate concern, I made the recommendation to consider hedging, rather than require it, during these months.

DALLAS J. DUKES

CWIP

Q. Did Company witness Dukes address your position regarding Post Test-Year Plant in Service in his Rebuttal Testimony?

A. Yes. At page 8 of his Rebuttal Testimony, Mr. Dukes states that Staff's position is wrong. His reasoning is essentially the same as presented by Mr. DeConcini. However, Mr. Dukes includes a discussion of previous Commission Decisions which he believes support the Company's request.

Q. Do you agree with Mr. Dukes' analysis?

A. No. I disagree with Mr. Dukes' analysis for the same reasons given above in my response to Mr. Deconcini's discussion of this issue. With respect to the previous Decisions referred to by Mr. Dukes, it is my understanding that the Commission evaluates each case on its own merits, and the facts of the cases of these water companies are different than in the instant case. I addressed these cases in my Direct Testimony.

Working Capital

Q. Did you propose a pro forma adjustment with respect to the Company's working capital?

A. I proposed two adjustments. First, since Staff's pro forma adjustments were different than the Company's pro forma adjustment, an adjustment for this difference was required. Second, the Company made an error in its calculations as identified in footnote 3 of my Direct Testimony.

Q. What was the result of the two adjustments?

A. The result was to increase rate base by $61,025.

Operating Income Adjustments

Incentive Compensation Expense

Q. Did Mr. Dukes disagree with your pro forma adjustment for Performance Enhancement Plan ("PEP") cost?

A. Yes. First, he suggested that the PEP expense Staff used was incorrect because it was taken from the Company's Federal Energy Regulatory Commission ("FERC") Form 1. He stated that FERC Form 1 overstated PEP expenses and that Staff should have used a smaller PEP value. He did not, however, provide any meaningful evidence that the FERC Form 1 expense was incorrect and that the Company was preparing a corrected FERC Form 1. If he makes this revision to FERC Form 1, Staff would consider using the smaller PEP value in its analysis.

Second, Mr. Dukes argues that the fact that incentive pay benefits both owners and ratepayers is no reason for owners to share the cost of the program with ratepayers. He then compares incentive pay to payroll expense. Incentive pay, of course, is distinctively different compared to payroll expense. Incentive pay is earned over and above base pay, and its purpose is to induce greater efficiency and productivity from employees than payroll expense alone. This extra reward for above normal productivity makes this cost unique and subject to separate treatment. Normal payroll expenses are a normal and ongoing cost of providing service. Incentive pay is designed as a reward for extraordinary and above normal service and benefit to the Company and as such its cost should be borne by the parties that enjoy the above normal service and benefit, the Company's owners and ratepayers.

Q. Does Mr. Dukes agree with your proposed pro forma adjustment to remove Supplemental Executive Retirement Plan ("SERP") expenses?

A. No. The SERP program is an incentive program for UniSource officers that exceeds Internal Revenue Service retirement guidelines. Staff does not argue that the program be eliminated only that the cost not be recovered from ratepayers.

Q. What is the basis for Mr. Dukes' position?

A. First, that it is not fair for one group of employees to receive retirement pay that is funded in rates and not for another group of employees to receive the same treatment. Second, he states at page 21, lines 19-20, that "It (SERP) simply keeps those individuals whose compensation level exceeds deductibility levels equal to those individuals whose compensation does not." Apparently Mr. Dukes believes that employees whose compensation levels are $40,000 per year are equal in compensation to employees whose compensation levels exceed $750,000 per year.

Q. Do you agree with Mr. Dukes' arguments?

A. No.

Rate Case Expense

Q. Did Mr. Dukes agree with your proposal to limit the Company's rate case expense to $100,000 per year?

A. No. Mr. Dukes argues that the Company's actual rate case expense is higher than comparable Company expenses because the Company must compensate Tucson Electric Power Company ("TEP") for the use of TEP personnel, there is a significant amount of discovery, and numerous internal personnel, outside counsel and consultants are required. In addition, because of the variety of issues involved, it does not make sense to develop its own rate case team.

Q. Do you agree with Mr. Dukes' arguments to recover extra rate case expense?

A. No. Mr. Dukes offers no additional justification for increasing rate case expense.

Membership Dues Expense

Q. Did the Company incur membership dues for Edison Electric Institute ("EEI")?

A. In its work papers supporting its pro forma adjustment, the Company provides a copy of an invoice in the amount of $125,029 from EEI dated 12/12/07 for the year 2008 sent to TEP. This invoice was paid quarterly. Another invoice was sent to TEP from EEI on 12/12/07 for regular activities for the year 2008 in the amount of $314,244. Another was sent to TEP from EEI dated 4/2/08 in the amount of $28,000. No invoices for membership dues were sent to UNSE from EEI.

Q. Did UNS Electric pay membership dues to EEI?

A. A memo from Sharon Feltz to Mina Briggs was provided by the Company dated 3/2/08. Ms. Feltz asked whether UNSE should have been charged a part of the regular $314,244 member dues. Ms. Briggs replied that UNS Electric should have been charged $10,000. In its work papers, the Company says that it paid a total of $12,000 EEI dues and removed $1,628 of those in its pro forma adjustment, leaving a total of $11,172 of EEI dues in revenue requirement. However, there is no record of payment by UNSE of the $12,000 in the work papers, there is no record of an invoice from EEI to UNSE for membership dues in the work papers, and there is no record of membership of UNSE in EEI in the work papers.

Q. Did the Company incur this expense during the test year?

A. No. The Company made a posting error, and the amount was not included in revenue requirement for the test year.

Q. Did UNSE receive an invoice from EEI for EEI membership dues?

A. There is no record in the work papers that UNSE received an invoice from EEI for EEI membership dues as a member of EEI.

Q. If the Company is not a member of EEI and is not entitled to the benefits of membership should it be paying EEI dues?

A. No.

Q. Have you revised your adjustment for Industry Association Dues?

A. Yes. I have reduced my adjustment for Industry Association Dues from $40,792 to $4,763 as shown on page 1 of Schedule THF C-2.

Call Center Expense

Q. Company witness Dukes alleges that Staff used an incorrect amount for 2006 test year Call Center expenses in making your Call Center pro forma adjustment. Did you use an incorrect amount?

A. No. Staff used the Call Center information pointed to by the Company. In its response to Staff data request STF 5.3, the Company stated that calendar year 2006 information had been provided in the last case and it saw no reason to provide that same information in this case. The available information the Company referred to was the information Staff used in its adjustment. The data referred to by Mr. Dukes were not provided until the Company filed its Rebuttal Testimony.

Q. Were the data recently provided by the Company more relevant than the information you originally relied on?

A. Yes.

Q. Did this more recent data affect your proposed pro forma adjustment?

A. Yes. I used the more recent data in my proposed pro forma adjustment. I have reduced my adjustment for Call Center Expense from $281,581 to $99,476. This modification is reflected in the attached Schedules.

Bad Debt Expense

Q. Did the Company err in the calculation of its bad debt expense?

A. Yes.

Q. What was the error the Company made in deriving its bad debt expense?

A. It understated its bad debt expense by $105,487.

Q. How was the Company able to understate its bad debt expense by $105,487?

A. Company Schedule C-2 page 3 of 4 shows a bad debt expense pro forma adjustment of $436,441 and the page total includes this amount. The actual bad debt expense for the test year was about $1.2 million. The Company normalized the bad debt expense by calculating the average bad debt ratio to gross revenue for the years 2006, 2007, and 2008. The Company then multiplied that ratio by test year adjusted retail revenues rather than gross revenue. The three-year bad debt ratio should have been multiplied by gross retail revenues and that value subtracted from actual bad debt expense to derive the normalized bad debt pro forma adjustment.

Q. Have you revised your adjustment for Bad Debt Expense?

A. Yes. I have reversed my $105,487 adjustment for Bad Debt Expense as shown on page 2 of Schedule THF C-2.

Outside Legal Expense

Q. Did Company witness Dukes address your outside legal expense pro forma adjustment in his Rebuttal Testimony?

A. Yes.

Q. Did Mr. Dukes express concern regarding your selection of years in the three-year average outside legal expense values you used?

A. Yes. In his proposed pro forma adjustment, Mr. Dukes used the 2005, 2006 and 2007 adjusted outside legal expense values in his calculations. I used the 2005, 2006 and 2008 outside legal expense values in my calculations because the 2007 outside legal expense is an outlier compared to the other years and would have a biasing effect on the result.

Q. What were the three-year average outside legal expense values?

A. The three-year average outside legal expense value calculated by the Company was $138,263.69 and the three-year average outside legal expense value calculated by Staff was $87,552.94, shown in Schedule THF C-8 in my Direct Testimony. These average values, when compared to the test year amount resulted in a pro forma adjustment by Mr. Dukes of $109,433.80 and by Staff of $58,722. Therefore, Staff's adjustment to the proposed Company pro forma adjustment is a reduction of the difference, or $50,962.

Q. In your opinion, what is the reason for the difference in the value of the pro forma outside legal expense adjustment?

A. In my opinion, the difference is due to the selection of the years to use for normalization. The 2007 adjusted value is the highest of the four years, 2005 through 2008, and the adjusted 2008 value is the smallest. The Company chose the highest value, and Staff chose the smallest value.

Q. Is there another normalization technique that the Commission could consider?

A. Yes. For normalization purposes a three-year period is frequently used. In this situation, however, because of the extreme values, I recommend that the Commission consider a four-year normalization period that includes all values 2005 through 2008. In this way, the two extreme values might be expected to cancel each other out and result in a more representative value.

Q. Did you make that four-year calculation?

A. Yes. The attached Schedules include a recommended pro forma adjustment based on a four-year normalization period, 2005 through 2008, for outside legal expenses. I have reduced my adjustment for Legal Expense from $58,722 to $27,359.

Fleet Fuel Expense

Q. Did the Company propose an adjustment to its fleet fuel expense?

A. Not in its original filing. However, in the Rebuttal Testimony of Mr. Dukes, the Company agreed to normalize fleet fuel expense over three years.

Q. In your opinion, is this new proposal by the Company appropriate?

A. In my opinion, the change recommended by the Company is much better and more indicative of ongoing fleet fuel expense that the test year values. The fuel costs for the test year were at a historic high and have not continued at that level. Therefore, although the Company's new proposed test year fuel expense is better than the Company's original proposal, it is biased by including the extreme test year value. Staff's proposal is much more indicative of reasonably expected ongoing fleet fuel expenses.

D. BENTLEY ERDWURM

Q. Did you propose a pro forma adjustment to remove the Company's proposed pro forma increase in test year revenue related to Customer Assistance Residential Energy Support ("CARES") customers?

A. Yes.

Q. Does the Company disagree with your proposed CARES pro forma revenue adjustment?

A. Yes. In his Rebuttal Testimony, Company witness Erdwurm argues that the Company's proposed pro forma adjustment of $61,797 is necessary for the Company to recover its revenue requirement.

Q. What is the basis for the Company's disagreement with your pro forma CARES revenue adjustment?

A. Company witness Erdwurm, at page 13 of his Rebuttal Testimony, states that the Company did not correctly calculate CARES customer annualization and CARES weather normalization so the adjustment is necessary to correct for that error.

Q. Did Mr. Erdwurm provide any support that the annualization and normalization mistakes amounted to a cost of $61,797?

A. No.

Q. Do you agree that Mr. Erdwurm's calculation error resulted in a $61,797 understatement of revenue?

A. No. There does not appear to be any support to this guess.

KENTTON C. GRANT

BMGS

Q. What position does Company witness Grant take with respect to your recommendation for the Commission to not accept the Company's BMGS request?

A. Mr. Grant states that the Company cannot finance BMGS without some assurance from the Commission for timely rate relief. He goes on to point out that the Company does not have sufficient cash flow, even with its requested rate relief, to service the additional capital required to purchase the BMGS.

Q. Will the proposed rate restructuring change its cash flow?

A. My understanding is that the rate restructuring will be revenue neutral. Therefore, the total cash flowing into the Company from its retail operations will be the same in either case. The use of that cash will be different. Acquisition of the BMGS could be expected to increase cash used for servicing the capital required for the acquisition and reduce cash expended under the BMGS Purchased Power agreement. However, if revenue neutrality is to be maintained, total cash in and out should not be affected.

Q. Is the Company asking for additional rate relief upon its proposed acquisition of BMGS?

A. Mr. Grant seems to be implying that the Company will seek additional rate relief upon acquisition of BMGS. Company witnesses, including Mr. Grant, have stated that the acquisition of BMGS is revenue neutral. That is, they claim that upon acquisition of BMGS the Company would restructure their rates but that the revenue impact from either the current or restructured rates would be the same.

PPFAC

Q. Does Mr. Grant offer reasons to recover wholesale credit costs in the PPFAC?

A. Yes. First, he proposes, at page 27 of his Rebuttal Testimony, that these costs are directly related to the fuel and wholesale power procurement function. Second, the level of credit support will vary depending upon the size of the Company's payable balances and the market value of forward energy purchases committed to by the Company.

Q. In your opinion, are these reasons sufficient justification to include wholesale credit costs in PPFAC?

A. No.

Q. Has the Commission demonstrated a pattern of allowing other costs in the PPFAC?

A. No. It is my understanding that the Commission has not done so. In Decision No. 69663, Arizona Public Service was not permitted to include broker's fees in its PSA and in Decision No. 70360 UNSE was not permitted to include other costs such as broker's fees, credit costs, and legal fees in its PPFAC.

Fair Value Rate of Return

Q. Did Company witness Grant indicate that Staff understated its proposed revenue requirement?

A. Yes. At page 12 and 13 of his Rebuttal Testimony Company witness Grant stated that a mathematical error was made that resulted in Staff understating the Company's revenue requirement by $633,000.

Q. What did Mr. Grant cite as the cause of the error?

A. Mr. Grant stated that there was a typographical error in Mr. Parcell's testimony which suggested a fair value rate of return of 5.99 percent rather than 6.14 percent caused the alleged revenue understatement.

Q. Did a possible typographical error in Mr. Parcell's testimony result in an underestimate of Staff's determination of the Company's revenue requirement?

A. No.

Q. What was the basis for the Company's determination that an error associated with the FVROR had caused the understatement of Staff's determination of UNSE's gross revenue requirement?

A. It is my understanding that the basis was a typo in a table at page 57 of Mr. Parcell's Direct Testimony. The table, as it appeared, was:

Capital Item	Percent	Cost	Return
Long-Term Debt	36.45%	7.05%	2.57%
Common Equity	30.76%	10.00%	3.08%
FVRB Increment	32.79%	1.50%	0.34%
Total	100.00%		5.99%

The highlighted return on Fair Value Rate Base ("FVRB") Increment of 0.34 percent is a typographical mistake that resulted in a (highlighted) total return of 5.99 percent. The correct value is shown as:

Capital Item	Percent	Cost	Return
Long-Term Debt	36.45%	7.05%	2.57%
Common Equity	30.76%	10.00%	3.08%
FVRB Increment	32.79%	1.50%	0.49%
Total	100.00%		6.14%

Mr. Grant multiplied the difference in total return (0.15 percent) times FVRB and determined that an addition to gross revenue requirement of $633,000 was required. This conclusion is not correct.

Q. Why isn't Mr. Grant's analysis and conclusion correct?

A. Mr. Parcell was addressing the Company's capital cost and its capital structure. Consider the following table based on the table on page 57 of Mr. Parcell's Direct Testimony:

		Dollar		
Capital Item	Percent	Amount	Cost	Return
Long-Term Debt	36.45%	$93,978,098	7.05%	2.57%
Common Equity	30.76%	$79,307,717	10.00%	3.08%
FVRB Increment	32.79%	$84,541,634	1.50%	0.49%
Total	100.00%	$257,827,428		6.14%

Note that the dollar amount for FVRB Increment calculated on the basis of the information in the table is $84,541,634. The actual increment of FVRB over Original Cost Rate Base, from Schedule THF A-1, is $89,333,154. Therefore, the correct percent for the FVRB Increment is $89,333,154/257,827,428 = 34.65 percent. Mr. Parcell's table was based on the Company's capital structure which understated the 1.5 percent

component by about $5m and overstated the 8.4 percent debt and equity components by the same amount. The result was an illusionary overstatement of FVROR by .15 percent.

Using the proper rate base values results in the following FVROR:

Capital Item	Dollar Amount	Cost	Dollar Cost	Return
Debt & Equity	$168,494,273	8.40%	$14,153,519	5.49%
FVRB Increment	$89,333,154	1.50%	$ 1,339,997	0.52%
Total	$257,827,428		$15,493,516	6.01%

Q. What do you conclude with respect of your review of Mr. Grant's criticism of your gross revenue requirement?

A. There is no understatement of the Company's gross revenue requirement as determined by Staff. My determination of the Company's gross revenue requirement and its return on fair value rate base is consistent with Mr. Parcell's cost of capital analysis. Mr. Grant simply erred in confusing capital structure with rate base.

Q. Why did you use values from Staff's Direct Testimony in your analysis above rather than your revised Surrebuttal values?

A. For consistency purposes. The use of the Direct Testimony values allows for proper comparison of the numbers used by Mr. Grant, Mr. Parcell, and myself. The conclusion is valid for both the Direct and Surrebuttal situations, i.e., there is no inconsistency between Mr. Parcell's and my analyses in our Direct or Surrebuttal Testimonies.

THOMAS A. MCKENNA

Q. Does Company witness McKenna address your recommendation regarding UNSE's proposed acquisition and treatment of the BMGS?

A. Yes.

Q. Does Mr. McKenna offer additional reasons why the Company should be authorized to use its proposed rate base and ratemaking treatment of BMGS?

A. No. Mr. McKenna simply restates the position of the Company with respect to this issue.

Q. Do you have additional comments regarding this issue?

A. No. The comments I offered above are relevant to Mr. McKenna's proposed justification for implementation of the Company's proposal.

Q. Would you summarize your conclusions with respect to your determination of the Company's operating income deficiency and change in gross revenue requirement?

A. I identified an operating income deficiency of $4,594,246 and an increase in gross revenue requirement of $7,517,565 in my Direct Testimony. As a result of my analysis and evaluation of the Company's Rebuttal Testimony and information provided by Staff witness Parcell, I am modifying my identified operating income deficiency to $4,631,859 and my recommended increase in gross revenue requirement to $7,579,110 which represents a weighted average cost of capital of 8.4 percent (plus a fair value adjustment of 1.50 percent on the increment in fair value rate base over original cost rate base).

Q. Does that conclude your testimony?

A. Yes.

UNS Electric, Inc.
Docket No. E-04204A-09-0206-Fish Surrebutal
Computation of Increase in Gross Revenue Requirements
Test Year Ended December 31, 2008

Line No.	Description	(a) Company Original Cost	(b) Staff Original Cost	(c) Company RCND	(d) Staff RCND	(e) Company Fair Value	(f) Staff Fair Value	Line No.
1	Adjusted Rate Base	$175,818,913	$168,616,324	$354,485,222	$347,282,633	$265,152,067	$257,949,478	1
2	Adjusted Operating Income	$10,003,347	$10,871,910	$10,003,347	$10,871,910	$10,003,347	$10,871,910	2
3	Current Rate of Return (2/1)	5.69%	6.45%	2.82%	3.13%	3.77%	4.21%	3
4	Required Operating Income	$18,253,668	$14,163,771	$18,253,668	$14,163,771	$18,253,668	$14,163,771	4
	Plus Fair Value (Line 6)		$15,503,769		$14,163,771		$15,503,769	
5	Weighted Average Cost of Capital	9.04%	8.40%	5.15%	4.08%	6.88%	6.01%	5
6	Fair Value Adjustment*	1.34%	$1,339,997		$0			6
7	Required Rate of Return	10.38%		5.15%		6.88%		7
8	Operating Income Deficiency	$8,250,321	$4,631,859	$8,250,321	$3,291,861	$8,250,321	$4,631,859	8
9	Gross Revenue Conversion Factor	1.6363	1.6363	1.6363	1.6363	1.6363	1.6363	9
10	Increase in Gross Revenue Requirement	$13,500,000	$7,579,110	$13,500,000	$5,386,472	$13,500,000	$7,579,110	10

Supporting Schedules
Columns (a), (c), and (e) Company Schedule A-1
Line 1, columes b, d, & f From Staff Schedule THF B-1
Line 2, columes b, d, & f From Staff Schedule THF C-1
*Staff fair value adjustment is equal to Staff witness Parcell Fair Value return midpoint (0% - 3%, or 1.5%) x difference between fair value and original cost rate base.

UNS Electric, Inc.
Docket No. E-04204A-09-0206
Original Cost and Adjusted RCND Rate Base-Fish Surrebuttal
Test Year Ended December 31, 2008

Line No.	Description	(a) Company Adjusted Original Cost Rate Base	(b) OCRB Staff Adjustments	(c) OCRB as Adjusted by Staff	(d) Company RCND	(e)* RCND Staff Adjustments	(f) RCND as Adjusted by Staff	(g)** Company Fair Value Rate Base	(h)** Staff Fair Value Rate Base	Line No.
1	Gross Utility Plant in Service	$454,177,170	$7,263,614	$446,913,556	$844,301,155	$7,263,614	$837,037,541	$649,239,162	$641,975,548	1
2	Less: Accumulated Depreciation	193,348,359	0	$193,348,359	$367,590,759	$0	$367,590,759	$280,469,559	$0 $280,469,559	2
3	Net Utility Plant in Service	260,828,810	7,263,614	$253,565,196	$476,710,396	$7,263,614	$469,446,782	$368,769,603	$361,505,989	3
4	Citizens Acquisition Discount	(93,273,341)	0	($93,273,341)	($130,469,005)	$0	($130,469,005)	($111,871,173)	($111,871,173)	4
5	Less: Accum. Amort. - Citizens Acq. Discount	(20,876,317)	0	($20,876,317)	($27,773,948)	$0	($27,773,948)	($24,325,132)	($24,325,132)	5
6	Net Citizens Acquisition Discount	(72,397,024)	0	($72,397,024)	($102,695,057)	$0	($102,695,057)	($87,546,041)	($87,546,041)	6
7	Total Net Utility Plant	188,431,786	7,263,614	$181,168,172	$374,015,339	$7,263,614	$366,751,725	$281,223,563	$273,959,949	7
8	Customer Advances for Construction	(12,605,744)	0	($12,605,744)	($17,555,056)	$0	($17,555,056)	($15,080,400)	$0 ($15,080,400)	8
9	Customer Deposits	(4,064,671)	0	($4,064,671)	($4,064,671)	$0	($4,064,671)	($4,064,671)	($4,064,671)	9
10	Accumulated Deferred Income Taxes	(2,028,227)	0	($2,028,227)	($3,996,158)	$0	($3,996,158)	($3,012,192)	($3,012,192)	10
11	Total Deductions	(18,698,641)	0	($18,698,641)	($25,615,885)	$0	($25,615,885)	($22,157,263)	($22,157,263)	11
12	Allowance for Working Capital	6,085,768	(61,025)	$6,146,793	$6,085,768	($61,025)	$6,146,793	$6,085,768	$6,146,793	12
13	Regulatory Assets	0	0	$0	0	0	0	0	0	13
14	Regulatory Liabilities	0	0	0	0	0	0	0	0 0	14
15	Total Rate Base	$175,818,913	$7,202,589	$168,616,324	$354,485,222	$7,202,589	$347,282,633	$265,152,067	$257,949,478	15

Supporting Schedules
Column A and D from Company filing
Column B and E from THF B-2
*For Column (e) test year OCRB and RCND adjustments have the same value for Post test year PIS and Working Capital so no separate THF B-2 equivalent Schedule is required for RCND
**Fair Value rate base, columns (g) and (h) are derived as an average of OCRB and RCND

UNS Electric, Inc.
Docket No. E-04204A-09-0206-Fish Surrebuttal
Pro Forma Adjustments to Original Cost Rate Base
Test Year Ended December 31, 2008

Line No.	Description	(a) Company Actual End of TY	(b) Staff Adjustments (a)	(c) Staff Adjusted at End of TY	Line No.
1	Gross Utility Plant in Service	$454,177,170	$7,263,614	$446,913,556	1
2	Less: Accumulated Depreciation	193,348,359	0	193,348,359	2
3	Net Utility Plant in Service	260,828,811	7,263,614	253,565,197	3
4	Citizens Acquisition Discount	(93,273,341)	0	(93,273,341)	4
5	Less: Accum. Amort. - Citizens Acq. Discount	(20,876,317)	0	(20,876,317)	5
6	Net Citizens Acquisition Discount	(72,397,024)	0	(72,397,024)	6
7	Total Net Utility Plant	188,431,787	7,263,614	181,168,173	7
8	Customer Advances for Construction	(12,605,744)	0	(12,605,744)	8
9	Customer Deposits	(4,064,671)	0	(4,064,671)	9
10	Accumulated Deferred Income Taxes	(2,028,227)	0	(2,028,227)	10
11	Total Deductions	(18,698,642)	0	(18,698,642)	11
12	Allowance for Working Capital	6,085,768	(61,025)	6,146,793	12
13	Regulatory Assets	0	0	0	13
14	Regulatory Liabilities	0	0	0	14
15	Total Original Cost Rate Base	$175,818,913	$7,202,589	$168,616,324	15

Supporting Schedules
(a) B-2,Pg. 2

Recap Schedules
B-1

UNS Electric, Inc.
Docket No. E-04204A-09-0206-Fish Surrebutal
Pro Forma Adjustments to Original Cost Rate Base
Test Year Ended December 31, 2008

Line No.	Description	Post-Test Year Non-Revenue Plant in Service	Working Capital	Total Page Adjustments	Line No.
1	Gross Utility Plant in Service	$7,263,614		$7,263,614	1
2	Less: Accumulated Depreciation				2
3	Net Utility Plant in Service	7,263,614		7,263,614	3
4	Citizens Acquisition Discount				4
5	Less: Accum. Amort. - Citizens Acq. Discount				5
6	Net Citizens Acquisition Discount				6
7	Total Net Utility Plant	7,263,614		7,263,614	7
8	Customer Advances for Construction				8
9	Customer Deposits				9
10	Accumulated Deferred Income Taxes				10
11	Total Deductions				11
12	Allowance for Working Capital		$61,025	61,025	12
13	Regulatory Assets				13
14	Regulatory Liabilities				14
15	Total Original Cost Rate Base	$7,263,614	$61,025	$7,324,639	15

Supporting Schedules
B3, B4

UNS Electric, Inc.-Fish Surrebuttal
Docket No. E-04204A-09-0206-Fish Surrebutal
Adjusted Test Year Income Statement
Test Year Ended December 31, 2008

Line No.	Description	Company Unadjusted (a)		Company Pro Forma Adjustments (b)	Company	Staff Adjustments	Staff Adjusted	Line No.
	Operating Revenues							
1	Electric Retail Revenues	$181,638,915		($22,358,469)	$159,280,446	$61,797	$159,342,243	1
2	Sales for Resale	10,168,115		(10,168,115)	0	0	0	2
3	Other Operating Revenue	3,103,658		(1,458,039)	1,645,619	0	1,645,619	3
4	Total Operating Revenues	194,910,688		(33,984,623)	160,926,065	61,797	160,987,862	4
	Operating Expenses							
5	Fuel, Purchased Power & Transmission	143,362,723		(32,059,158)	111,303,565	0	111,303,565	5
6	Other Operations and Maintenance Expense	21,569,849	(1)	(2,144,234)	19,425,615	(412,987)	19,012,628	6
7	Depreciation and Amortization	14,429,415		(194,193)	14,235,222	0	14,235,222	7
8	Taxes Other than Income Taxes	3,680,634		156,415	3,837,049	(442,526)	3,394,523	8
9	Income Taxes	2,081,685		39,582	2,121,267	48,747	2,170,014	9
10	Total Operating Expenses	185,124,306		(34,201,588)	150,922,718	(806,766)	150,115,952	10
11	Operating Income	9,786,382		$216,965	$10,003,347	$868,563	$10,871,910	11
	Other Income and Deductions							
12	Allowance for Equity Funds	322,168						
13	Other - Net	76,881						
14	Total Other Income and Dedu	399,049						
15	Income Before Interest Expense	10,185,431						
	Interest Expense							
16	Interest on Long-Term Debt	6,546,248						
17	Other Interest Expense	57,412	(1)					
18	Allowance for Borrowed Funds	(181,815)						
19	Total Interest Expense	6,421,845						
20	Net Income Available for Common Stock	$3,763,586						

(1) Includes reclasification of $160,200 for Customer Deposit Interest Expense From Other Interest Expense to Other O&M Expense.

UNS Electric, Inc.
Docket No. E-04204A-09-0206-Fish Surrebutal
Income Statement Pro Forma Adjustments
Test Year Ended December 31, 2008

Line No.	Description	Incentive Compensation Adj PEP	Incentive Compensation Adj SERP	Payroll Tax Expense, PEP incentive	Call Center Expense Adj	Industry Association Dues	Legal Expense	Total Page Adjustments
	Operating Revenues							
1	Electric Retail Revenues	$0	$0	$0	$0	$0	$0	$0
2	Sales for Resale	0	0	0	0	0	0	0
3	Other Operating Revenue	0	0	0	0	0	0	0
4	Total Operating Revenues	0	0	0	0	0	0	0
	Operating Expenses							
5	Fuel, Purchased Power & Transmission	0	0	0	0	0	0	0
6	Other Operations and Maintenance Expense	132,159	102,142	10,110	99,476	4,763	27,359	376,009
7	Depreciation and Amortization	0	0	0	0	0	0	0
8	Taxes Other than Income Taxes	0	0	0	0	0	0	0
9	Income Taxes	0	0	0	0	0	0	0
10	Total Operating Expenses	132,159	102,142	10,110	99,476	4,763	27,359	376,009
11	Operating Income	($132,159)	($102,142)	($10,110)	($99,476)	($4,763)	($27,359)	($376,009)

1
Docket No. E-04204A-09-0206-Fish Surrebutal
Income Statement Pro Forma Adjustments
Test Year Ended December 31, 2008

Line No.	Description	Fuel Expense Adjustment	Rate Case Expense	C.A.R.E.S. Expense	B ad Debt Expense	Depreciation and Property Tax for Post TY Non-Rev Plant in Service	Normalized Income Tax Corrected*	Normalized Income Tax for pro forma adjstment corrections**	Total Page Adjustments	Total Adjustment
	Operating Revenues									
1	Electric Retail Revenues	$0	$0	$61,797	$0	$0		$0	$61,797	$61,797
2	Sales for Resale	0	0	0	0	0		0	0	0
3	Other Operating Revenue	0	0	0	0	0		0	0	0
4	Total Operating Revenues	0	0	61,797	0	0		0	61,797	61,797
	Operating Expenses									
5	Fuel, Purchased Power & Transmission	0	0	0	0	0		0	0	0
6	Other Operations and Maintenance Expense	75,798	66,667	0	(105,487)	0		0	36,978	412,987
7	Depreciation and Amortization	0	0	0	0	313,599		0	313,599	313,599
8	Taxes Other than Income Taxes	0	0	0	0	128,927		0	128,927	128,927
9	Income Taxes	0	0	0	0	0	124,178	(172,925)	(48,747)	(48,747)
10	Total Operating Expenses	75,798	66,667	0	(105,487)	442,526	124,178	(172,925)	430,757	806,766
11	Operating Income	($75,798)	($66,667)	$61,797	$105,487	($442,526)	($124,178)	$172,925	($368,960)	($744,969)

Supporting Schedules
Schedules THF C-3 through THF C-13

*Adjusted operating income before income taxesof I$13,502,396 less synchronized interest of $6,436,481 times the effective tax rate of .38598.

The normalized income tax expense is $2,727,302 vs Company pro forma of $2,121,267. Staff incremental adjustment should be $606,035, a net change of $124,176.

**based on adjusted operating income afer changes in pro forma adjustments which produce operating income before income tax of $13,069,751 less synchronized interest of $6,441,851 times the effective tax rate of 38.598%. This results in a normalized income tax expense of $2,554,377 vs. corrected level of $2,727,302, a net change of ($172,925).

EXHIBIT
S-12
ADMITTED

BEFORE THE ARIZONA CORPORATION COMMISSION

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

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.	)	DOCKET NO. E-04204A-09-0206

RATE DESIGN

DIRECT

TESTIMONY

OF

WILLIAM C. STEWART

ON BEHALF OF

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

NOVEMBER 13, 2009

TABLE OF CONTENTS

Page

INTRODUCTION 1

COST OF SERVICE 3

RATE DESIGN 5

CARES Program 6

Rate Design Changes 8

Revenue Spread 12

PROPOSED RATES 13

CONCLUSIONS 14

SCHEDULES

Schedules Accompanying
The Direct Testimony of William C. Stewart

Schedule	Description
WCS Resume	Resume of William C. Stewart
WCS H-1	Summary of Revenues by Customer Classification
WCS H-2	Comparison of Revenues by Rate Schedule
WCS H-3	Comparison of Present and Proposed Rates
WCS H-4	Present and Proposed Rates

EXECUTIVE SUMMARY
UNS ELECTRIC
DOCKET NO. G-04204A-09-0206

Staff recommends that the Commission adopt the Company's proposed customer charge changes, Time of Use rates, and Super-Peak Demand Response Rate proposals. Staff additionally recommends that the Commission adopt Staff's recommended rate structure and levels.

The Company is proposing the following percentage increases to adjusted test year revenues:

Customer Class	Percentage change
Total	8.48%
residential	9.21%
residential cares	-9.41%
Small general service	9.21%
Large general service	9.21%
Large power service	9.21%
Interruptible Power Service	9.21%
Lighting	9.21%

Staff proposes the following percentage increases to adjusted test year revenues:

Customer Class	Percentage Change
Total	4.72%
residential	5.13%
residential cares	-5.19%
Small general service	5.13%
Large general service	5.13%
Large power service	5.13%
Interruptible Power Service	5.13%
Lighting	5.13%

INTRODUCTION

Q. Please state your name, occupation, and business address.

A. My name is William C. Stewart. I am employed by Ariadair Economics Group as a utility analyst. My business address is 1020 Fredericksburg Rd., Excelsior Springs, Missouri 64024.

Q. What types of services does Ariadair Economics provide?

A. Ariadair Economics Group provides expert witness and consulting services in administrative, and judicial litigation proceedings.

Q. Please describe your educational background.

A. I hold a B.A. (2001) degree in Business Administration from Park University in Parkville, Missouri.

Q. Please describe your professional experience.

A. I have conducted analyses of various utility regulatory issues including Cost of Service ("COS"), Revenue Spread, Rate Design, Revenue Requirement and Rate Base, inter-company transactions, depreciation/amortization, prudence of construction costs, and various other issues. In addition, I participated in the recent UNS Gas proceeding on behalf of Commission Staff. My resume is attached as Schedule WCS Resume.

Q. What is the purpose of your testimony in this case?

A. The purpose of my testimony is to present the results of my investigation and evaluation of UNS Electric's COS, Revenue Spread, and Rate Design proposals.

Q. Have you reviewed the Company's application for rate relief?

A. Yes. I have reviewed, analyzed and evaluated the Company's COS Study, Revenue Spread, and Rate Design. I have also visited the Company's Black Mountain Generation Station ("BMGS") plant in Kingman and its Valencia plant in Nogales as well as its Tucson Offices where I met and interviewed Company personnel.

Q. What is COS?

A. COS is the cost a company incurs in the provision of service, including the cost of capital invested in plant and equipment.

Q. How does a COS study effect rates?

A. The COS study forms the basis for the ultimate structure of rates. Therefore the study should be a fair representation of the legitimate costs actually incurred by the company in its provision of service. The rate classes used by the study should correspond to the rate classes that exist and should provide a sound basis for any changes to customer classes, tariffs structures and tariff levels.

Q. What is Rate Design?

A. Rate design is used to directly translate the costs allocated to customers into unit charges or rates. Rates are designed to recover the jurisdictional COS which consists of the demand and commodity costs.

Q. What is the result of the COS and Rate Design process?

A. The COS and rate design process ultimately ends in a set of tariffs that customers pay for services the Company provides. The underlying rationale for the structure and magnitude of the tariffs are that they should be efficient, equitable, and all result in the recovery of

the Company's revenue requirement. Rates should be simple and easy to understand, minimize revenue fluctuations, should discourage wasteful production and consumption practices, and should not be discriminatory.

Q. Have you prepared Attachments and Schedules in support of your testimony?

A. Yes, I have developed rates that provide the Company the opportunity to recover its cost of providing service as determined and presented by Dr. Thomas Fish. The Company's revenue requirement is $168,405,427 and the Gross Revenue Requirement deficiency identified by Dr. Fish is $7,517,565. These rates are shown in Schedules and are presented in the attached WCS H Schedules.

Q. Were these Schedules prepared by you or under your supervision?

A. Yes.

COST OF SERVICE

Q. Did the Company conduct a COS study?

A. Yes.

Q. Did the Company conduct its COS study consistent with previous Commission orders regarding COS?

A. According to Mr. Erdwurm the study follows the traditional structure previously approved in the Company's prior rate cases.

Q. Do you agree with Mr. Erdwurm?

A. Yes.

Q. Did the Commission address allocation of purchased power costs in Decision No. 70360?

A. Yes. The Commission directed the Company to allocate purchased power costs on the basis of 100 percent energy because the Company's purchased power contract had no provision for demand charges or segregation of charges by time of day, month or season.

Q. Did the Company allocate purchased power cost on the basis of 100 percent energy in this proceeding?

A. Yes.

Q. Did you review the Company's proposed COS Study?

A. Yes.

Q. What were the results of your review?

A. The Company proposed a constant percentage increase for all customer classes except Customer Assistance Residential Energy Support ("CARES") customers. The reason given for this constant percentage increase was to support the CARES customer rate decrease in a fair and equitable manner. A consequence of the proposed constant percentage increase occurs in the rate of return per customer class. For example, the proposed combined rate of return on rate classes LPS, Interruptible, and Street Lighting is negative 8.5 percent. The combined revenue for these classes, however, is only 12.7 percent of total revenue.

RATE DESIGN

Q. Are you recommending a rate design for the Company to use to recover its revenue requirement?

A. Yes.

Q. What Revenue Deficiency are you proposing to recover?

A. I am proposing rates designed to recover the Company's total revenue requirement of $168,405,427 of which $7,517,565 is the Company's revenue deficiency.

Q. What is the underlying rationale for the structure and magnitude of the tariffs you are proposing?

A. The underlying rationale for the structure and magnitude of the tariffs that I am proposing is that they should be efficient, equitable, and result in providing the Company the opportunity to recover its cost of providing service. Rates should be simple and easy to understand, and minimize revenue fluctuations, they should be efficient in the sense that wasteful production and consumption practices are discouraged, and they should not be discriminatory. While cost-based rates are an important consideration in rate design, gradualism is also an important aspect in determining rate levels and customer charges.

Q. Would you give a general overview of electricity rates?

A. Yes. Generally, costs for electricity service consist of two parts. The first is a customer, or fixed, charge and the second, is a volumetric, or usage, charge. With respect to the fixed charge, movement to cost-based rates (assuming the costs are calculated correctly) should not be so abrupt as to cause rate shock.

Q. What procedure did you use to determine your proposed tariffs?

A. The first step is to determine the Company's revenue requirement. This task was accomplished in the previous Sections of Dr. Fish's testimony. The revenue requirement is defined as the Company's cost, including capital cost, of providing service. The second step is to apportion this cost of service to various customer groups on the basis of a COS study and rates designed to give the Company the opportunity to recover its cost of providing service.

Q. Did you have any special considerations in mind in designing the customer charge component of rates?

A. Yes. It is important to keep in mind that the Company may have incentives to move cost, and therefore revenue recovery, to customer classes with the greatest inelasticity of demand, i.e., residential customers. Demand for residential electric service tends to be seasonal and may fluctuate less than demand by other customer groups. The result of moving revenue recovery to fixed monthly residential customer charges the Company may be passing more of its financial risk on to a customer class that adds comparatively little to that risk.

CARES Program

Q. What is the CARES Program?

A. The CARES (Customer Assistance Residential Energy Support) program is a low-income assistance program.

Q. What did the Company propose with respect to CARES rates?

A. According to Company witness Erdwurm, the Company proposes to: 1)Decrease the customer charge for CARES customers from $7.50 to $3.50; 2) set the CARES base

power supply rate at $0.07166/kWh which is discounted from the regular residential level; 3) retain existing CARES percentage discounts and the $8.00 discount for customers using over 1,000 kWh per month; and 4) freeze the forward and true-up components at zero for the Purchased Power and Fuel Adjustment Clause ("PPFAC") for CARES customers when new rates (including the discounted base power supply rate) are effective.

Q. Does Mr. Erdwurm state the reason for the proposed changes to CARES rates?

A. Yes. Mr. Erdwurm states at page 3 of his direct testimony that the CARES customer charge proposal is motivated by public policy considerations unrelated to the cost of providing service.

Q. Do you agree with the Company's proposed CARES program rates as presented?

A. The Company is proposing to freeze the forward and true-up component at zero for the PPFAC for CARES customers when new rates are effective. I agree with a freeze at zero when PPFAC rates are positive but in situations where the rates become negative, such as the June 1, 2009 PPFAC adjustment, those negative rates should be passed on to CARES customers.

Q. Is the Company proposing changes in its low-income assistance programs?

A. Yes. The Company is proposing to expand CARES eligibility to customers whose income is 200 percent of poverty level from 150 percent of poverty level.

Q. Does the Company place a condition on its proposed expansion of the CARES program to 200 percent of poverty level?

A. Yes. Mr. Erdwurm states that the expanded program is contingent upon the program costs "being fully recovered from other retail customers." He indicates that UNS Electric is willing to meet with stakeholders to discuss program expansion.

Q. Do you agree with the proposed expansion of the CARES program?

A. Yes. I agree with the Company's proposed expansion of CARES eligibility to customers whose income is 200 percent of poverty level.

Rate Design Changes

Q. Did the Company propose rate design changes in addition to the CARES proposals discussed above?

A. Yes. The Company proposed the following changes: 1) Increasing customer charges for Residential customers from $7.50 to $8.00, for Small General Service customers from $12.00 to $12.50, and Large General Service customer charge from $15.50 to $16.00; 2) redesign time-of-use ("TOU") rates to increase the price differential between time periods; 3) adoption of Super-Peak Demand Response tariffs; and, 4) implement a reclassification of rates associated with BMGS. In addition, the Company is proposing a constant percentage increase in revenue of 9.21 percent for all classes of service except CARES which is to decrease by 9.41 percent.

Q. What is the basis for the Company's proposed changes to customer charges?

A. According to Mr. Erdwurm, the proposed change will bring the customer charge more in line with COS.

Q. Do you agree with this proposed change?

A. Yes.

Q. What is the Company proposing with respect to TOU rate design?

A. The Company is proposing larger price differentials between On-Peak, Shoulder-Peak, and Off-Peak periods. This, in turn, should allow customers that take advantage of these rate plans to enjoy greater savings. Peak off-peak, and shoulder peak times are shown in customer tariff sheets. The following table presents a summary of the TOU rate design.

TOU Hours	Current TOU Rate Design (Base Power Supply)	Proposed TOU Rate Design (Base Power Supply)
Summer On Peak 2:00-6:00 PM	Off-Peak Charge is 84% of On-Peak Charge (Summer)	Off-Peak Charge would be 34% of On-Peak Charge (Summer)
Summer Shoulder Peak 12:00pm-2:00pm & 6:00pm-8:00pm	Shoulder-Peak Charge is 89% of On-Peak Charge (Summer)	Shoulder-Peak Charge would be 47% of On-Peak Charge (Summer)
Winter On Peak 6:00am-10:00am & 5:00pm-9:00pm	Off-Peak Charge is 94% of Shoulder-Peak Charge (Summer)	Off-Peak Charge would be 72% of Shoulder-Peak Charge (Summer)
All other hours are off peak.	Off-Peak Charge is 81% of On-Peak Charge (Winter)	Off-Peak Charge would be 26% of On-Peak Charge (Winter)

Q. Is there any variance to the above table concerning TOU?

A. Yes. For residential customers all weekend hours and all hours on six selected holidays are off peak. For all other customer classes the TOU hour designation applies every day.

Q. Do you agree with the current TOU hour designation?

A. Yes. The Commission approved these TOU pricing plans in decision 70440. In addition these hours are consistent with the treatment of peak demand for purchase power contracts.

Q. Do you agree with the proposed TOU changes in rate design?

A. Yes. In my opinion, the Company is correct in asserting that the proposed rates should provide additional incentive for customers to use these rates. To the extent peak demand is reduced compared to what it otherwise might be, the Company, and its customers, can expect to enjoy savings in building peaker generating plants, or acquiring higher priced on-peak purchased power.

Q. What is the Super Peak Demand Response tariff?

A. The customer's super peak hour is determined by the company based on customer usage to select a peak hour that is priced at a higher rate. Rates at other times are at a reduced rate. Therefore, by significantly reducing use during the selected peak hour, the customer can expect substantial savings on the electric bill and the Company can expect system peak to be restrained.

Q. What hours apply to the Super Peak TOU?

A. The single hour chosen will be between 2:00pm and 5:00pm during summer months and applies to residential service, small general service and large general service.

Q. Do you agree with this proposed rate design?

A. Yes.

Q. Do you agree with the Company's proposed rate design changes for customer charges, TOU rates and Super-Peak Demand Response tariffs?

A. Yes.

Q. Is the Company's proposal reasonable?

A. Yes.

Q. What PPFAC did you use?

A. The Company's current PPFAC, as of June 1, 2009, is (-$.010564 kwh). However, Company witness Dukes (See page 19, line 24-27 and page 20, line 3-7 of his direct testimony) is proposing to reset the PPFAC True-Up component to $0.00 as of June 1, 2010 with an average base power supply rate of $0.067738/kwh. I used the proposed rate of zero.

Q. How does the change in PPFAC to zero effect residential customers?

A. In order to reset the PPFAC to zero the company made a $33,981,623 adjustment to operating revenue. This resulted in a reduction of total operating revenue from $194,910,688 to $160,926,065. That is, test year rates (base rates plus PPFAC) generated $194, 910,688. The Company claimed a revenue shortfall of $13,500,000. So, even after adding the $13,500,000 to its adjusted revenue of $160,926,065, the Company's proposed rates in its H schedules showed a reduction in customer bill amounts. Since Staff's revenue deficiency is $7,517,565 the reduction in customer bill amounts is greater. That is, by resetting PPFAC to zero, the Company reduced revenue requirement by almost $34 million.

Revenue Spread

Q. What did the Company propose with respect to revenue spread to individual customer classes?

A. The Company proposed an equal increase for all customer classes except residential CARES.

Q. Please explain.

A. According to Mr. Erdwurm, the Company is proposing the following increases to adjusted test-year revenues: (Schedule H1 page 1 of 2):

Residential:	9.21%
Residential CARES:	-9.41%
Small General Service:	9.21%
Large General Service:	9.21%
Large Power Service:	9.21%
Interruptible Power Service:	9.21%
Lighting:	9.21%
Total:	8.48%

Q. Do you agree with the Company's proposed revenue spread?

A. I agree with a constant increase per customer class except for residential CARES. I do not agree with the amount.

Q. What is your proposed revenue spread?

A. I also prepared a constant percentage increase, except for residential CARES, as follows:

Residential:	5.13%
Residential CARES:	-5.19%
Small General Service:	5.13%
Large General Service:	5.13%
Large Power Service:	5.13%
Interruptible Power Service:	5.13%
Lighting:	5.13%
Total:	4.72%

PROPOSED RATES

Q. Did you develop rates that would allow the Company the opportunity to recover its cost of providing service?

A. Yes. These rates are presented in my WCS H Schedules, Schedule WCS H-1 through Schedule WCS H-4 provides rates for the base case situation. Schedule WCS H-1 provides a summary of revenues by customer classification; Schedule WCS H-2 provides a Comparison of Revenues by Rate Schedule. I reviewed this Schedule which was provided by the Company as Schedule H2 and reproduced for purposes of information and consistency; Schedule WCS H-3 provides a comparison of present and proposed rates; and, Schedule WCS H-4 provides average bill rates.

CONCLUSIONS

Q. What is your overall conclusion regarding the Company's rate design proposal?

A. My initial review of the Company's Rate Design proposal leads me to believe that they are reasonable with the modifications discussed in my testimony. However, I continue to review the Company's proposal and any revisions or additions to my testimony will be addressed in my Surrebuttal Testimony.

Q. Does that conclude your testimony?

A. Yes.

SCHEDULES

Schedules Accompanying
The Direct Testimony of William C. Stewart

Schedule	Description
WCS Resume	Resume of William C. Stewart
WCS H-1	Summary of Revenues by Customer Classification
WCS H-2	Comparison of Revenues by Rate Schedule
WCS H-3	Comparison of Present and Proposed Rates
WCS H-4	Present and Proposed Rates

William C. Stewart

cstewart@ariadaireconomics.com

EDUCATION

Park University, BA in Business Administration, 2001

EMPLOYMENT

2002 - 2004	Cashier Supervisor, Harrah's North KC Casino
2004 – 2007	Senior Supervisor, Harrah's North KC Casino
2008 – Present	Analyst, Ariadair Economics Group

REGULATORY/ACCOUNTING/FINANCE EXPERIENCE

- Analysis of inter-company transactions and allocation factors.
- Conducted studies for working capital requirements.
- Review and analyze annualization techniques.
- Audit and verify jurisdictional allocations.
- Developed cost accounting systems for cost of service determination.
- Conducted studies to determine cost allocation factors for cost studies.
- Supervised systems for creating depreciation and amortization schedules.
- Developed exhibits/schedules for rate base/revenue requirements, expenses, revenues, cost of service, revenue spread, rate designs and affiliate transactions.
- Develop pro forma income, expense and rate base adjustments.
- Participated in proceedings involving economics, accounting and market structure issues in regulated utilities.

MANAGEMENT EXPERIENCE

- Senior Supervisor in Fortune 500 Company.
- Created and delivered performance evaluations to front line employees.
- Directly monitor, coach and counsel employees as necessary.

UNS Electric, Inc
Summary of Revenues by Customer Classifications
Adjusted Present Rates And Proposed Rates
Test Year Ended December 31, 2008

Line No.	Class of Service	Test Year Present Net Revenue	Adjusted Present Net Revenue	Proposed Net Revenue	Staff Proposed Net Increase	Proposed Percent Increase to Test Year Revenues (a)	Proposed Percent Increase to Adjusted Test Year Revenues (a)	Line No.
1	Residential Service	$85,575,371	$74,148,720	$77,952,077	$3,803,357	4.44%	5.13%	1
2	Residential Cares	6,547,952	6,355,558	6,025,882	($329,676)	-5.03%	-5.19%	2
3	Small General Service	11,642,400	10,569,832	11,111,997	$542,165	4.66%	5.13%	3
4	Large General Service	55,358,044	48,286,092	50,762,861	$2,476,769	4.47%	5.13%	4
5	Large Power Service	19,626,605	16,938,518	17,807,355	$868,837	4.43%	5.13%	5
6	Interruptible Service	2,271,247	2,481,084	2,608,348	$127,264	5.60%	5.13%	6
7	Lighting DD	617,297	562,438	591,288	$28,850	4.67%	5.13%	7
8	Subtotal	181,638,915	159,342,242	166,859,808	7,517,565	4.14%	4.72%	8
9	Other Operating Revenue	$1,645,619	$1,645,619	1,645,619	$0	0.00%	0.00%	9
10	Total	$183,284,534	$160,987,861	$168,505,426	$7,517,565	4.10%	4.67%	10

Supporting Schedules	Recap Schedules	Recap Schedules
(a) H-2 (P2)	A-1	A-1

UNS Electric, Inc.
Comparisons of Revenues by Rate Schedules
Present And Proposed Rates
Test Year Ended December 31, 2008

Line No	Class of Service	Rate Schedule Present	Proposed	Actual kWh Sales	Actual Average Number of Customers	Actual Average kWh per Customer	Test Year End Sales Adjustments	Adjusted kWh Sales	Adjusted Average Number of Customers	Adjusted Average Sales per Customer	Line No
1	Residential Service	RES-01	RES-01	757,895,043	71,505	10,599	(17,627,814)	740,267,229	70,602	10,485	1
2	Residential Cares	CARES	CARES	63,995,155	6,869	9,317	5,725,945	69,721,100	7,522	9,269	2
3	Small General Service	SGS-10	SGS-10	92,855,781	7,711	12,042	570,617	93,426,398	7,778	12,012	3
4	Large General Service	LGS	LGS	498,893,145	2,069	241,167	(19,755,862)	479,137,283	2,000	239,569	4
5	Large General Service TOU	LGS-TOU	LGS-TOU	3,045,144	11	287,730	(45,296)	2,999,848	10	299,985	5
6	Large Power Service <69KV	LPS	LPS	60,317,878	9	6,520,852	3,946,904	64,264,781	11	5,842,253	6
7	Large Power Service >69KV	LPS	LPS	158,685,112	8	19,835,639	0	158,685,112	8	19,835,639	7
8	Interruplible Power Service	IPS	IPS	24,484,630	25	989,278	7,021,780	31,506,409	34	926,659	8
9	Lighting	LTG	LTG	3,145,228	1,781	1,766	0	3,145,228	1,781	1,766	9
10	Total Electric Retail Service			1,663,317,115	89,986	18,484	(20,163,726)	1,643,153,389	89,746	18,309	10

UNS Electric, Inc
Comparisons of Revenues by Rate Schedules
Present And Proposed Rates
Test Year Ended December 31, 2008

Line No.	Class of Service	Company Adjusted Net Revenue	Proposed TY Delivery Charge Revenue	Proposed Increase Delivery		Proposed TY Base Power Supply Revenue	Proposed TY Total Revenue Requirement	Line No.
				$	%			
1	Residential Service	$74,148,720	$18,648,666	$3,869,724	20.75%	$55,380,872	$77,899,262	1
1	Residential Cares	$6,355,558	$1,066,561	-201,051	-18.85%	4,996,214	$5,861,725	1
2	Small General Service	$10,569,832	3,776,052	545,755	14.45%	6,787,334	11,109,141	2
3	Large General Service	$47,992,353	17,307,444	2,386,529	13.79%	30,820,985	50,514,957	3
4	Large General Service TOU	$293,739	101,622	13,991	13.77%	192,968	308,582	4
5	Large Power Service <69KV	$5,736,652	2,507,990	255,117	10.17%	3,283,095	6,046,202	5
6	Large Power Service >69KV	$11,201,866	3,229,525	508,564	15.75%	8,106,746	11,844,836	6
7	Interruptible Power Service	$2,481,084	827,912	114,000	13.77%	1,676,992	2,618,904	7
8	Lighting	$562,438	511,110	24,943	4.88%	58,344	594,398	8
9	Total Electric Service	$159,342,242	$47,976,882	$7,517,573	15.67%	$111,303,550	$166,798,006	9

(1) Adjustments include Customer Annualization, Weather Normalization, Cares Discount and PPFAC Adjustment)

	Present Rate	Proposed Rate	Increase $	Increase %
Residential Service				
Customer Charge	$7.50	$8.00	$0.50	6.67%
Energy Charge 1st 400 kWhs	$0.011255	$0.016164	$0.004909	43.61%
Energy Charge, all additional kWhs	$0.021269	$0.026178	$0.004909	23.08%
Base Power Supply Charge, all kWhs	$0.077993	$0.076222	-$0.001771	-2.27%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Residential Service CARES				
Customer Charge	$7.50	$3.50	-$4.00	-53.33%
Energy Charge 1st 400 kWhs	$0.011255	$0.011255	$0.000000	0.00%
Energy Charge, all additional kWhs	$0.021269	$0.021269	$0.000000	0.00%
Base Power Supply Charge, all kWhs	$0.077993	$0.074466	-$0.003527	-4.52%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Residential Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.092183	$0.160548	$0.068365	74.16%
Summer Shoulder	$0.081803	$0.076222	-$0.005581	-6.82%
Summer off-peak	$0.077183	$0.055568	-$0.021615	-28.01%
Winter on-peak	$0.080873	$0.160548	$0.079675	98.52%
Winter off-peak	$0.065873	$0.043304	-$0.022569	-34.26%
Small General Service				
Customer Charge	$12.00	$12.50	$0.50	4.17%
Energy Charge 1st 400 kWhs	$0.022449	$0.028013	$0.005564	24.78%
Energy Charge, all additional kWhs	$0.032463	$0.038027	$0.005564	17.14%
Base Power Supply Charge, all kWhs	$0.075738	$0.073982	-$0.001756	-2.32%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Small General Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.090348	$0.138092	$0.047744	52.84%
Summer Shoulder	$0.079658	$0.073982	-$0.005676	-7.13%
Summer off-peak	$0.075348	$0.048092	-$0.027256	-36.17%
Winter on-peak	$0.079448	$0.138092	$0.058644	73.81%
Winter off-peak	$0.064448	$0.039872	-$0.024576	-38.13%

Large General Service				
Customer Charge	$15.50	$16.00	$0.50	3 23%
Demand Charge, per kW	$10.71	$13.35	$2.64	24.68%
Energy Charge (kWhs)	$0.003254	$0.003811	$0.000557	17 11%
Base Power Supply Charge, all kWhs	$0.067062	$0.065796	-$0.001266	-1 89%
PPFAC	$0.014746	$0.000000	-$0.014746	-100 00%
Large General Service TOU				
Customer Charge	$20.40	$20.90	$0 50	2 45%
Demand Charge, per kW	$10.71	$13.35	$2.64	24 68%
Energy Charge (kWhs)	$0.003254	$0.003811	$0.000557	17 11%
Base Power Supply Charge, all kWhs	$0.067062	$0 065538	-$0.001524	-2.27%
PPFAC	$0.014746	$0 000000	-$0.014746	-100 00%
Large General Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.082832	$0.122433	$0.039601	47.81%
Summer Shoulder	$0.071452	$0.065538	-$0.005914	-8 28%
Summer off-peak	$0.067832	$0.047433	-$0.020399	-30.07%
Winter on-peak	$0 071072	$0.122433	$0.051361	72.27%
Winter off-peak	$0.056072	$0.033715	-$0.022357	-39 87%
Large Power Service (<69KV)				
Customer Charge	$365.00	$372.00	$7.00	1 92%
Demand Charge, per kW	$17.90	$21 22	$3.33	18.59%
Energy Charge (kWhs)	$0.000000	($0 000000)	$0.000000	0 00%
Base Power Supply Charge, all kWhs	$0 053260	$0.052050	-$0.001210	-2 27%
PPFAC	$0.014746	$0.000000	-$0.014746	-100 00%
Large Power Service (>69KV)				
Customer Charge	$400.00	$407.00	$7.00	1.75%
Demand Charge, per kW	$11.61	$14.93	$3.32	0 00%
Energy Charge (kWhs)	$0.000000	($0 000000)	$0 000000	0 00%
Base Power Supply Charge, all kWhs	$0.053260	$0.052050	-$0 001210	-2.27%
PPFAC	$0.014746	$0.000000	-$0.014746	100.00%
Large Power Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0 070170	$0.100010	$0.029840	42 53%
Summer Shoulder	$0.058180	$0.052050	-$0 006130	-10.54%
Summer off-peak	$0.055170	$0.040010	-$0.015160	-27.48%
Winter on-peak	$0.058170	$0.100010	$0.041840	71.93%
Winter off-peak	$0 043170	$0.027996	-$0.015174	-35.15%

Interruptible Power Service

Customer Charge	$15.50	$16.00	$0.50	3.23%
Demand Charge, per kW	$3.40	$4.66	$1.26	37.17%
Energy Charge (kWhs)	$0.014800	$0.016081	$0.001281	8.65%
Base Power Supply Charge, all kWhs	$0.055491	$0.054230	-$0.001261	-2.27%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%

Interruptible Power Service Time of Use Rates, all kWhs

(These rates would include all Delivery charges above and replace The Base Power Supply charge)

Summer on-peak	$0.071861	$0.102914	$0.031053	43.21%
Summer Shoulder	$0.059691	$0.054230	-$0.005461	-9.15%
Summer off-peak	$0.056861	$0.042914	-$0.013947	-24.53%
Winter on-peak	$0.059411	$0.102914	$0.043503	73.22%
Winter off-peak	$0.044411	$0.027782	-$0.016629	-37.44%

Lighting Dusk to Dawn

New 30' Wood Pole (Class 6) - Overhead	$4.12	$4.35	$0.23	5.57%
New 30' Metal or Fiberglass - Overhead	$8.26	$8.72	$0.46	5.57%
Existing Wood Pole - Underground	$2.06	$2.18	$0.11	5.57%
New 30' Wood Pole (Class 6) - Underground	$6.20	$6.54	$0.35	5.57%
New 30' Metal or Fiberglass - Underground	$10.32	$10.89	$0.57	5.57%
Wattage, per Watt	$0.046577	$0.048718	$0.002141	4.60%
Lighting Base Power Supply Charge, per Watt	$0.007818	$0.007640	-$0.000178	-2.27%

Residential Service	Present	Proposed
Customer Charge	$7.50	$8.00
Energy Charge 1st 400 kWhs	$0.011255	$0.016164
Energy Charge, all additional kWhs	$0.021269	$0.026178
Base Power Supply Charge, all kWhs	$0.077993	$0.076222
PPFAC	$0.014746	$0.000000

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$7.50	$8.00	$0.50	6.67%
50	$12.70	$12.62	($0.08)	-0.63%
100	$17.90	$17.24	($0.41)	-2.29%
200	$28.30	$26.48	($1.82)	-6.44%
400	$49.10	$44.95	($4.14)	-8.44%
600	$71.90	$65.43	($6.47)	-8.99%
800	$94.70	$85.91	($8.79)	-9.28%
1,000	$117.50	$106.39	($11.11)	-9.45%
2,000	$231.51	$208.79	($22.72)	-9.81%
2,500	$288.51	$259.99	($28.52)	-9.89%
5,000	$573.53	$515.99	($57.54)	-10.03%
10,000	$1,143.57	$1,027.99	($115.59)	-10.11%

Residential Service CARES	Present	Proposed	Discounts:	
Customer Charge	$7.50	$3.50	0-300 kWh	30.0%
Energy Charge 1st 400 kWhs	$0.011255	$0.011255	301-600 kWh	20.0%
Energy Charge, all additional kWhs	$0.021269	$0.021269	601-1000 kWh	10.0%
Base Power Supply Charge, all kWhs	$0.077993	$0.074466	1001+ kWh	$8.00
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$5.25	$2.45	($2.80)	-53.33%
50	$8.89	$5.45	($3.44)	-38.69%
100	$12.53	$8.45	($4.08)	-32.55%
200	$19.81	$14.45	($5.36)	-27.05%
400	$39.28	$30.23	($9.05)	-23.03%
600	$57.52	$45.55	($11.97)	-20.81%
800	$85.23	$68.47	($16.76)	-19.66%
1,000	$105.75	$85.71	($20.05)	-18.95%
2,000	$223.51	$182.97	($40.54)	-18.14%
2,500	$280.51	$230.83	($49.68)	-17.71%
5,000	$565.53	$470.17	($95.36)	-16.86%
10,000	$1,135.57	$948.85	($186.73)	-16.44%

Residential Service Time-of-Use Summer	Present	Proposed	Assume:	
Customer Charge	$7.50	$8.00	On Peak Usage:	16.6%
Energy Charge 1st 400 kWhs	$0.011255	$0.016164	Shoulder-Peak Usage:	15.4%
Energy Charge, all additional kWhs	$0.021269	$0.026178	Off-Peak Usage:	67.9%
Base Power Supply Charge				
On-Peak, all kWhs	$0.092183	$0.160548		
Shoulder-Peak, all kWhs	$0.081803	$0.076222		
Off-Peak, all kWhs	$0.077183	$0.055568		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$7.50	$8.00	$0.50	6.67%
50	$12.82	$12.62	($0.20)	-1.56%
100	$18.14	$17.24	($0.90)	-4.97%
200	$28.78	$26.48	($2.30)	-8.00%
400	$50.06	$44.95	($5.10)	-10.19%
600	$73.34	$65.43	($7.90)	-10.78%
800	$96.62	$85.91	($10.71)	-11.08%
1,000	$119.90	$106.39	($13.51)	-11.26%
2,000	$236.31	$208.79	($27.51)	-11.64%
2,500	$294.51	$259.99	($34.52)	-11.72%
5,000	$585.53	$516.00	($69.53)	-11.88%
10,000	$1,167.56	$1,028.00	($139.57)	-11.95%

Residential Service Time-of-Use Winter	Present	Proposed	Assume:	
Customer Charge	$7.50	$8.00	On Peak Usage:	28.1%
Energy Charge 1st 400 kWhs	$0.011255	$0.016164		
Energy Charge, all additional kWhs	$0.021269	$0.026178	Off-Peak Usage:	71.9%
Base Power Supply Charge				
On-Peak, all kWhs	$0.080873	$0.160548		
Shoulder-Peak, all kWhs				
Off-Peak, all kWhs	$0.065873	$0.043304		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$7.50	$8.00	$0.50	6.67%
50	$12.30	$12.62	$0.31	2.56%
100	$17.11	$17.24	$0.13	0.76%
200	$26.72	$26.48	($0.24)	-0.90%
400	$45.93	$44.95	($0.98)	-2.14%
600	$67.15	$65.43	($1.72)	-2.56%
800	$88.37	$85.91	($2.46)	-2.79%
1,000	$109.59	$106.39	($3.20)	-2.92%
2,000	$215.69	$208.79	($6.91)	-3.20%
2,500	$268.74	$259.98	($8.76)	-3.26%
5,000	$533.99	$515.97	($18.01)	-3.37%
10,000	$1,064.48	$1,027.95	($36.53)	-3.43%

Small General Service	Present	Proposed
Customer Charge	$12.00	$12.50
Energy Charge 1st 400 kWhs	$0.022449	$0.028013
Energy Charge, all additional kWhs	$0.032463	$0.038027
Base Power Supply Charge, all kWhs	$0.075738	$0.073982
PPFAC	$0.014746	$0.000000

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
50	$17.65	$17.60	($0.05)	-0.27%
100	$23.29	$22.70	($0.59)	-2.55%
250	$40.23	$38.00	($2.23)	-5.55%
500	$69.47	$64.50	($4.97)	-7.15%
1,000	$130.94	$120.50	($10.44)	-7.97%
2,000	$253.89	$232.51	($21.38)	-8.42%
3,500	$438.31	$400.52	($37.79)	-8.62%
5,000	$622.73	$568.54	($54.19)	-8.70%
10,000	$1,237.46	$1,128.58	($108.89)	-8.80%
30,000	$3,696.40	$3,368.74	($327.66)	-8.86%
50,000	$6,155.34	$5,608.91	($546.44)	-8.88%

Large General Service Delivery Charges	Present	Proposed		
Customer Charge	$15.50	$16.00		
Demand Charge, per kW	$10.71	$13.35	Assumes	
Energy Charge (kWhs)	$0.003254	$0.003811	Load Factor =	55.0%
Base Power Supply Charge, all kWhs	$0.067062	$0.065796		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
5,000	$574.18	$530.32	($43.86)	-7.64%
10,000	$1,132.87	$1,044.65	($88.22)	-7.79%
25,000	$2,808.92	$2,587.62	($221.31)	-7.88%
50,000	$5,602.35	$5,159.23	($443.12)	-7.91%
100,000	$11,189.20	$10,302.46	($886.74)	-7.92%
200,000	$22,362.89	$20,588.92	($1,773.97)	-7.93%
300,000	$33,536.59	$30,875.38	($2,661.21)	-7.94%
400,000	$44,710.29	$41,161.85	($3,548.44)	-7.94%
500,000	$55,883.98	$51,448.31	($4,435.68)	-7.94%
600,000	$67,057.68	$61,734.77	($5,322.91)	-7.94%

Large General Service TOU	Present	Proposed		
Customer Charge	$20.40	$20.90		
Demand Charge, per kW	$10.71	$13.35	Assumes	
Energy Charge (kWhs)	$0.003254	$0.003811	Load Factor =	55.0%
Base Power Supply Charge, all kWhs	$0.067062	$0.065538		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
5,000	$572.42	$525.62	($46.79)	-8.17%
10,000	$1,124.43	$1,030.34	($94.09)	-8.37%
25,000	$2,780.48	$2,544.51	($235.97)	-8.49%
50,000	$5,540.56	$5,068.11	($472.45)	-8.53%
100,000	$11,060.72	$10,115.32	($945.40)	-8.55%
200,000	$22,101.04	$20,209.75	($1,891.30)	-8.56%
300,000	$33,141.37	$30,304.17	($2,837.20)	-8.56%
400,000	$44,181.69	$40,398.59	($3,783.09)	-8.56%
500,000	$55,222.01	$50,493.02	($4,728.99)	-8.56%
600,000	$66,262.33	$60,587.44	($5,674.89)	-8.56%

Assumes maximum peak period demand is 5% lower than maximum demand in non-peak period.

Large Power Service (<69KV)	Present	Proposed		
Customer Charge	$365.00	$372.00		
Demand Charge, per kW	$17.90	$21.22	Assumes	
Energy Charge (kWhs)	$0.000000	($0.000000)	Load Factor =	65.0%
Base Power Supply Charge, all kWhs	$0.053260	$0.052050		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
300,000	$32,081	$29,404	($2,677)	-8.34%
450,000	$47,939	$43,920	($4,019)	-8.38%
650,000	$69,083	$63,275	($5,808)	-8.41%
850,000	$90,226	$82,629	($7,597)	-8.42%
950,000	$100,798	$92,307	($8,492)	-8.42%
1,500,000	$158,944	$145,532	($13,412)	-8.44%
1,750,000	$185,374	$169,725	($15,649)	-8.44%
2,000,000	$211,804	$193,919	($17,885)	-8.44%
2,500,000	$264,663	$242,305	($22,358)	-8.45%

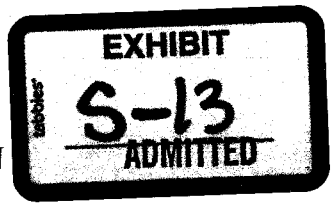
Large Power Service (>69KV) Delivery Charges	Present	Proposed		
Customer Charge	$400.00	$407.00		
Demand Charge, per kW	$11.61	$14.93	Assumes	
Energy Charge (kWhs)	$0.000000	($0.000000)	Load Factor =	70.0%
Base Power Supply Charge, all kWhs	$0.053260	$0.052050		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
300,000	$27,617.85	$24,787.30	($2,831)	-10.25%
450,000	$41,226.77	$36,977.45	($4,249)	-10.31%
650,000	$59,372.00	$53,230.98	($6,141)	-10.34%
850,000	$77,517.23	$69,484.52	($8,033)	-10.36%
950,000	$86,589.85	$77,611.29	($8,979)	-10.37%
1,500,000	$136,489.23	$122,308.50	($14,181)	-10.39%
1,750,000	$159,170.77	$142,625.42	($16,545)	-10.39%
2,000,000	$181,852.31	$162,942.34	($18,910)	-10.40%
2,500,000	$227,215.39	$203,576.17	($23,639)	-10.40%

Interruptible Power Service Delivery Charges	Present	Proposed		
Customer Charge	$15.50	$16.00		
Demand Charge, per kW	$3.40	$4.66	50 Assumes	
Energy Charge (kWhs)	$0.014800	$0.016081	Load Factor =	55.0%
Base Power Supply Charge, all kWhs	$0.055491	$0.054230		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
10,001	$950.65	$835.35	($115.30)	-12.13%
15,000	$1,418.08	$1,244.90	($173.18)	-12.21%
20,000	$1,885.60	$1,654.53	($231.07)	-12.25%
30,000	$2,820.66	$2,473.80	($346.86)	-12.30%
50,000	$4,690.76	$4,112.33	($578.43)	-12.33%
75,000	$7,028.39	$6,160.50	($867.89)	-12.35%
100,000	$9,366.02	$8,208.67	($1,157.36)	-12.36%
125,000	$11,703.66	$10,256.83	($1,446.82)	-12.36%
150,000	$14,041.29	$12,305.00	($1,736.29)	-12.37%

	Present	Proposed	Proposed Increase $	Proposed Increase %
Lighting Dusk to Dawn Delivery Charges	Overhead Service			
New 30' Wood Pole (Class 6)	$4.12	$4.35	$0.23	5.57%
New 30' Metal or Fiberglass	$8.26	$8.72	$0.46	5.57%
	Underground Service			
Existing Wood Pole	$2.06	$2.18	$0.11	5.57%
New 30' Wood Pole (Class 6)	$6.20	$6.54	$0.35	5.57%
New 30' Metal or Fiberglass	$10.32	$10.89	$0.57	5.57%
Per Watt	$0.046577	$0.048718	$0.0021	4.60%
Lighting Base Power Supply Charge, per Watt	$0.007818	$0.00764		
PPFAC	$0.014746	$0.000000		
100 Watts - Overhead				
Existing Wood Pole	$4.67	$5.64	$0.97	20.80%
New 30' Wood Pole (Class 6)	$8.79	$9.99	$1.20	13.65%
New 30' Metal or Fiberglass	$12.92	$14.35	$1.43	11.07%
100 Watts - Underground				
Existing Wood Pole	$6.73	$7.81	$1.09	16.13%
New 30' Wood Pole (Class 6)	$10.86	$12.18	$1.32	12.11%
New 30' Metal or Fiberglass	$14.98	$16.53	$1.55	10.31%
200 Watts - Overhead				
Existing Wood Pole	$9.32	$11.27	$1.96	21.00%
New 30' Wood Pole (Class 6)	$13.44	$15.62	$2.19	16.27%
New 30' Metal or Fiberglass	$17.57	$19.99	$2.42	13.75%
200 Watts - Underground				
Existing Wood Pole	$12.94	$13.45	$0.51	3.92%
New 30' Wood Pole (Class 6)	$17.07	$17.81	$0.74	4.32%
New 30' Metal or Fiberglass	$19.63	$22.16	$2.53	12.89%
400 Watts - Overhead				
Existing Wood Pole	$21.76	$22.54	$0.79	3.61%
New 30' Wood Pole (Class 6)	$25.88	$26.90	$1.01	3.92%
New 30' Metal or Fiberglass	$30.02	$31.26	$1.25	4.15%
400 Watts - Underground				
Existing Wood Pole	$23.82	$24.72	$0.90	3.78%
New 30' Wood Pole (Class 6)	$27.95	$29.08	$1.13	4.04%
New 30' Metal or Fiberglass	$32.08	$33.44	$1.36	4.24%



BEFORE THE ARIZONA CORPORATION COMMISSION

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

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.	)	DOCKET NO. E-04204A-09-0206

RATE DESIGN

SURREBUTTAL

TESTIMONY

OF

WILLIAM C. STEWART

ON BEHALF OF

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

JANUARY 15, 2010

TABLE OF CONTENTS

Page

INTRODUCTION 1

CARES Program 1

CARES PPFAC 2

RATE CHANGES 3

SCHEDULES

Schedules Accompanying
The Surrebuttal Testimony of William C. Stewart

Schedule	Description
WCS H-1S	Summary of Revenues by Customer Classification
WCS H-2S	Comparison of Revenues by Rate Schedule
WCS H-3S	Comparison of Present and Proposed Rates
WCS H-4S	Present and Proposed Rates

EXECUTIVE SUMMARY
UNS ELECTRIC, INC.
DOCKET NO. E-04204A-09-0206

The purpose of my Surrebuttal Testimony is to respond to certain issues raised by Company witness Erdwurm in his Rebuttal Testimony. The issues I address include the Customer Assistance Residential Energy Support ("CARES") program for low-income customers, CARES Purchased Power and Fuel Adjustment Clause ("PPFAC"), and rate changes.

Staff recommends that possible changes in qualifications for CARES and other low income programs be discussed by interested parties. Staff also recommends that its recommendation for PPFAC treatment for CARES customers be adopted by the Commission.

Staff also provides revised proposed rate schedules. Although there are minor changes in the H Schedules as a result of the information provided in the Company's Rebuttal Testimony, the Company and Staff proposed percentage increases are not changed. The Company is proposing the following percentage increases to adjusted test year revenues:

Customer Class	Percentage change
Total	8.48%
Residential	9.21%
Residential CARES	-9.41%
Small General Service	9.21%
Large General Service	9.21%
Large Power Service	9.21%
Interruptible Power Service	9.21%
Lighting	9.21%

Staff proposes the following percentage increases to adjusted test year revenues:

Customer Class	Percentage Change
Total	4.76%
Residential	5.17%
Residential CARES	-5.23%
Small General Service	5.17%
Large General Service	5.17%
Large Power Service	5.17%
Interruptible Power Service	5.17%
Lighting	5.17%

INTRODUCTION

Q. Please state your name, occupation, and business address.

A. My name is William C. Stewart. I am employed by Ariadair Economics Group as a utility analyst. My business address is 1020 Fredericksburg Road, Excelsior Springs, Missouri 64024.

Q. What is the purpose of your Surrebuttal Testimony?

A. The purpose of my Surrebuttal Testimony is to respond to certain issues raised by Company witness Erdwurm in his Rebuttal Testimony. The issues I address include the Customer Assistance Residential Energy Support ("CARES") program for low-income customers, CARES Purchased Power and Fuel Adjustment Clause ("PPFAC"), and rate changes.

Q. Did you revised your Schedules as a result of your analysis and review?

A. Yes. In my Direct Testimony, I prepared Schedules WCS H-1 through WCS H-4 based on a gross revenue requirement increase of $7,517,565 as provided by Dr. Fish. Dr. Fish has modified the gross revenue requirement increase to $7,579,110 in his Surrebuttal Testimony. Therefore, I have recalculated these Schedules based on the modified gross revenue requirement and present them as Schedule WCS H-1S, WCS H-2S, WCS H-3S, and WCS H-4S attached.

CARES PROGRAM

Q. Does Mr. Erdwurm recommend increasing CARES eligibility from 150 percent to 200 percent of poverty level?

A. In his Direct Testimony at page 3, Mr. Erdwurm recommends "...to expand low-income assistance programs to households with incomes of up to 200 percent of poverty."

However, in his Rebuttal Testimony at page 12, Mr. Erdwurm states "expansion of the program (CARES) could be costly and UNS Electric, Inc. ("UNS Electric", "UNSE" or "Company") stands by its position that its support of expanded low income programs is contingent on program costs being fully recovered from other retail customers on a timely basis." Mr. Erdwurm seems to be backing away from his earlier recommendation.

Q. What is Staff's position with respect to expanding qualification for the CARES program?

A. Staff is not opposed to expanding qualification for the CARES program. However, Staff believes that before significant expansion of the program is proposed, the structure of any such expansion should be determined on the basis of consultation between the Company, Staff, Residential Utility Consumer Office, and any other interested parties.

CARES PPFAC

Q. Does Mr. Erdwurm support your recommendation with respect to CARES customers' PPFAC charges?

A. No. Staff recommends that the PPFAC rate for CARES customers be frozen at zero except if a reduction in fuel and purchased power costs results in a negative PPFAC rate. Mr. Erdwurm argues at page 12 of his Rebuttal Testimony that it is unfair for CARES customers to enjoy a reduction in the PPFAC if they do not incur increases in the PPFAC rate.

Q. Do you agree with Mr. Erdwurm's argument with respect to this issue?

A. No. The purpose of the CARES program is to provide an opportunity for those UNSE customers who are facing more difficult economic circumstances than their more fortunate neighbors to obtain electric service. Mr. Erdwurm's objection ignores this fact.

RATE CHANGES

Q. Is it clear from proposed rates that the Company is actually requesting an increase in rates?

A. The possibility exists for some confusion as to the actual impact of the Company's request for a rate increase. The H Schedules provided by the Company showing its current and proposed rates shows a rate decrease as a result of the Company's rate request as does Staff's H Schedules in the Direct Testimony and in this Surrebuttal Testimony.

Q. What is the cause of the apparent reduction in rates associated with the application for rate relief?

A. The cause of the apparent reduction is the treatment of the PPFAC. It is common for electric utilities to reset their PPFAC to zero when they request rate relief and that was done in this case.

Q. How did resetting the PPFAC to zero affect the Company's rate structure?

A. The Company's original PPFAC rate went into effect June 1, 2008 at +1.4746 cents/kWh. Some of the highest recorded oil and natural gas costs occurred around this time. Subsequently, energy prices declined significantly. UNS Electric submitted its Annual Update to its December 31, 2008 PPFAC Report on April 1, 2009. This report indicated that the PPFAC would be reset to -1.0564 cents/kWh on June 1, 2009, for a reduction of 2.5310 cents/kWh. As part of its rate case filing, the Company proposed resetting its PPFAC to zero. This, in turn, required that the average cents per kWh of base rates be reduced by -1.0564 cents/kWh. This reduction in base rates offset the resetting of PPFAC to zero but might give the appearance that the application for a rate increase results in lower rates.

Q. Would resetting the PPFAC rate to -1.0564 cents/kWh clear up the possible confusion?

A. No. Resetting the PPFAC rate to -1.0564 would require increasing the average kWh base rate by that amount so that the aggregate impact would be the same.

Q. Does that conclude your Surrebuttal Testimony?

A. Yes.

UNS Electric, Inc.
Summary of Revenues by Customer Classifications-Stewart Surrebuttal Testimony
Adjusted Present Rates And Proposed Rates
Test Year Ended December 31, 2008

Line No.	Class of Service	Test Year Present Net Revenue	Adjusted Present Net Revenue	Proposed Net Revenue	Staff Proposed Net Increase	Proposed Percent Increase to Test Year Revenues (a)	Proposed Percent Increase to Adjusted Test Year Revenues (a)	Line No.
1	Residential Service	$85,575,371	$74,148,720	$77,983,215	$3,834,494	4.48%	5.17%	1
2	Residential Cares	6,547,952	6,355,558	6,023,183	($332,375)	-5.08%	-5.23%	2
3	Small General Service	11,642,400	10,569,832	11,116,435	$546,604	4.69%	5.17%	3
4	Large General Service	55,358,044	48,286,092	50,783,138	$2,497,046	4.51%	5.17%	4
5	Large Power Service	19,626,605	16,938,518	17,814,468	$875,950	4.46%	5.17%	5
6	Interruptible Service	2,271,247	2,481,084	2,609,390	$128,306	5.65%	5.17%	6
7	Lighting DD	617,297	562,438	591,524	$29,086	4.71%	5.17%	7
8	Subtotal	181,638,915	159,342,242	166,921,353	7,579,110	4.17%	4.76%	8
9	Other Operating Revenue	$1,645,619	$1,645,619	1,645,619	$0	0.00%	0.00%	9
10	Total	$183,284,534	$160,987,861	$168,566,971	$7,579,110	4.14%	4.71%	10

Supporting Schedules	Recap Schedules	Recap Schedules
(a) H-2 (P2)	A-1	A-1

UNS Electric, Inc.
Comparisons of Revenues by Rate Schedules-Stewart Surrebuttal Testimony
Present And Proposed Rates
Test Year Ended December 31, 2008

Line No.	Class of Service	Rate Schedule Present	Proposed	Actual kWh Sales	Actual Average Number of Customers	Actual Average kWh per Customer	Test Year End Sales Adjustments	Adjusted kWh Sales	Adjusted Average Number of Customers	Adjusted Average Sales per Customer	Line No.
1	Residential Service	RES-01	RES-01	757,895,043	71,505	10,599	(17,627,814)	740,267,229	70,602	10,485	1
2	Residential Cares	CARES	CARES	63,995,155	6,869	9,317	5,725,945	69,721,100	7,522	9,269	2
3	Small General Service	SGS-10	SGS-10	92,855,781	7,711	12,042	570,617	93,426,398	7,778	12,012	3
4	Large General Service	LGS	LGS	498,893,145	2,069	241,167	(19,755,862)	479,137,283	2,000	239,569	4
5	Large General Service TOU	LGS-TOU	LGS-TOU	3,045,144	11	287,730	(45,296)	2,999,848	10	299,985	5
6	Large Power Service <69KV	LPS	LPS	60,317,878	9	6,520,852	3,946,904	64,264,781	11	5,842,253	6
7	Large Power Service >69KV	LPS	LPS	158,685,112	8	19,835,639	0	158,685,112	8	19,835,639	7
8	Interruptible Power Service	IPS	IPS	24,484,630	25	989,278	7,021,780	31,506,409	34	926,659	8
9	Lighting	LTG	LTG	3,145,228	1,781	1,766	0	3,145,228	1,781	1,766	9
10	Total Electric Retail Service			1,663,317,115	89,986	18,484	(20,163,726)	1,643,153,389	89,746	18,309	10

UNS Electric, Inc.
Comparisons of Revenues by Rate Schedules-Stewart Surrebuttal Testimony
Present And Proposed Rates
Test Year Ended December 31, 2008

Line No.	Class of Service	Company Adjusted Net Revenue	Proposed TY Delivery Charge Revenue	Proposed Increase Delivery		Proposed TY Base Power Supply Revenue	Proposed TY Total Revenue Requirement	Line No.
				$	%			
1	Residential Service	$74,148,720	$18,648,666	$3,901,405	20.92%	$55,380,872	$77,930,943	1
1	Residential Cares	$6,355,558	$1,066,561	-202,697	-19.00%	4,996,214	$5,860,079	1
2	Small General Service	$10,569,832	3,776,052	550,223	14.57%	6,787,334	11,113,609	2
3	Large General Service	$47,992,353	17,307,444	2,406,067	13.90%	30,820,985	50,534,495	3
4	Large General Service TOU	$293,739	101,622	14,106	13.88%	192,968	308,696	4
5	Large Power Service <69KV	$5,736,652	2,507,990	257,206	10.26%	3,283,095	6,048,291	5
6	Large Power Service >69KV	$11,201,866	3,229,525	512,728	15.88%	8,106,746	11,848,999	6
7	Interruptible Power Service	$2,481,084	827,912	114,933	13.88%	1,676,992	2,619,837	7
8	Lighting	$562,438	511,110	25,147	4.92%	58,344	594,602	8
9	Total Electric Service	$159,342,242	$47,976,882	$7,579,118	15.80%	$111,303,550	$166,859,551	9

(1) Adjustments include Customer Annualization, Weather Normalization, Cares Discount and PPFAC Adjustment)

	Present Rate	Proposed Rate	Increase $	Increase %
Residential Service				
Customer Charge	$7.50	$8.00	$0.50	6.67%
Energy Charge 1st 400 kWhs	$0.011255	$0.016204	$0.004949	43.97%
Energy Charge, all additional kWhs	$0.021269	$0.026218	$0.004949	23.27%
Base Power Supply Charge, all kWhs	$0.077993	$0.076207	-$0.001786	-2.29%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Residential Service CARES				
Customer Charge	$7.50	$3.50	-$4.00	-53.33%
Energy Charge 1st 400 kWhs	$0.011255	$0.011255	$0.000000	0.00%
Energy Charge, all additional kWhs	$0.021269	$0.021269	$0.000000	0.00%
Base Power Supply Charge, all kWhs	$0.077993	$0.074438	-$0.003555	-4.56%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Residential Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.092183	$0.160533	$0.068350	74.15%
Summer Shoulder	$0.081803	$0.076207	-$0.005596	-6.84%
Summer off-peak	$0.077183	$0.055553	-$0.021630	-28.02%
Winter on-peak	$0.080873	$0.160533	$0.079660	98.50%
Winter off-peak	$0.065873	$0.043289	-$0.022584	-34.28%
Small General Service				
Customer Charge	$12.00	$12.50	$0.50	4.17%
Energy Charge 1st 400 kWhs	$0.022449	$0.028058	$0.005609	24.99%
Energy Charge, all additional kWhs	$0.032463	$0.038072	$0.005609	17.28%
Base Power Supply Charge, all kWhs	$0.075738	$0.074004	-$0.001734	-2.29%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Small General Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.090348	$0.138114	$0.047766	52.87%
Summer Shoulder	$0.079658	$0.074004	-$0.005654	-7.10%
Summer off-peak	$0.075348	$0.048114	-$0.027234	-36.14%
Winter on-peak	$0.079448	$0.138114	$0.058666	73.84%
Winter off-peak	$0.064448	$0.039894	-$0.024554	-38.10%

Large General Service				
Customer Charge	$15.50	$16.00	$0.50	3.23%
Demand Charge, per kW	$10.71	$13.35	$2.64	24.68%
Energy Charge (kWhs)	$0.003254	$0.003815	$0.000561	17.25%
Base Power Supply Charge, all kWhs	$0.067062	$0.065786	-$0.001276	-1.90%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Large General Service TOU				
Customer Charge	$20.40	$20.90	$0.50	2.45%
Demand Charge, per kW	$10.71	$13.35	$2.64	24.68%
Energy Charge (kWhs)	$0.003254	$0.003815	$0.000561	17.25%
Base Power Supply Charge, all kWhs	$0.067062	$0.065526	-$0.001536	-2.29%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Large General Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.082832	$0.122421	$0.039589	47.79%
Summer Shoulder	$0.071452	$0.065526	-$0.005926	-8.29%
Summer off-peak	$0.067832	$0.047421	-$0.020411	-30.09%
Winter on-peak	$0.071072	$0.122421	$0.051349	72.25%
Winter off-peak	$0.056072	$0.033703	-$0.022369	-39.89%
Large Power Service (<69KV)				
Customer Charge	$365.00	$372.00	$7.00	1.92%
Demand Charge, per kW	$17.90	$21.22	$3.33	18.59%
Energy Charge (kWhs)	$0.000000	($0.000000)	$0.000000	0.00%
Base Power Supply Charge, all kWhs	$0.053260	$0.052040	-$0.001220	-2.29%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Large Power Service (>69KV)				
Customer Charge	$400.00	$407.00	$7.00	1.75%
Demand Charge, per kW	$11.61	$14.93	$3.32	0.00%
Energy Charge (kWhs)	$0.000000	($0.000000)	$0.000000	0.00%
Base Power Supply Charge, all kWhs	$0.053260	$0.052040	-$0.001220	-2.29%
PPFAC	$0.014746	$0.000000	-$0.014746	100.00%
Large Power Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.070170	$0.100000	$0.029830	42.51%
Summer Shoulder	$0.058180	$0.052040	-$0.006140	-10.55%
Summer off-peak	$0.055170	$0.040000	-$0.015170	-27.50%
Winter on-peak	$0.058170	$0.100000	$0.041830	71.91%
Winter off-peak	$0.043170	$0.027986	-$0.015184	-35.17%

Interruptible Power Service				
Customer Charge	$15.50	$16.00	$0.50	3.23%
Demand Charge, per kW	$3.40	$4.66	$1.26	37.17%
Energy Charge (kWhs)	$0.014800	$0.016091	$0.001291	8.72%
Base Power Supply Charge, all kWhs	$0.055491	$0.054220	-$0.001271	-2.29%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Interruptible Power Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.071861	$0.102904	$0.031043	43.20%
Summer Shoulder	$0.059691	$0.054220	-$0.005471	-9.17%
Summer off-peak	$0.056861	$0.042904	-$0.013957	-24.55%
Winter on-peak	$0.059411	$0.102904	$0.043493	73.21%
Winter off-peak	$0.044411	$0.027772	-$0.016639	-37.47%
Lighting Dusk to Dawn				
New 30' Wood Pole (Class 6) - Overhead	$4.12	$4.35	$0.23	5.61%
New 30' Metal or Fiberglass - Overhead	$8.26	$8.72	$0.46	5.61%
Existing Wood Pole - Underground	$2.06	$2.18	$0.12	5.62%
New 30' Wood Pole (Class 6) - Underground	$6.20	$6.54	$0.35	5.62%
New 30' Metal or Fiberglass - Underground	$10.32	$10.90	$0.58	5.62%
Wattage, per Watt	$0.046577	$0.048736	$0.002159	4.63%
Lighting Base Power Supply Charge, per Watt	$0.007818	$0.007639	-$0.000179	-2.29%

Residential Service	Present	Proposed
Customer Charge	$7.50	$8.00
Energy Charge 1st 400 kWhs	$0.011255	$0.016204
Energy Charge, all additional kWhs	$0.021269	$0.026218
Base Power Supply Charge, all kWhs	$0.077993	$0.076207
PPFAC	$0.014746	$0.000000

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$7.50	$8.00	$0.50	6.67%
50	$12.70	$12.62	($0.08)	-0.62%
100	$17.90	$17.24	($0.41)	-2.29%
200	$28.30	$26.48	($1.82)	-6.42%
400	$49.10	$44.96	($4.13)	-8.42%
600	$71.90	$65.45	($6.45)	-8.97%
800	$94.70	$85.93	($8.77)	-9.26%
1,000	$117.50	$106.42	($11.08)	-9.43%
2,000	$231.51	$208.84	($22.67)	-9.79%
2,500	$288.51	$260.06	($28.46)	-9.86%
5,000	$573.53	$516.12	($57.41)	-10.01%
10,000	$1,143.57	$1,028.24	($115.33)	-10.09%

Residential Service CARES	Present	Proposed	Discounts:	
Customer Charge	$7.50	$3.50	0-300 kWh	30.0%
Energy Charge 1st 400 kWhs	$0.011255	$0.011255	301-600 kWh	20.0%
Energy Charge, all additional kWhs	$0.021269	$0.021269	601-1000 kWh	10.0%
Base Power Supply Charge, all kWhs	$0.077993	$0.074438	1001+ kWh	$8.00
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$5.25	$2.45	($2.80)	-53.33%
50	$8.89	$5.45	($3.44)	-38.70%
100	$12.53	$8.45	($4.08)	-32.57%
200	$19.81	$14.45	($5.36)	-27.07%
400	$39.28	$30.22	($9.06)	-23.06%
600	$57.52	$45.53	($11.98)	-20.84%
800	$85.23	$68.45	($16.78)	-19.68%
1,000	$105.75	$85.68	($20.07)	-18.98%
2,000	$223.51	$182.91	($40.60)	-18.17%
2,500	$280.51	$230.76	($49.75)	-17.74%
5,000	$565.53	$470.03	($95.51)	-16.89%
10,000	$1,135.57	$948.56	($187.01)	-16.47%

Residential Service Time-of-Use Summer	Present	Proposed	Assume:	
Customer Charge	$7.50	$8.00	On Peak Usage:	16.6%
Energy Charge 1st 400 kWhs	$0.011255	$0.016204	Shoulder-Peak Usage:	15.4%
Energy Charge, all additional kWhs	$0.021269	$0.026218	Off-Peak Usage:	67.9%
Base Power Supply Charge				
On-Peak, all kWhs	$0.092183	$0.160533		
Shoulder-Peak, all kWhs	$0.081803	$0.076207		
Off-Peak, all kWhs	$0.077183	$0.055553		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$7.50	$8.00	$0.50	6.67%
50	$12.82	$12.62	($0.20)	-1.55%
100	$18.14	$17.24	($0.90)	-4.95%
200	$28.78	$26.48	($2.30)	-7.98%
400	$50.06	$44.96	($5.09)	-10.17%
600	$73.34	$65.45	($7.89)	-10.76%
800	$96.62	$85.94	($10.68)	-11.06%
1,000	$119.90	$106.42	($13.48)	-11.24%
2,000	$236.31	$208.85	($27.46)	-11.62%
2,500	$294.51	$260.06	($34.45)	-11.70%
5,000	$585.53	$516.12	($69.40)	-11.85%
10,000	$1,167.56	$1,028.25	($139.31)	-11.93%

Residential Service Time-of-Use Winter	Present	Proposed	Assume:	
Customer Charge	$7.50	$8.00	On Peak Usage:	28.1%
Energy Charge 1st 400 kWhs	$0.011255	$0.016204		
Energy Charge, all additional kWhs	$0.021269	$0.026218	Off-Peak Usage:	71.9%
Base Power Supply Charge				
On-Peak, all kWhs	$0.080873	$0.160533		
Shoulder-Peak, all kWhs				
Off-Peak, all kWhs	$0.065873	$0.043289		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$7.50	$8.00	$0.50	6.67%
50	$12.30	$12.62	$0.32	2.57%
100	$17.11	$17.24	$0.13	0.77%
200	$26.72	$26.48	($0.24)	-0.88%
400	$45.93	$44.96	($0.97)	-2.11%
600	$67.15	$65.45	($1.71)	-2.54%
800	$88.37	$85.93	($2.44)	-2.76%
1,000	$109.59	$106.42	($3.18)	-2.90%
2,000	$215.69	$208.84	($6.85)	-3.18%
2,500	$268.74	$260.05	($8.69)	-3.23%
5,000	$533.99	$516.10	($17.89)	-3.35%
10,000	$1,064.48	$1,028.21	($36.27)	-3.41%

Small General Service	Present	Proposed
Customer Charge	$12.00	$12.50
Energy Charge 1st 400 kWhs	$0.022449	$0.028058
Energy Charge, all additional kWhs	$0.032463	$0.038072
Base Power Supply Charge, all kWhs	$0.075738	$0.074004
PPFAC	$0.014746	$0.000000

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
50	$17.65	$17.60	($0.04)	-0.25%
100	$23.29	$22.71	($0.59)	-2.52%
250	$40.23	$38.02	($2.22)	-5.51%
500	$69.47	$64.53	($4.94)	-7.10%
1,000	$130.94	$120.57	($10.37)	-7.92%
2,000	$253.89	$232.65	($21.24)	-8.37%
3,500	$438.31	$400.76	($37.55)	-8.57%
5,000	$622.73	$568.87	($53.86)	-8.65%
10,000	$1,237.46	$1,129.25	($108.21)	-8.74%
30,000	$3,696.40	$3,370.77	($325.63)	-8.81%
50,000	$6,155.34	$5,612.29	($543.06)	-8.82%

Large General Service Delivery Charges	Present	Proposed		
Customer Charge	$15.50	$16.00		
Demand Charge, per kW	$10.71	$13.35	Assumes	
Energy Charge (kWhs)	$0.003254	$0.003815	Load Factor =	55.0%
Base Power Supply Charge, all kWhs	$0.067062	$0.065786		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
5,000	$574.18	$530.29	($43.89)	-7.64%
10,000	$1,132.87	$1,044.59	($88.28)	-7.79%
25,000	$2,808.92	$2,587.47	($221.45)	-7.88%
50,000	$5,602.35	$5,158.94	($443.41)	-7.91%
100,000	$11,189.20	$10,301.88	($887.32)	-7.93%
200,000	$22,362.89	$20,587.76	($1,775.13)	-7.94%
300,000	$33,536.59	$30,873.64	($2,662.95)	-7.94%
400,000	$44,710.29	$41,159.52	($3,550.76)	-7.94%
500,000	$55,883.98	$51,445.41	($4,438.58)	-7.94%
600,000	$67,057.68	$61,731.29	($5,326.40)	-7.94%

Large General Service TOU	Present	Proposed		
Customer Charge	$20.40	$20.90		
Demand Charge, per kW	$10.71	$13.35	Assumes	
Energy Charge (kWhs)	$0.003254	$0.003815	Load Factor =	55.0%
Base Power Supply Charge, all kWhs	$0.067062	$0.065526		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
5,000	$572.42	$525.58	($46.83)	-8.18%
10,000	$1,124.43	$1,030.26	($94.17)	-8.37%
25,000	$2,780.48	$2,544.31	($236.17)	-8.49%
50,000	$5,540.56	$5,067.72	($472.85)	-8.53%
100,000	$11,060.72	$10,114.53	($946.19)	-8.55%
200,000	$22,101.04	$20,208.16	($1,892.88)	-8.56%
300,000	$33,141.37	$30,301.80	($2,839.57)	-8.57%
400,000	$44,181.69	$40,395.43	($3,786.26)	-8.57%
500,000	$55,222.01	$50,489.06	($4,732.95)	-8.57%
600,000	$66,262.33	$60,582.69	($5,679.64)	-8.57%

Assumes maximum peak period demand is 5% lower than maximum demand in non-peak period.

Large Power Service (<69KV)	Present	Proposed		
Customer Charge	$365.00	$372.00		
Demand Charge, per kW	$17.90	$21.22	Assumes	
Energy Charge (kWhs)	$0.000000	($0.000000)	Load Factor =	65.0%
Base Power Supply Charge, all kWhs	$0.053260	$0.052040		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
300,000	$32,081	$29,401	($2,680)	-8.35%
450,000	$47,939	$43,916	($4,023)	-8.39%
650,000	$69,083	$63,268	($5,814)	-8.42%
850,000	$90,226	$82,621	($7,606)	-8.43%
950,000	$100,798	$92,297	($8,501)	-8.43%
1,500,000	$158,944	$145,517	($13,427)	-8.45%
1,750,000	$185,374	$169,708	($15,666)	-8.45%
2,000,000	$211,804	$193,899	($17,905)	-8.45%
2,500,000	$264,663	$242,280	($22,383)	-8.46%

Large Power Service (>69KV) Delivery Charges	Present	Proposed		
Customer Charge	$400.00	$407.00		
Demand Charge, per kW	$11.61	$14.93	Assumes	
Energy Charge (kWhs)	$0.000000	($0.000000)	Load Factor =	70.0%
Base Power Supply Charge, all kWhs	$0.053260	$0.052040		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
300,000	$27,617.85	$24,784.33	($2,834)	-10.26%
450,000	$41,226.77	$36,972.99	($4,254)	-10.32%
650,000	$59,372.00	$53,224.55	($6,147)	-10.35%
850,000	$77,517.23	$69,476.10	($8,041)	-10.37%
950,000	$86,589.85	$77,601.87	($8,988)	-10.38%
1,500,000	$136,489.23	$122,293.64	($14,196)	-10.40%
1,750,000	$159,170.77	$142,608.08	($16,563)	-10.41%
2,000,000	$181,852.31	$162,922.52	($18,930)	-10.41%
2,500,000	$227,215.39	$203,551.41	($23,664)	-10.41%

Interruptible Power Service Delivery Charges	Present	Proposed		
Customer Charge	$15.50	$16.00		
Demand Charge, per kW	$3.40	$4.66	50 Assumes	
Energy Charge (kWhs)	$0.014800	$0.016091	Load Factor =	55.0%
Base Power Supply Charge, all kWhs	$0.055491	$0.054220		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
10,001	$950.65	$835.35	($115.29)	-12.13%
15,000	$1,418.08	$1,244.90	($173.18)	-12.21%
20,000	$1,885.60	$1,654.54	($231.07)	-12.25%
30,000	$2,820.66	$2,473.81	($346.85)	-12.30%
50,000	$4,690.76	$4,112.34	($578.42)	-12.33%
75,000	$7,028.39	$6,160.51	($867.88)	-12.35%
100,000	$9,366.02	$8,208.68	($1,157.34)	-12.36%
125,000	$11,703.66	$10,256.85	($1,446.80)	-12.36%
150,000	$14,041.29	$12,305.03	($1,736.26)	-12.37%

	Present	Proposed	Proposed Increase $	Proposed Increase %
Lighting Dusk to Dawn Delivery Charges	Overhead Service			
New 30' Wood Pole (Class 6)	$4.12	$4.35	$0.23	5.61%
New 30' Metal or Fiberglass	$8.26	$8.72	$0.46	5.61%
	Underground Service			
Existing Wood Pole	$2.06	$2.18	$0.12	5.62%
New 30' Wood Pole (Class 6)	$6.20	$6.54	$0.35	5.62%
New 30' Metal or Fiberglass	$10.32	$10.90	$0.58	5.62%
Per Watt	$0.046577	$0.048736	$0.0022	4.63%
Lighting Base Power Supply Charge, per Watt	$0.007818	$0.00764		
PPFAC	$0.014746	$0.000000		
100 Watts - Overhead				
Existing Wood Pole	$4.67	$5.64	$0.97	20.83%
New 30' Wood Pole (Class 6)	$8.79	$9.99	$1.20	13.69%
New 30' Metal or Fiberglass	$12.92	$14.36	$1.44	11.11%
100 Watts - Underground				
Existing Wood Pole	$6.73	$7.82	$1.09	16.17%
New 30' Wood Pole (Class 6)	$10.86	$12.18	$1.32	12.15%
New 30' Metal or Fiberglass	$14.98	$16.53	$1.55	10.35%
200 Watts - Overhead				
Existing Wood Pole	$9.32	$11.27	$1.96	21.04%
New 30' Wood Pole (Class 6)	$13.44	$15.63	$2.19	16.30%
New 30' Metal or Fiberglass	$17.57	$20.00	$2.42	13.79%
200 Watts - Underground				
Existing Wood Pole	$12.94	$13.45	$0.51	3.95%
New 30' Wood Pole (Class 6)	$17.07	$17.82	$0.74	4.36%
New 30' Metal or Fiberglass	$19.63	$22.17	$2.54	12.93%
400 Watts - Overhead				
Existing Wood Pole	$21.76	$22.55	$0.79	3.64%
New 30' Wood Pole (Class 6)	$25.88	$26.90	$1.02	3.95%
New 30' Metal or Fiberglass	$30.02	$31.27	$1.26	4.18%
400 Watts - Underground				
Existing Wood Pole	$23.82	$24.73	$0.91	3.81%
New 30' Wood Pole (Class 6)	$27.95	$29.09	$1.14	4.08%
New 30' Metal or Fiberglass	$32.08	$33.45	$1.37	4.27%

EXHIBIT
S-14
ADMITTED

BEFORE THE ARIZONA CORPORATION COMMISSION

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

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.	)	DOCKET NO. E-04204A-09-0206

DIRECT

TESTIMONY

OF

DAVID C. PARCELL

ON BEHALF OF

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

NOVEMBER 06, 2009

TABLE OF CONTENTS

PAGE

I. INTRODUCTION 1

II. RECOMMENDATIONS AND SUMMARY 2

III. ECONOMIC/LEGAL PRINCIPLES AND METHODOLOGIES 4

IV. GENERAL ECONOMIC CONDITIONS 9

V. UNS ELECTRIC'S OPERATIONS AND RISKS 15

VI. CAPITAL STRUCTURE AND COST OF DEBT 21

VII. SELECTION OF PROXY GROUPS 24

VIII. DISCOUNTED CASH FLOW ANALYSIS 25

IX. CAPITAL ASSET PRICING MODEL ANALYSIS 29

X. COMPARABLE EARNINGS ANALYSIS 33

XI. RETURN ON EQUITY RECOMMENDATION 38

XII. TOTAL COST OF CAPITAL 41

XIII. COMMENTS ON COMPANY TESTIMONY 41

XIV. FAIR VALUE RATE BASE COST OF CAPITAL 50

ATTACHMENT

David C. Parcell Resume 1

SCHEDULES

UNS Electric, Total Cost of Capital 1

Economic and Financial Conditions 2

UniSource Energy, Segment Financial Information 3

UNS Electric and UniSource, Capital Structure Ratios 4

Proxy Groups, Common Equity Ratios 5

Proxy Companies, Basis For Selection 6

DCF Analyses 7

S&P 500, Risk Premiums 8

CAPM Analyses 9

Comparison Companies, ROE and M/B 10

S&P 500, ROE and M/B 11

Risk Indicators 12

UNS Electric, Rating Agency Ratios 13

GDP Projections 14

EXECUTIVE SUMMARY
UNS ELECTRIC, INC.
DOCKET NO. E-04204A-09-0206

My direct testimony provides my estimate of the cost of capital for UNS Electric, Inc. ("UNS Electric"). My cost of capital recommendation is as follows:

	Percent	Cost	Return
Long-term Debt	54.24%	7.05%	3.82%
Common Equity	45.76%	9.5 – 10.5%	4.35 – 4.80%
Total Capital	100.00%		8.17 – 8.63%
			8.40% Mid-point

The only difference between my 8.40 percent recommendation and the 9.04 percent cost of capital request of UNS Electric is the cost of common equity – I propose a cost of equity of 10.0 percent and UNS Electric requests a cost of equity of 11.4 percent.

My 10.0 percent cost of common equity is derived from my application of three cost of equity models:

Discounted Flow	9.4 – 10.1%
Capital Asset Pricing Model	7.6 – 8.3%
Comparable Earnings	9.5 – 10.5%

My 10.0 percent cost of equity recommendation is the same level of return that the Commission approved for UNS Electric in the Company's last rate proceeding.

In addition, my direct testimony addresses the Fair Value Rate of Return ("FVROR") which should be applied to the Fair Value Rate Base of UNS Electric. I recommend two alternative FVROR values for UNS Electric – a 5.65 percent value using a zero percent return on the Fair Value Increment (differential between Fair Value Rate Base and Original Cost Rate Base) and 5.99 percent value using a 1.50 percent inflation-adjusted risk-free return.

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.

A. My name is David C. Parcell. I am President and Senior Economist of Technical Associates, Inc. My business address is Suite 601, 1051 East Cary Street, Richmond, Virginia 23219.

Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I hold B.A. (1969) and M.A. (1970) degrees in economics from Virginia Polytechnic Institute and State University (Virginia Tech) and a M.B.A. (1985) from Virginia Commonwealth University. I have been a consulting economist with Technical Associates since 1970. I have provided cost of capital testimony in public utility ratemaking proceedings, dating back to 1972. In connection with this, I have previously filed testimony and/or testified in about 450 utility proceedings before about 50 regulatory agencies in the United States and Canada. Attachment 1 provides a more complete description of my education and relevant work experience.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. I have been retained by the Utilities Division Staff to evaluate the cost of capital aspects of the current filing of UNS Electric, Inc. ("UNS Electric" or "Company"). I have performed independent studies and am making recommendations of the current cost of capital for UNS Electric. In addition, since UNS Electric is a subsidiary of UniSource Energy Corporation ("UniSource"), I have also evaluated UniSource in my analyses.

Q. HAVE YOU PREPARED AN EXHIBIT IN SUPPORT OF YOUR TESTIMONY?

A. Yes, I have prepared one exhibit, made up of 14 Schedules, identified as Schedule 1 through Schedule 14. These Schedules were prepared either by me or under my direction. The information contained in these schedules is correct to the best of my knowledge and belief.

II. RECOMMENDATIONS AND SUMMARY

Q. WHAT ARE YOUR RECOMMENDATIONS IN THIS PROCEEDING?

A. My overall cost of capital recommendations for UNS Electric are:

	Percent	Cost	Return
Long-Term Debt	54.24%	7.05%	3.82%
Common Equity	45.76%	9.5-10.5%	4.35-4.80%
Total	100.00%		8.17-8.63%
			8.40%
			with 10.0% ROE

UNS Electric's application requests a return on common equity of 11.4 percent and overall rate of return of 9.04 percent. I propose a return on common equity of 10.0 percent and an overall rate of return of 8.40 percent.

Q. PLEASE SUMMARIZE YOUR COST ANALYSES AND RELATED CONCLUSIONS FOR UNS ELECTRIC.

A. This proceeding is concerned with UNS Electric's regulated electric utility operations in Arizona. My analyses are concerned with the Company's total cost of capital. The first step in performing an analysis of the Company's cost of capital is the development of the appropriate capital structure. UNS Electric's proposed capital structure is comprised of

45.76 percent common equity and 54.24 percent long-term debt. This capital structure is the December 31, 2008 adjusted test period capital structure of the Company. I also use this same capital structure in my cost of capital analyses.

The second step in a cost of capital calculation is a determination of the embedded cost rate of debt. UNS Electric's application uses a cost rate of 7.05 percent, which reflects the Company's cost at December 31, 2008. I have used the same rate for this item as is proposed by the Company.

The third step in the cost of capital calculation is the estimation of the cost of common equity. I have employed three recognized methodologies to estimate the cost of equity for UNS Electric. Each of these methodologies is applied to two groups of proxy utilities. These three methodologies and my findings are:

Methodology	Range
Discounted Cash Flow	9.4-10.1%
Capital Asset Pricing Model	7.6-8.3%
Comparable Earnings	9.5-10.5%

Based upon these findings, I conclude that the cost of common equity for UNS Electric is within a range of 9.5 percent to 10.5 percent. I recommend the mid-point of my cost of equity range (10.0 percent), which is the same cost of equity approved by the Commission in UNS Electric's last rate case. There is no indication that UNS Electric's level of risk has increased since the last proceeding. In addition, there are indications that capital costs have declined since the last case. Finally, the current economic recession should have the effect of lowering the cost of equity, because of a decline in profit levels and growth rates throughout the economy. In any event, the impact of depressed

economic circumstances has negative effects on all of UNS Electric's customers (residential, commercial, and industrial) – there is no justification for increasing UNS Electric's profit level at the same time that virtually all of its customers are suffering from lower incomes/profits.

Combining these three steps into a weighted cost of capital results in an overall rate of return range of 8.17 percent to 8.63 percent. My recommended 10.0 percent cost of equity results in an overall cost of capital of 8.40 percent.

III. ECONOMIC/LEGAL PRINCIPLES AND METHODOLOGIES

Q. WHAT ARE THE PRIMARY ECONOMIC AND LEGAL PRINCIPLES THAT ESTABLISH THE STANDARDS FOR DETERMINING A FAIR RATE OF RETURN FOR A REGULATED UTILITY?

A. Public utility rates are normally established in a manner designed to allow for the recovery of their costs, including capital costs. This is frequently referred to as "cost of service" ratemaking. Rates for regulated public utilities traditionally have been primarily established using the "rate base - rate of return" concept. Under this method, utilities are allowed to recover a level of operating expenses, taxes, and depreciation deemed reasonable for rate-setting purposes, and are granted an opportunity to earn a fair rate of return on the assets used and useful (*i.e.*, rate base) in providing service to their customers.

The rate base is derived from the asset side of the utility's balance sheet as a dollar amount and the rate of return is developed from the liabilities/owners' equity side of the

balance sheet as a percentage. The revenue impact of the cost of capital is thus derived by multiplying the rate base by the rate of return (including income taxes).

The rate of return is developed from the cost of capital, which is estimated by weighting the capital structure components (*i.e.*, debt, preferred stock, and common equity) by their percentages in the capital structure and multiplying these by their cost rates. This is also known as the weighted cost of capital.

Technically, "fair rate of return" is a legal and accounting concept that refers to an *ex post* (after the fact) earned return on an asset base, while the cost of capital is an economic and financial concept which refers to an *ex ante* (before the fact) expected or required return on a liability base. In regulatory proceedings, however, the two terms are often used interchangeably, as I have done in my testimony.

From an economic standpoint, a fair rate of return is normally interpreted to mean that an efficient and economically managed utility will be able to maintain its financial integrity, attract capital, and establish comparable returns for similar risk investments. These concepts are derived from economic and financial theory and are generally implemented using financial models and economic concepts.

Although I am not a lawyer and I do not offer a legal opinion, my testimony is based on my understanding that two United States Supreme Court decisions provide the main standards for a fair rate of return. The first decision is Bluefield Water Works and Improvement Co. v. Public Serv. Comm'n of West Virginia, 262 U.S. 679 (1923). In this decision, the Court stated:

> "What annual rate will constitute **just compensation** depends upon many circumstances and must be **determined by** the **exercise of fair and enlightened judgment**, having regard to all relevant facts. A public utility is entitled to such rates as will permit it to **earn a return** on the value of the property which it employs for the convenience of the public equal to that **generally being made** at the same time and in the same general part of the country on **investments in other business undertakings** which are **attended by corresponding risks and uncertainties**; but it has no **constitutional right to profits** such as are realized or anticipated in **highly profitable enterprises or speculative ventures**. The **return** should be reasonably sufficient to assure confidence in the **financial soundness** of the utility, and should be adequate, **under efficient and economical management**, to maintain and **support its credit** and **enable it to raise the money** necessary for the proper discharge of its public duties. A rate of return may be reasonable at one time, and become too high or too low by changes affecting opportunities for investment, the money market, and business conditions generally". **[Emphasis added.]**

It is my understanding that the Bluefield decision established the following standards for a fair rate of return: comparable earnings, financial integrity, and capital attraction. It also noted the changing level of required returns over time as well as an underlying assumption that the utility be operated in an efficient manner.

The second decision is Federal Power Comm'n v. Hope Natural Gas Co., 320 U.S. 591 (1942). In that decision, the Court stated:

> "The rate-making process under the [Natural Gas] Act, i.e., the fixing of 'just and reasonable' rates, involves a balancing of the **investor** and **consumer interests** . . . . From the investor or company point of view it is important that there be enough revenue not only for operating expenses but also for the capital costs of the business. These include service on the debt and dividends on the stock. By that standard the **return** to the equity **owner** should be **commensurate** with **returns** on **investments** in **other enterprises having corresponding risks**. That return, moreover, should be sufficient to assure confidence in the **financial integrity** of the

> enterprise, so as to **maintain its credit** and to **attract capital**." **[Emphasis added.]**

The Hope case is also frequently credited with establishing the "end result" doctrine, which maintains that the methods utilized to develop a fair return are not important as long as the end result is reasonable.

The three economic and financial parameters in the Bluefield and Hope decisions - comparable earnings, financial integrity, and capital attraction - reflect the economic criteria encompassed in the "opportunity cost" principle of economics. The opportunity cost principle provides that a utility and its investors should be afforded an opportunity (not a guarantee) to earn a return commensurate with returns they could expect to achieve on investments of similar risk. The opportunity cost principle is consistent with the fundamental premise, on which regulation rests, namely, that it is intended to act as a surrogate for competition.

I understand that because Arizona is a "Fair Value" state, Hope and Bluefield do not set forth the legal requirements applicable to determining fair rate of return in Arizona. In Simms v. Round Valley Light & Power Company, 294 P.2d 378 (1956) the Arizona Supreme Court took exception to application of the following principle in Arizona since the Constitution mandates consideration of fair value:

> "In the Hope case the court, in testing the reasonableness of rates fixed by the Federal Power Commission under the Natural Gas Act, 15 U.S.C.A. Section 717 et seq., after holding that congress had provided no formula by which just and reasonable rates were to be determined, ruled that it was the final result reached and not the method used in reaching the result that was controlling and that it was unimportant to 'determine the various

> permissible ways in which any rate base on which the return is computed might be arrived at."

My testimony does not advocate that the Commission ignore the Simms holding in this regard, or the fair value of UNS Electric's property, which it is required to consider under Article 15, Section of the Arizona Constitution. Rather, I find the Hope and Bluefield decisions can be helpful in their discussion of comparable earnings, financial integrity and capital attraction. I note that UNS Electric Witness Pritz also cites the Hope and Bluefield cases as guidelines for evaluating the cost of capital for the Company.

Q. HOW CAN THESE PARAMETERS BE EMPLOYED TO ESTIMATE THE COST OF CAPITAL FOR A UTILITY?

A. Neither the courts nor economic/financial theory have developed exact and mechanical procedures for precisely determining the cost of capital. This is the case because the cost of capital is an opportunity cost and is prospective-looking, which dictates that it must be estimated.

There are several useful models that can be employed to assist in estimating the cost of equity capital, which is the capital structure item that is the most difficult to determine. These include the Discounted Cash Flow ("DCF"), Capital Asset Pricing Model ("CAPM"), Comparable Earnings ("CE") and Risk Premium ("RP") methods. Each of these methods (or models) differs from the others and each, if properly employed, can be a useful tool in estimating the cost of common equity for a regulated utility.

Q. WHICH METHODS HAVE YOU EMPLOYED IN YOUR ANALYSES OF THE COST OF COMMON EQUITY IN THIS PROCEEDING?

A. I have utilized three methodologies to determine UNS Electric's cost of common equity: the DCF, CAPM, and CE methods. I have not employed a RP model in my analyses although, as I indicate later, my CAPM analysis is a form of the RP methodology. Each of these methodologies will be described in more detail in my testimony that follows.

IV. GENERAL ECONOMIC CONDITIONS

Q. ARE ECONOMIC AND FINANCIAL CONDITIONS IMPORTANT IN DETERMINING THE COST OF CAPITAL FOR UNS ELECTRIC?

A. Yes. The costs of capital for both fixed-cost (debt and preferred stock) components and for common equity, are determined in part by current and prospective economic and financial conditions. At any given time, each of the following factors has an influence on the costs of capital: the level of economic activity (i.e., growth rate of the economy), the stage of the business cycle (i.e., recession, expansion, or transition), the level of inflation, and expected economic conditions. My understanding is that this position is consistent with the *Bluefield* decision, where the Court noted: "[a] rate of return may be reasonable at one time, and become too high or too low by changes affecting opportunities for investment, the money market, and business conditions generally."

Q. WHAT INDICATORS OF ECONOMIC AND FINANCIAL ACTIVITY HAVE YOU EVALUATED IN YOUR ANALYSES?

A. I have examined several sets of economic statistics from 1975 to the present. I chose this time period because it permits the evaluation of economic conditions over three full business cycles, plus the current cycle to date, allowing for an assessment of changes in

long-term trends. This period also approximates the beginning and continuation of active rate case activities by public utilities.

A business cycle is commonly defined as a complete period of expansion (recovery and growth) and contraction (recession). A full business cycle is a useful and convenient period over which to measure levels and trends in long-term capital costs because it incorporates the cyclical (i.e., stage of business cycle) influences and thus permits a comparison of structural (or long-term) trends.

Q. PLEASE DESCRIBE THE TIMEFRAME OF THE THREE PRIOR BUSINESS CYCLES AND THE MOST RECENT CYCLE.

A. The three prior complete cycles and most recent cycle cover the following periods:

Business Cycle	Expansion Cycle	Contraction Period
1975-1982	Mar. 1975-July 1981	Aug. 1981-Oct. 1982
1982-1991	Nov. 1982-July 1990	Aug. 1990-Mar. 1991
1991-2001	Apr. 1991-Mar. 2001	Apr. 2001-Nov. 2001
2001-2009	Dec. 2001-Nov. 2007	Dec. 2007-Aug. 2009 ?

Source: National Bureau of Economic, Research, "Business Cycle Expansions and Contractions."

Q. DO YOU HAVE ANY GENERAL OBSERVATIONS CONCERNING THE RECENT TRENDS IN ECONOMIC CONDITIONS AND THEIR IMPACT ON CAPITAL COSTS OVER THIS BROAD PERIOD?

A. Yes, I do. As I will describe below, until the end of 2007, the U.S. economy had enjoyed general prosperity and stability over the period since the early 1980s. This period had been characterized by longer economic expansions, relatively tame contractions, relatively low and declining inflation, and declining interest rates and other capital costs.

Over the past two years, on the other hand, the economy declined significantly, initially as a result of the 2007 collapse of the "sub-prime" mortgage market and the related liquidity crises in the financial sector of the economy. Subsequently, this financial crisis intensified with a more broad-based decline, initially based on a substantial increase in petroleum prices and a dramatic decline in the U.S. financial sector, culminating with the collapse and/or bailouts of a significant number of venerable institutions such as Bear Stearns, Lehman Brothers, Merrill Lynch, Freddie Mac, Fannie Mae, AIG and Wachovia. The recession also witnessed the demise of national entities, such as Circuit City, and the declared bankruptcy of automotive manufacturers, such as Chrysler and General Motors.

This crisis has been described as the worst financial crisis since the Great Depression and has been referred to as the "Great Recession." The U.S. and other governments have been and remain in the process of implementing unprecedented actions to attempt to correct or minimize its scope and effects.

There is a universal acceptance that the economy has been in a serious recession. The impacts of a severe recession on cost of capital is characterized by lower utility growth and declining capital costs due to a decline in corporate profits and expected earnings growth. Clearly, this is not an environment in which it is sensible or appropriate to increase the profitability of a regulated company such as UNS Electric.

It appears that the recession has reached its low point and that the economy may soon begin to expand again. However, the length and severity of the recession, as well as an anticipated relatively slow recovery, implies that the impacts of the recession will be felt for an extended period of time.

Q. PLEASE DESCRIBE RECENT AND CURRENT ECONOMIC AND FINANCIAL CONDITIONS AND THEIR IMPACT ON THE COSTS OF CAPITAL.

A. My Schedule 2 shows several sets of relevant economic data for the time periods cited above: pages 1 and 2 contain general macroeconomic statistics; pages 3 and 4 show interest rates; and pages 5 and 6 contain financial market statistics.

Pages 1 and 2 show that the U.S. economy ended 2007 as the sixth year of an economic expansion but, as indicated previously, it was then entering a decline. This is indicated by the growth in real (i.e., adjusted for inflation) Gross Domestic Product ("GDP"), industrial production, and the increase in the unemployment rate, which is currently approaching 10 percent on a national basis.

The rate of inflation is also shown on pages 1 and 2. As is reflected in the Consumer Price Index ("CPI"), for example, inflation rose significantly during the 1975-1982 business cycle, and reached double-digit levels in 1979-1980. The rate of inflation declined substantially in 1981, and remained at or below 6.1 percent during the 1983-1991 business cycle. Since 1991, the CPI has been 4.1 percent or lower. The 0.1 percent rate of inflation in 2008 was the lowest level of the past thirty years. This is indicative of virtually no inflation, which should also be reflective of lower capital costs.

Q. WHAT HAVE BEEN THE TRENDS IN INTEREST RATES OVER THIS TIME PERIOD?

A. Pages 3 and 4 show several series of interest rates. Rates rose sharply to record levels in 1975-1981 when the inflation rate was high and generally rising. Interest rates declined substantially in conjunction with inflation rates during the remainder of the 1980s and

throughout the 1990s. Interest rates declined even further from 2000-2005 and generally recorded their lowest levels since the 1960s.

During the past several years and up until the later half of 2008, long-term interest rates remained low by historic standards. Most recently, the Federal Reserve has lowered the Federal Funds rate (i.e., short-term rate) on several occasions; currently it is 0.25 percent, an all-time low. The fourth quarter of 2008 and first quarter of 2009 experienced a pronounced decline in short-term rates and long-term U.S. Treasury Securities yields and an increase in corporate bond yields, creating a "spread" between government and corporate bond yields unprecedented in recent financial history. This reflects the "flight to safety" I have mentioned.

On the other hand, I note that there is recent evidence that investors appear to have an appetite for accepting some risk again, as stock prices have improved and there has been a tightening in spreads between corporate debt vs. U.S. Treasury debt. Utility bond yields in August and September are, in fact, lower than those in mid-2008 prior to the financial crisis.

Q. WHAT DOES THIS EXHIBIT SHOW FOR THE TRENDS IN COMMON SHARE PRICES?

A. Pages 5 and 6 show several series of common stock prices and ratios. These ratios indicate that share prices were essentially stagnant during the high inflation/interest rate environment of the late 1970s and early 1980s. On the other hand, the 1983-1991 business cycle and the most recent cycles witnessed a significant upward trend in stock prices. Since the beginning of the current financial crisis, on the other hand, stock prices

declined precipitously and have been very volatile. Stock prices in 2008 and early 2009 were down significantly from 2007 levels, reflecting the financial/economic crises. Beginning in the second quarter of 2009, prices have recovered somewhat but still remain well below the levels prevailing prior to the current recession.

Q. WHAT CONCLUSIONS SHOULD THE COMMISSION DRAW FROM YOUR DISCUSSION OF ECONOMIC AND FINANCIAL CONDITIONS DEPICTED IN YOUR DATA?

A. It is apparent that recent economic and/or financial circumstances have been radically different from any that have prevailed since at least the 1930s. The recent deterioration in stock prices and the decline in U.S. Treasury bond yields, and the increase in corporate bond yields reflected the "flight to safety," describes the reluctance of investors to purchase common stocks and corporate bonds while moving their money into the very safe government bonds. On the other side of this flight to safety is the negative perceptions of the recent decline, which has significantly reduced the value of most retirement accounts, investment portfolios and other assets; i.e., a decline in investor expectations of returns, including stock returns.

Q. GIVEN THE RECENT UNCERTAINTY IN THE CAPITAL MARKETS, WHY ISN'T IT REASONABLE TO CONCLUDE THAT THE COST OF CAPITAL FOR EQUITIES HAS INCREASED?

A. This "flight to safety" should not be interpreted to reflect an increase in the cost of capital. Rather, it more properly reflects an "availability of capital" since investors were recently unwilling to invest in any assets other than U.S. Treasury securities although this relationship has recently been much less pronounced. As I noted previously, the

opportunity cost of capital, as measured by the recent and current returns of unregulated firms, has been the lowest in recent memory. Clearly, this cannot be claimed to reflect an increase in the cost of capital for a regulated firm such as UNS Electric.

V. UNS ELECTRIC'S OPERATIONS AND RISKS

Q. PLEASE SUMMARIZE UNS ELECTRIC AND ITS OPERATIONS.

A. UNS Electric is a public utility that provides electric utility services to some 90,000 customers in Arizona. UNS Electric was formerly the Arizona electric utility operations of Citizens Communications Company, prior to its 2003 acquisition by UniSource Energy. When UniSource Energy acquired the Arizona electric and gas assets from Citizens, it formed two operating companies - UNS Electric and UNS Gas.

Q. PLEASE DESCRIBE UNISOURCE ENERGY.

A. UniSource Energy is a holding company, whose principal subsidiary is Tucson Electric Power Company ("TEP"), a generation and distribution company that is the second-largest investor-owned utility in Arizona. UniSource Energy also owns UniSource Energy Services ("UES"), which is the parent company of both UNS Electric and UNS Gas. It previously owned Millennium Energy Holdings, the parent company of UniSource Energy's unregulated energy business whose principal subsidiary was Global Solar. UniSource Energy presently operates through three primary business segments – TEP, UNS Electric and UNS Gas.

Q. WHAT HAVE BEEN THE BUSINESS SEGMENT RATIOS OF UNISOURCE ENERGY IN RECENT YEARS?

A. This is shown on Schedule 3. As this indicates, as of 2008, UNS Electric accounted for about 14 percent of the revenues of UniSource Energy and about 8 percent of operating income and total assets.

Q. WHAT ARE THE CURRENT BOND RATINGS OF UNISOURCE ENERGY, UNS ELECTRIC AND TEP?

A. The current ratings of UniSource Energy, UNS Electric and TEP are:

	Standard & Poor's	Moody's	Fitch
UniSource Energy Credit Ratings			
Senior Secured Debt	NR	Ba1	NR
Issuer Rating	NR	Ba1	N/A
UNS Electric Credit Ratings			
Senior Unsecured Debt		Baa3	
UNS Gas		Baa3	
Senior Unsecured Debt			
Tucson Electric Power Credit Ratings			
Senior Secured Debt	BBB+	Baa1	BBB-
Senior Unsecured Debt	BBB-	Baa3	BB+
Issuer Rating	BB+	Baa3	BB

Source: UniSource Energy Web Site.

UNS Electric now has its own security ratings by Moody's but not S&P and Fitch. The debt of UNS Electric is guaranteed by UES. As such, the debt of UNS Electric is related to the overall credit strength of UniSource Energy.

Q. DID THE ACQUISITION OF THE ASSETS CURRENTLY COMPRISING UNS ELECTRIC HAVE ANY IMPACT ON THE SECURITY RATINGS OF UNISOURCE ENERGY OR TEP?

A. No, it did not. Standard & Poor's, for example, made the following comments in an August 12, 2003 CreditWatch report on TEP:

> Standard & Poor's Ratings Services said today it affirmed its ratings on Tucson Electric Power Co. ('BB' corporate credit rating) and removed them from CreditWatch with negative implications. They were placed on CreditWatch Nov. 8, 2002, reflecting parent UniSource Energy Corp.'s announcement of an agreement to **purchase** the **Arizona electric** and **gas transmission and distribution assets** from Citizens Communications Co. The outlook is stable.
>
> The Aug. 11, 2003, acquisition of **these relatively low-risk, widely scattered regulated assets** for $220 million, **well below the book value** of about $425 million, **bolsters the consolidated business profile** of the UniSource Energy family of companies, and does so with a financing package that **marginally improves the overall financial condition of UniSource Energy**. These assets are subject to regulation by the Arizona Corporation Commission (ACC), as is Tucson Electric, and are structured as a wholly owned subsidiary of UniSource Energy called UniSource Energy Services.
>
> The addition of about 77,000 electric customers and 126,000 gas customers represents an increase of about 40% to Tucson Electric's customer base. The acquisition has received strong regulatory support, mainly because rate increases will be limited to only about one-half of what they would have been in the absence of the purchase, as well as because of operational challenges faced by prior management. **[Emphasis added]**

Q. WHAT HAVE BEEN THE RECENT DESCRIPTIONS OF UNS ELECTRIC BY RATING AGENCIES?

A. In July of 2008, Moody's assigned a rating of Baa3 to UNS Electric. In its report, Moody's stated:

Corporate Profile

UNS Electric, Inc. (UNSE: Baa3 guaranteed revolving credit facility, stable outlook) is an electric transmission and distribution utility serving approximately 90,000 retail customers in Mohave and Santa Cruz counties of Arizona. UNSE is a subsidiary of UniSource Energy Services ("UES') which is also the parent of UNS Gas, Inc. ("UNSG"), a gas utility serving approximately 146,000 customers in an area covering approximately 50% of the state of Arizona. UES is a wholly owned subsidiary of UniSource Energy Corporation (UNS: Ba1 senior secured bank credit facility (security limited to stock of certain subsidiaries), stable outlook). UNS' largest subsidiary is Tucson Electric Power (TEP: Baa3 senior unsecured, stable outlook), a vertically integrated electric utility serving approximately 400,000 retail customers in southeastern Arizona and also engaged in wholesale power marketing in the western U.S.

Recent Developments

On July 8, 2008, Moody's assigned a rating of Baa3 to UNSE and UNSG joint $60 million senior unsecured guaranteed credit facility. The facility is guaranteed by UNSE's and UNSG's intermediate parent company UES. The rating outlook is stable.

. . .

Rating Rationale

The **Baa3 rating for the shared guaranteed credit facility is driven by the relatively stable and predictable nature of UNSE's and UNSG's regulated cash flows, as well as their strong combined financial profile which provide the basis of the UES guarantee. For the past several years, cash flow credit metrics at both UNSE and USE have been at or above the ranges demonstrated by electric utilities rated within the Baa range**. [Emphasis added]

This quote by Moody's indicates that the ratings of UNS Electric are:

Tied to UNS Gas;

Based on consolidated credit profile of UES; and,

Lower than they would be if UNS Electric's own credit profile was used to establish its ratings.

Q. ARE YOU AWARE THAT ONE OF THE ISSUES IN THIS CASE IS THE POTENTIAL ACQUISITION OF THE BLACK MOUNTAIN GENERATION STATION BY UNS ELECTRIC FROM AN AFFILIATE COMPANY?

A. Yes I am. It is my understanding that UNS Electric is proposing to purchase this plant from an affiliated company – UniSource Energy Development ("UED") – and is asking for a commitment from the Commission that the plant will be included in rate base if transfer of ownership of the facility from UED to UNS Electric were to occur. It is also my understanding that UNS Electric is maintaining that it cannot afford to finance the purchase of this plant due to the relatively small size of the Company and the relatively large size of this generation facility. It is also my understanding that UNS Electric indicates that it would have a problem getting a lender to commit to providing debt capital to fund a portion of this potential purchase without assurance that the plant will be in rate base and thus provide a source of interest and principal repayment.

Q. WHAT IS YOUR UNDERSTANDING OF HOW THIS PLANT WAS FINANCED BY UED.

A. It is my understanding that UED financed this plant by use of credit facilities and internal cash generation of UniSource Energy and/or other affiliated companies. I am not aware of any specific debt or project financing associated with the Black Mountain facility.

Q. DO YOU HAVE ANY RESPONSE TO UNS ELECTRIC'S INDICATIONS THAT IT IS UNABLE TO FINANCE THE POTENTIAL PURCHASE OF BLACK MOUNTAIN WITHOUT SOME GUARANTEE OF COMMISSION INCLUSION OF THIS PLANT IN RATE BASE IN THIS PROCEEDING?

A. Yes, I do. I note, however, that I am not privy to the management decisions of the Company and do not have access to the same degree of the Company's financial alternatives as does the Company management. Nevertheless, I do have the following observations about the financing of the potential purchase of Black Mountain by UNS Electric. First, the facility is presently financed by some combination of internal funds of UniSource. It would appear that a potential interim source of financing the facility would be the transfer of the assets and liabilities within the UniSource framework to UNS Electric.

In addition, I note that UNS Electric has access to a revolving credit facility, as cited in witness Pritz's testimony, which it shares with UNS Gas. It is my understanding that UNS Electric may draw up to $35 million on this facility. This would also appear to be a source of interim financing for the potential purchase of Black Mountain.

Q. HAS THIS COMMISSION AUTHORIZED UNS ELECTRIC TO ISSUE ANY SECURITIES FOR THE PURPOSE OF FINANCING THE PURCHASE OF BLACK MOUNTIAN?

A. Yes, it has. In Docket No. E-04204A-06-0783 (Decision No. 70360) the Commission authorized UNS Electric to issue $40 million of equity and $40 million of debt for the purpose of financing the purchase of Black Mountain.

Q. HAS THE COMPANY EXERCISED ANY OF THE OPTIONS AUTHORIZED BY THE COMMISSION IN THAT PROCEEDING?

A. No, it has not issued the securities authorized in that proceeding.

VI. CAPITAL STRUCTURE AND COST OF DEBT

Q. WHAT IS THE IMPORTANCE OF DETERMINING A PROPER CAPITAL STRUCTURE IN A REGULATORY FRAMEWORK?

A. A utility's capital structure is important because the concept of rate base – rate of return regulation requires that a utility's capital structure be determined and utilized in estimating the total cost of capital. Within this framework, it is proper to ascertain whether the utility's capital structure is appropriate relative to its level of business risk and relative to other utilities.

As discussed in Section III of my testimony, the purpose of determining the proper capital structure for a utility is to help ascertain its capital costs. The rate base – rate of return concept recognizes the assets employed in providing utility services and provides for a return on these assets by identifying the liabilities and common equity (and their cost rates) used to finance the assets. In this process, the rate base is derived from the asset side of the balance sheet and the cost of capital is derived from the liabilities/owners' equity side of the balance sheet. The inherent assumption in this procedure is that the dollar values of the capital structure and the rate base are approximately equal and the former is utilized to finance the latter.

The common equity ratio (*i.e.*, the percentage of common equity in the capital structure) is the capital structure item which normally receives the most attention. This is the case

because common equity: (1) usually commands the highest cost rate; (2) generates associated income tax liabilities; and, (3) causes the most controversy since its cost cannot be precisely determined.

Q. HOW HAVE YOU EVALUATED THE CAPITAL STRUCTURE OF UNS ELECTRIC?

A. I have first examined the historic (2004-2008) capital structure ratios of UNS Electric. These are shown on Page 1 of Schedule 4. I have summarized below the common equity ratios for UNS Electric:

	Including S-T Debt	Excluding S-T Debt
2004	40.3%	40.5%
2005	45.2%	45.4%
2006	45.0%	45.1%
2007	48.0%	48.1%
2008	43.6%	43.7%
June 30, 2009	46.2%	46.2%

Page 2 of Schedule 4 shows the historic capital structure ratios of UniSource on a consolidated basis. This indicates the following common equity ratios.

	Including S-T Debt	Excluding S-T Debt
2004	31.6%	31.6%
2005	33.6%	33.7%
2006	34.9%	35.8%
2007	40.7%	41.0%
2008	33.9%	34.1%

These common equity ratios are somewhat lower than those of UNS Electric.

Q. HOW DO THESE CAPITAL STRUCTURES COMPARE TO THOSE OF INVESTOR-OWNED ELECTRIC UTILITIES?

A. Schedule 5 shows the common equity ratios (excluding short-term debt in capitalization) for the two groups of proxy utilities utilized in my cost of equity analyses. These are:

Year	Proxy Group	Pritz Group
2004	41.5%	52.1%
2005	43.6%	51.8%
2006	45.1%	52.5%
2007	48.0%	51.5%
2008	46.8%	50.8%

These common equity ratios for the proxy group are lower than those of UNS Electric while those of the Pritz Group are higher.

Q. WHAT CAPITAL STRUCTURE RATIOS HAS UNS ELECTRIC REQUESTED IN THIS PROCEEDING?

A. The Company requests use of the following capital structure:

Long-Term Debt	54.24%
Common Equity	45.76%

According to UNS Electric's filing, this is the "adjusted" test year capital structure of the Company at December 31, 2008.

Q. WHAT CAPITAL STRUCTURE DO YOU PROPOSE TO USE IN THIS PROCEEDING?

A. I use the capital structure ratios as proposed by UNS Electric.

Q. WHAT IS THE COST RATE OF DEBT IN THE COMPANY'S APPLICATION?

A. The Company's filing cites a cost of long-term debt of 7.05 percent. This is represented to be the Company's actual cost at December 31, 2008. I also use this cost of long-term debt in my cost of capital analyses.

Q. CAN THE COST OF COMMON EQUITY BE DETERMINED WITH THE SAME DEGREE OF PRECISION AS THE COSTS OF DEBT?

A. No. The cost rates of debt are largely determined by interest payments, issue prices, and related expenses. The cost of common equity, on the other hand, cannot be precisely quantified, primarily because this cost is an opportunity cost. There are, however, several models which can be employed to estimate the cost of common equity. Three of the primary methods – DCF, CAPM, and CE – are developed in the following sections of my testimony.

VII. SELECTION OF PROXY GROUPS

Q. HOW HAVE YOU ESTIMATED THE COST OF COMMON EQUITY FOR UNS ELECTRIC?

A. UNS Electric is not a publicly-traded company. UniSource, UNS Electric's parent company, is a publicly-traded company. Consequently, it is possible to directly apply cost of equity models to UniSource. However, it is generally desirable to analyze groups of comparison, or "proxy," companies as a substitute for UNS Electric to determine its cost of common equity.

I have examined two such groups for comparison to UNS Electric and UniSource. I have first selected a group of electric utilities similar to UNS Electric and UniSource using the criteria listed on Schedule 6.

Second, I have conducted studies of the cost of equity for the proxy group of electric utilities selected by UNS Electric's witness Martha B. Pritz.

VIII. DCF ANALYSIS

Q. WHAT IS THE THEORY AND METHODOLOGICAL BASIS OF THE DCF MODEL?

A. The DCF model is one of the oldest, as well as the most commonly-used, models for estimating the cost of common equity for public utilities. The DCF model is based on the "dividend discount model" of financial theory, which maintains that the value (price) of any security or commodity is the discounted present value of all future cash flows.

The most common variant of the DCF model assumes that dividends are expected to grow at a constant rate. This variant of the dividend discount model is known as the constant growth or Gordon DCF model. In this framework, cost of capital is derived by the following formula:

$$K = \frac{D}{P} + g$$

where:

K = discount rate (cost of capital)

P = current price

D = current dividend rate

g = constant rate of expected growth

This formula essentially recognizes that the return expected or required by investors is comprised of two factors: the dividend yield (current income) and expected growth in dividends (future income).

Q. PLEASE EXPLAIN HOW YOU HAVE EMPLOYED THE DCF MODEL.

A. I have utilized the constant growth DCF model. In doing so, I have combined the current dividend yield for each group of proxy utility stocks described in the previous section with several indicators of expected dividend growth.

Q. HOW DID YOU DERIVE THE DIVIDEND YIELD COMPONENT OF THE DCF EQUATION?

A. There are several methods that can be used for calculating the dividend yield component. These methods generally differ in the manner in which the dividend rate is employed; *i.e.*, current versus future dividends or annual versus quarterly compounding of dividends. I believe the most appropriate dividend yield component is the version listed below:

$$Yield = \frac{D_0(1+0.5g)}{P_0}$$

This dividend yield component recognizes the timing of dividend payments and dividend increases.

The P_0 in my yield calculation is the average (of high and low) stock price for each proxy company for the most recent three month period (July-September, 2009). The D_0 is the current annualized dividend rate for each proxy company.

Q. HOW HAVE YOU ESTIMATED THE DIVIDEND GROWTH COMPONENT OF THE DCF EQUATION?

A. The dividend growth rate component of the DCF model is usually the most crucial and controversial element involved in using this methodology. The objective of estimating the dividend growth component is to reflect the growth expected by investors that is embodied in the price (and yield) of a company's stock. As such, it is important to recognize that individual investors have different expectations and consider alternative indicators in deriving their expectations. This is evidenced by the fact that every investment decision resulting in the purchase of a particular stock is matched by another investment decision to sell that stock. Obviously, since two investors reach different decisions at the same market price, their expectations differ.

A wide array of indicators exists for estimating the growth expectations of investors. As a result, it is evident that no single indicator of growth is always used by all investors. It therefore is necessary to consider alternative indicators of dividend growth in deriving the growth component of the DCF model.

I have considered five indicators of growth in my DCF analyses. These are:

1. 2004-2008 (5-year average) earnings retention, or fundamental growth (per Value Line);
2. 5-year average of historic growth in earnings per share ("EPS"), dividends per share ("DPS"), and book value per share ("BVPS") (per Value Line);
3. 2009, 2010, and 2012-2014 projections of earnings retention growth (per Value Line);

4. 2006-2008 to 2012-2014 projections of EPS, DPS, and BVPS (per Value Line); and

5. 5-year projections of EPS growth as reported in First Call (per Yahoo! Finance).

I believe this combination of growth indicators is a representative and appropriate set with which to begin the process of estimating investor expectations of dividend growth for the groups of proxy companies. I also believe that these growth indicators reflect the types of information that investors consider in making their investment decisions. As I indicated previously, investors have an array of information available to them, all of which should be expected to have some impact on their decision-making process.

Q. PLEASE DESCRIBE YOUR DCF CALCULATIONS.

A. Schedule 7 presents my DCF analysis. Page 1 shows the calculation of the "raw" (i.e., prior to adjustment for growth) dividend yield for each proxy company. Pages 2 and 3 show the growth rate for the groups of proxy companies. Page 4 shows the DCF calculations, which are presented on several bases: mean, median, and low/high values. These results can be summarized as follows:

			Composite			
			Mean		Median	
	Mean	Median	Low	High	Low	High
Proxy Group	10.1%	9.6%	8.6%	12.3%	8.9%	11.8%
Pritz Group	9.5%	9.4%	8.2%	11.7%	7.4%	11.6%

I note that the individual DCF calculations shown on Schedule 7 should not be interpreted to reflect the expected cost of capital for the proxy group; rather, the

individual values shown should be interpreted as alternative information considered by investors. The individual DCF calculations also demonstrate how the focus on a single growth rate, such as EPS projections, can produce a DCF conclusion that is not reflective of a broader perspective of available information.

The results in Schedule 7 indicate average (mean and median) DCF cost rates of 9.4 percent to 10.1 percent. The range of DCF rates (i.e., using the lowest and highest growth rates only) is 7.6 percent to 12.3 percent.

Q. WHAT DO YOU CONCLUDE FROM YOUR DCF ANALYSES?

A. This analysis reflects a DCF range of about 9.4 percent to about 10.1 percent for the proxy group. This is indicated by the average/mean values for the proxy groups examined in the previous analysis. I give less weight to the extreme lower and upper ends of the groups, which are impacted by outlier results. I believe that 9.4 percent to 10.1 percent reflects the proper DCF cost for UNS Electric.

IX. CAPM ANALYSIS

Q. PLEASE DESCRIBE THE THEORY AND METHODOLOGICAL BASIS OF THE CAPM.

A. The CAPM is a version of the risk premium method. The CAPM describes and measures the relationship between a security's investment risk and its market rate of return. The CAPM was developed in the 1960s and 1970s as an extension of modern portfolio theory ("MPT"), which studies the relationships among risk, diversification, and expected returns.

Q. HOW IS THE CAPM DERIVED?

A. The general form of the CAPM is:

$$K = R_f + \beta(R_m - R_f)$$

where:

K = cost of equity

Rf = risk-free rate

Rm = return on market

β = beta

Rm-Rf = market risk premium

As noted previously, the CAPM is a variant of the risk premium method. I believe the CAPM is generally superior to the simple risk premium method because the CAPM specifically recognizes the risk of a particular company or industry (*i.e.*, beta), whereas the simple risk premium method assumes the same risk premium for all companies exhibiting similar bond ratings.

Q. WHAT GROUPS OF COMPANIES HAVE YOU UTILIZED TO PERFORM YOUR CAPM ANALYSES?

A. I have performed CAPM analyses for the same groups of proxy utilities evaluated in my DCF analyses.

Q. PLEASE EXPLAIN THE RISK-FREE RATE AS USED IN YOUR CAPM AND INDICATE WHAT RATE YOU EMPLOYED.

A. The first term of the CAPM is the risk-free rate (R_f). The risk-free rate reflects the level of return that can be achieved without accepting any risk.

In CAPM applications, the risk-free rate is generally recognized by use of U.S. Treasury securities. Two general types of U.S. Treasury securities are often utilized as the R_f component - short-term U.S. Treasury bills and long-term U.S. Treasury bonds.

I have performed CAPM calculations using the three-month average yield (July-September, 2009) for 20-year U.S. Treasury bonds. Over this three-month period, these bonds had an average yield of 4.28 percent.

Q. WHAT IS BETA AND WHAT BETAS DID YOU EMPLOY IN YOUR CAPM?

A. Beta is a measure of the relative volatility (and thus risk) of a particular stock in relation to the overall market. Betas of less than 1.0 are considered less risky than the market, whereas betas greater than 1.0 are more risky. Utility stocks traditionally have had betas below 1.0. I utilized the most recent Value Line betas for each company in the groups of proxy utilities.

Q. HOW DID YOU ESTIMATE THE MARKET RISK PREMIUM COMPONENT IN YOUR CAPM ANALYSIS?

A. The market risk premium component (R_m-R_f) represents the investor-expected premium of common stocks over the risk-free rate, or government bonds. For the purpose of estimating the market risk premium, I considered alternative measures of returns of the

S&P 500 (a broad-based group of large U.S. companies) and 20-year U.S. Treasury bonds.

First, I have compared the actual annual returns on equity of the S&P 500 with the actual annual yields of U.S. Treasury bonds. Schedule 8 shows the return on equity for the S&P 500 group for the period 1978-2007 (all available years reported by S&P). This schedule also indicates the annual yields on 20-year U.S. Treasury bonds, as well as the annual differentials (*i.e.*, risk premiums) between the S&P 500 and U.S. Treasury 20-year bonds. Based upon these returns, I conclude that this version of the risk premium is about 6.45 percent.

I have also considered the total returns (i.e., dividends/interest plus capital gains/losses) for the S&P 500 group as well as for the long-term government bonds, as tabulated by MorningStar (formerly Ibbotson Associates), using both arithmetic and geometric means. I have considered the total returns for the entire 1926-2008 period, which are as follows:

	S&P 500	L-T Gov't Bonds	Risk Premium
Arithmetic	11.7%	6.1%	5.6%
Geometric	9.6%	5.7%	3.9%

I conclude from this that the expected risk premium is about 5.32 percent (i.e., average of all three risk premiums). I believe that a combination of arithmetic and geometric means is appropriate since investors have access to both types of means and, presumably, both types are reflected in investment decisions and thus stock prices and cost of capital.

Schedule 9 shows my CAPM calculations using this risk premium. The results are:

	Mean	Median
Proxy Group	8.3%	8.3%
Pritz Group	7.6%	8.0%

Q. WHAT IS YOUR CONCLUSION CONCERNING THE CAPM COST OF EQUITY?

A. The CAPM results collectively indicate a cost of 7.6 percent to 8.3 percent for the groups of comparison utilities. I conclude that the CAPM cost of equity for UNS Electric is 7.6 percent to 8.3 percent.

X. COMPARABLE EARNINGS ANALYSIS

Q. PLEASE DESCRIBE THE BASIS OF THE CE METHODOLOGY.

A. The CE method is derived from the "corresponding risk" standard of the Bluefield and Hope cases. This method is thus based upon the economic concept of opportunity cost. As previously noted, the cost of capital is an opportunity cost: the prospective return available to investors from alternative investments of similar risk.

The CE method is designed to measure the returns expected to be earned on the original cost book value of similar risk enterprises. Thus, this method provides a direct measure of the fair return, because the CE method translates into practice the competitive principle upon which regulation is based.

The CE method normally examines the experienced and/or projected returns on book common equity. The logic for examining returns on book equity follows from the use of original cost rate base regulation for public utilities, which uses a utility's book common equity to determine the cost of capital. This cost of capital is, in turn, used as the fair rate of return which is then applied (multiplied) to the book value of rate base to establish the

dollar level of capital costs to be recovered by the utility. This technique is thus consistent with the rate base methodology used to set utility rates.

Q. HOW HAVE YOU EMPLOYED THE CE METHODOLOGY IN YOUR ANALYSIS OF UNS ELECTRIC'S COMMON EQUITY COST?

A. I conducted the CE methodology by examining realized returns on equity for several groups of companies and evaluating the investor acceptance of these returns by reference to the resulting market-to-book ratios. In this manner it is possible to assess the degree to which a given level of return equates to the cost of capital. It is generally recognized for utilities that market-to-book ratios of greater than one (*i.e.,* 100%) reflect a situation where a company is able to attract new equity capital without dilution (*i.e.*, above book value). As a result, one objective of a fair cost of equity is the maintenance of stock prices above book value.

I would further note that the CE analysis, as I have employed it, is based upon market data (through the use of market-to-book ratios) and is thus essentially a market test. As a result, my analysis is not subject to the criticisms occasionally made by some who maintain that past earned returns do not represent the cost of capital. In addition, my analysis uses prospective returns and thus is not confined to historical data.

Q. WHAT TIME PERIODS HAVE YOU EXAMINED IN YOUR CE ANALYSIS?

A. My CE analysis considers the experienced equity returns of the proxy groups of utilities for the period 1992-2009 (*i.e.,* the last eighteen years). The CE analysis requires that I examine a relatively long period of time in order to determine trends in earnings over at least a full business cycle. Further, in estimating a fair level of return for a future period,

it is important to examine earnings over a diverse period of time in order to avoid any undue influence from unusual or abnormal conditions that may occur in a single year or shorter period. Therefore, in forming my judgment of the current cost of equity I have focused on two periods: 2002-2009 (the current business cycle) and 1992-2001 (the prior business cycle).

Q. PLEASE DESCRIBE YOUR CE ANALYSIS.

A. Schedules 10 and 11 contain summaries of experienced returns on equity for several groups of companies, while Schedule 12 presents a risk comparison of utilities versus unregulated firms.

Schedule 10 shows the earned returns on average common equity and market-to-book ratios for the groups of proxy utilities. These can be summarized as follows:

	Proxy Group	Pritz Group
Historic ROE		
Mean	8.2-10.0%	9.4-10.0%
Median	8.2-11.1%	9.3-11.1%
Historic M/B		
Mean	129-152%	154-157%
Median	120-144%	142-155%
Prospective ROE		
Mean	9.0-9.1%	9.6-10.2%
Median	8.5%	9.5-10.0%

These results indicate that historic returns of 8.2 percent to 11.1 percent have been adequate to produce market-to-book ratios of 120 percent to 157 percent for the groups of proxy utilities. Furthermore, projected returns on equity for 2010 and 2012-2014 are

within a range of 8.5 percent to 10.2 percent for the utility groups. These relate to 2008 market-to-book ratios of 115 percent or higher.

Q. HAVE YOU ALSO REVIEWED EARNINGS OF UNREGULATED FIRMS?

A. Yes. As an alternative, I also examined a group of largely unregulated firms. I have examined the Standard & Poor's 500 Composite group, since this is a well-recognized group of firms that is widely utilized in the investment community and is indicative of the competitive sector of the economy. Schedule 11 presents the earned returns on equity and market-to-book ratios for the S&P 500 group over the past sixteen years. As this Schedule indicates, over the two periods, this group's average earned returns ranged from 13.9 percent to 14.7 percent with market-to-book ratios ranging between 284 percent and 341 percent.

Q. HOW CAN THE ABOVE INFORMATION BE USED TO ESTIMATE THE COST OF EQUITY FOR UNS ELECTRIC?

A. The recent earnings of the proxy utility and S&P 500 groups can be utilized as an indication of the level of return realized and expected in the regulated and competitive sectors of the economy. In order to apply these returns to the cost of equity for proxy utilities, however, it is necessary to compare the risk levels of the utility industry with those of the competitive sector. I have done this in Schedule 12, which compares several risk indicators for the S&P 500 group and the utility groups. The information in this schedule indicates that the S&P 500 group is more risky than the utility proxy groups.

Q. WHAT RETURN ON EQUITY IS INDICATED BY THE CE ANALYSIS?

A. Based on the recent earnings and market-to-book ratios, I believe the CE analysis indicates that the cost of equity for the proxy utilities is no more than 9.5 percent to 10.5 percent. Recent returns of 8.2 percent to 11.1 percent have resulted in market-to-book ratios of 120 and greater. Prospective returns of 8.5 percent to 10.2 percent result in anticipated market-to-book ratios of over 115 percent, again with the higher returns being associated with much higher market-to-book ratios. As a result, it is apparent that returns below this level would result in market-to-book ratios of well above 100 percent. An earned return of 9.5 percent to 10.5 percent should thus result in a market-to-book ratio of over 100 percent. As I indicated earlier, the fact that market-to-book ratios substantially exceed 100 percent indicates that historic and prospective returns of over 10 percent reflect earnings levels that exceed the cost of equity for those regulated companies.

Please also note that my CE analysis is not based on a mathematical formula approach, as are the DCF and CAPM methodologies. Rather, it is based on recent trends and current conditions in equity markets. Further, it is based on the direct relationship between returns on common stock and market-to-book ratios of common stock. In utility rate setting, a fair rate of return is based on the utility's assets (*i.e.*, rate base) and the book value of the utility's capital structure. As stated earlier, maintenance of a financially stable utility's market-to-book ratio at 100%, or a bit higher, is fully adequate to maintain the utility's financial stability. On the other hand, a market price of a utility's common stock that is 150 percent or more above the stock's book value is indicative of earnings that exceed the utility's reasonable cost of capital. Thus, actual or projected earnings do not directly translate into a utility's reasonable cost of equity. Rather, they must be viewed in relation to the market-to-book ratios of the utility's common stock.

My 9.5 percent to 10.5 percent CE recommendation is not designed to result in market-to-book ratios as low as 1.0 for UNS Electric. Rather, it is based on current market conditions and the proposition that ratepayers should not be required to pay rates based on earnings levels that result in excessive market-to-book ratios.

XI. RETURN ON EQUITY RECOMMENDATION

Q. PLEASE SUMMARIZE THE RESULTS OF YOUR THREE COST OF EQUITY ANALYSES.

A. My three methodologies produce the following:

Discounted Cash Flow	9.4-10.1%
Capital Asset Pricing Model	7.6-8.3%
Comparable Earnings	9.5-10.5%

Q. WHAT IS YOUR COST OF EQUITY RECOMMENDATION FOR UNS ELECTRIC?

A. I recommend a cost of equity of 9.5 percent to 10.5 percent for UNS Electric. This range contains the results of two of my three cost of equity model results (i.e., DCF 9.4-10.1% and CA 9.5-10.5%). Within this range, I recommend a 10.0 percent level, the same return on equity approved for UNS Electric in the Company's last rate proceeding.

Q. IT APPEARS THAT YOUR CAPM RESULTS ARE SOMEWHAT LOWER THAN YOUR DCF RESULTS. DOES THIS INDICATE THAT THE CAPM RESULTS SHOULD NOT BE CONSIDERED AT THIS TIME?

A. No, this is not the case. It is apparent that the current CAPM results are lower than the DCF results, as well as being lower than CAPM results in recent years. The two reasons

for the lower CAPM results are the current relatively low yields on U.S. Treasury bonds (i.e., risk-free rate) and the lower risk premium that reflects the decline in stock prices in 2008. However, these currently lower CAPM results are only one-half of the impact of recent economic conditions. The other impact is on the DCF results, which are somewhat higher currently due to the higher yields attributable to the decline in stock prices. It would not be proper to disregard the lower CAPM results while not discounting the higher DCF results.

Q. PLEASE EXPLAIN HOW THE RECENT AND CURRENT ECONOMIC AND FINANCIAL CRISIS IMPACTS THE COST OF EQUITY FOR UNS ELECTRIC.

A. It is well chronicled that, over the past two years, the United States and global financial markets have been in turmoil. The impacts of this have been far-reaching and extreme, with global credit markets virtually coming to a standstill in late 2008 and early 2009. This crisis and its impact, however, do not imply that the cost of equity for electric utilities such as UNS Electric have increased. I say this for the following reasons.

First, it must be emphasized that depressed economic conditions and the financial crisis affect virtually all sectors of the economy – households, small businesses, larger commercial and industrials – and, in most cases, the impact is greater than is the case for UNS Electric. UNS Electric is a regulated utility that sells a product that has no real substitutes and is a product that consumers can do little to control the amount they use. As such, UNS Electric and utilities are partially, if not largely, insulated from the impacts of depressed economic conditions.

Second, a major impact of a recession is to depress the profits of most enterprises. As a result, it is to be expected that capital costs decrease in tandem with a significant recession. There is no justification for increasing the profit level of a regulated utility such as UNS Electric at the same time that other enterprises are experiencing lower profits.

Third, even if UNS Electric were to incur higher costs of debt and/or other capital costs, these costs can be passed along to ratepayers at the next rate proceeding. Unregulated firms cannot do this.

Fourth, there is no indication that UNS Electric's risks have increased since its last rate proceeding. Absent a demonstration that UNS Electric's risks have increased, there is no justification for increasing its cost of equity.

Fifth, the United States and global governments have, and are taking, extraordinary measures to avoid a further worsening of the current market turmoil. Most of these measures are designed to put liquidity into the credit markets and make credit more accessible again and, in the process, restore more confidence to the financial markets. All of these measures are clearly designed to lower the cost of capital. In this environment, it would be counter-productive to make any claim that UNS Electric should have a higher return at this time due to the above-cited market turmoil.

XII. TOTAL COST OF CAPITAL

Q. WHAT IS THE TOTAL COST OF CAPITAL FOR UNS ELECTRIC?

A. Schedule 1 reflects the total cost of capital for the Company using UNS Electric's proposed capital structure and cost of debt along with the range of common equity costs that my analyses support. The resulting total cost of capital is a range of 8.17 percent to 8.63 percent. I recommend that an 8.40 percent total cost of capital be established for UNS Electric.

Q. DOES YOUR COST OF CAPITAL RECOMMENDATION PROVIDE THE COMPANY WITH A SUFFICIENT LEVEL OF EARNINGS TO MAINTAIN ITS FINANCIAL INTEGRITY?

A. Yes, it does. Schedule 14 shows the pre-tax coverage that would result if UNS Electric earned my cost of capital recommendation. As the results indicate, my recommended range would produce a coverage level above the benchmark range for a BBB rated utility. In addition, the debt ratio (which reflects the Company's proposed capital structure) is within the benchmark for a BBB rated utility.

XIII. COMMENTS ON COMPANY TESTIMONY

Q. HAVE YOU REVIEWED THE TESTIMONY AND COST OF CAPITAL RECOMMENDATION OF UNS ELECTRIC WITNESS MARTHA B. PRITZ?

A. Yes, I have. Ms. Pritz is recommending the following cost of capital for UNS Electric.

Capital Item	Percent	Cost	Weighted Cost
Long-term Debt	54.24%	7.05%	3.82%
Common Equity	45.76%	11.40%	5.22%
Total	100.0%		9.04%

Ms. Pritz's 11.4 percent cost of common equity recommendation is derived as follows:

	Conclusion
DCF	12.1%
CAPM	10.1%
Risk Premium	12.0%

Q. DO YOU HAVE ANY COMMENTS CONCERNING MS. PRITZ'S DCF ANALYSIS AND RECOMMENDATIONS?

A. I note that Ms. Pritz's 12.1 percent DCF conclusion is based upon her application of a DCF model to a group of 10 electric utilities.

Q. WHAT IS YOUR UNDERSTANDING OF MS. PRITZ'S DCF METHODOLOGIES AND CONCLUSIONS?

A. Ms. Pritz applies a version of the non-constant growth DCF model. She combines each company's yield with the average of four "short-term" growth rates – three of which are projections of earnings per share ("EPS") growth. It is apparent, however, that Ms. Pritz's short-term DCF growth is deficient because it primarily focuses on only one source of growth - EPS projections. As I indicated in my DCF analysis, it is customary and proper to use alternative measures of growth.

There are several reasons why it is not proper to rely exclusively on analysts' forecasts in a DCF context.

First, it is not realistic to believe that investors rely primarily on a single factor, such as analysts' forecasts, in making their investment decisions. Investors have an abundance of

available information to assist them in evaluating stocks, and EPS forecasts are only one of many such statistics.

Second, Value Line, one of the sources of EPS projections, publishes a large number of individual company data and ratios. Presumably these are published for the consideration of subscribers/investors. It is also apparent that Value Line publishes both historic and forecast data – yet Ms. Pritz focuses on one factor and only the forecast version of this factor.

Third, the vast majority of information available to investors, by both individual companies in the form of annual reports and offering circulars, and by investment publications such as Value Line, is historic data. It is neither realistic nor logical to maintain that investors only consider projected (estimated) data to the exclusion of historic (actual) data.

Fourth, there have been a number of academic studies that indicate that analysts' forecasts have been overly-optimistic in the past. See, for example a 1998 article (in the Financial Analysts Journal, Vol. 54, No. 6, Nov./Dec. 1998, 35-42) titled "Why So Much Error In Analysts' Earnings Forecasts?," by Vijay Kumer Chopra. In this article, the author concluded "Analysts' forecasts of EPS and growth in EPS tend to be overly optimistic." He concluded that analysts' forecasts of EPS over the past 13 years have been more than twice the actual growth rate. Investors are aware of the propensity of analysts to over-estimate EPS forecasts. In addition, the presumption that investors rely only on a single projection implies that investors are unsophisticated and unable to make their own decisions. This also is not rational.

Fifth, the experience over the past two years should be a clear signal to investors that analysts cannot accurately predict EPS levels. Hardly any security analysts predicted the decline in profits that occurred in 2008 and 2009 to-date.

Sixth, the well-publicized financial debacles of Enron and WorldCom demonstrate dramatically how analysts are often either unwilling or incapable of discerning potentially disastrous impacts of a company's projected EPS, and how even current earnings can be distorted by the complex financial machinations of large, aggressive corporations.

Finally, during 2003, ten of the nation's largest securities firms agreed to pay a record $1.4 billion in penalties to settle U.S. government charges involving investor abuses, many of which resulted from analysts' forecasts and recommendations that the government charged were biased and subject to conflicts of interests. This settlement largely grew out of a New York State investigation and reflects the national, and even international, scope of the negative perceptions of analysts' forecasts and recommendations. These, and other, similar investigations and complaints have underscored a growing awareness that analysts' estimates cannot be considered an unbiased source of growth expectations by investors, and this understanding has important implications for a DCF analysis that exclusively incorporates any such estimates.

In summary, investors are now very much aware of recent scandals involving security analysts, including the Enron and WorldCom debacles, conflicts of interest that have resulted in settlements, fines, and public admonishments, as well as other negative

connotations related to the reliability of analysts' forecasts. These problems clearly call into question the reliance of analysts' forecasts as the only source of growth in a DCF context. The landscape has changed in recent years and investors have ample reasons to doubt the reliability of such forecasts at the present time.

Q. PLEASE NOW TURN TO MS. PRITZ'S LONG-TERM DCF GROWTH RATE.

A. The second, or "long-term" stage of her second DCF model relies exclusively on the 6.5 percent GDP growth as the DCF growth rate.

Q. WHAT IS THE SOURCE OF THIS 6.50 PERCENT GDP FIGURE?

A. According to Ms. Pritz, this 6.5 percent Gross Domestic Product ("GDP") growth is the average of real GDP Growth since 1929 plus "implied inflation."

Q. IS THERE ANYTHING INCONSISTENT WITH MS. PRITZ'S USE OF HISTORIC GDP GROWTH IN HER DCF ANALYSES?

A. Yes, there is. All of Ms. Pritz's other growth rates in her short-term DCF analyses (i.e., DPS and EPS growth) reflect projections of future growth. On the other hand, Ms. Pritz only uses historic rates in her GDP growth input. Apparently, she believes it is not proper to use historic growth rates of financial indicators (i.e., EPS growth), but it is proper to use only historic growth rates in her GDP input.

Q. ARE YOU AWARE OF ANY PROJECTIONS OF GDP GROWTH?

A. Yes, I am. There are at least two sources of projections of GDP growth. These are:

- Social Security Administration ("SSA"), and
- Energy Information Administration ("EIA"),

The two organizations cited above are U.S. government-sponsored organizations.

Q. WHAT ARE THE PROJECTIONS OF GDP GROWTH BY THESE TWO ORGANIZATIONS?

A. As of the most recent period available at the time Ms. Pritz was preparing her testimony, the projections of GDP growth by these two organizations were:

SSA – 2008-2085 – 4.4 percent (see Schedule 14)

EIA – 2007-2030 – 4.8 percent (see Schedule 14)

Each of these projections is at about 200 basis points below the 6.50 percent GDP figure used by Ms. Pritz.

Q. WOULD IT BE MORE APPROPRIATE TO USE HISTORIC OR PROJECTED GROWTH RATES OF GDP IN A DCF ANALYSIS SUCH AS THAT BEING USED BY MS. PRITZ?

A. It would be appropriate to use projections of GDP growth, since Ms. Pritz is using projections of the other growth rate indicators.

Q. IS IT REASONABLE TO BELIEVE THAT INVESTORS WOULD EXPECT GDP GROWTH TO BE 6.5 PERCENT, IN SPITE OF MUCH LOWER PROJECTIONS BY THE U.S. GOVERNMENT FORECASTING ORGANIZATIONS?

A. No, it is not.

Q. ARE YOU AWARE OF ANY UTILITY REGULATORY AGENCIES THAT UTILIZE GDP GROWTH AS A COMPONENT IN A DCF ANALYSIS?

A. The only regulatory agency of which I am aware that directly and formally uses GDP growth in a DCF context is the Federal Energy Regulatory Commission ("FERC"). The FERC regularly uses a two-stage DCF model in establishing the cost of equity for interstate natural gas pipelines. The first stage of the FERC two-stage DCF model is 5-year EPS forecasts, while the second stage is GDP projections for 6-25+ years into the future.

Q. HOW MUCH WEIGHT DOES FERC GIVE TO THE GDP GROWTH RATE IN ITS TWO-STAGE DCF MODEL?

A. 33 percent.

Q. ARE YOU AWARE OF ANY REGULATORY AGENCIES THAT USE HISTORIC GDP GROWTH IN A DCF CONTEXT?

A. No.

Q. WHAT ARE YOUR COMMENTS CONCERNING MS. PRITZ'S CAPM ANALYSIS AND CONCLUSIONS?

A. Ms. Pritz's CAPM analysis takes the following form:

Risk-free rate	= 3.83%	=	February 2009 20-yr. T bonds Yield	
Risk Premium	= 6.5%	=	MorningStar risk premium	
Beta		= [1]	=	Value Line
Risk Premium Adj.	= 2.29%			

[1] Beta for each company.

My first disagreement is with Ms. Pritz's risk premium input. My disagreements with Ms. Pritz's risk premium is her exclusive reliance on the 1926-2008 arithmetic average differences between large company stocks (i.e., S&P 500) and long-term Treasury bonds. As I indicated earlier in my testimony, it is preferable to use multiple sources of risk premium measures, as I have done. Ms. Pritz's 6.5 percent risk premium used only arithmetic returns, and ignores geometric (compound) returns in deriving the risk premium component of the CAPM. This is not proper. It is apparent that investors have access to both types of returns, and correspondingly use both types of returns, which they use to make investment decisions.

In fact, it is noteworthy that mutual fund investors regularly receive reports on their own funds, as well as prospective funds they are considering investing in, that show only geometric returns. Based on this, I find it difficult to accept Ms. Pritz's position that only arithmetic returns are considered by investors and, thus, only arithmetic returns are appropriate in a CAPM context.

I also disagree with Ms. Pritz's 6.5 percent risk premium since it improperly used "income returns" from the MorningStar study rather than "total returns." What Ms. Pritz did was compare the differential between total returns for common stocks (i.e., dividends and capital gains) and only the income returns for Treasury bonds. As such, she has ignored the capital gains component of the Treasury bonds return. As I indicated in my earlier testimony, the differential between total returns of common stocks and Treasury bonds is 5.6 percent on an arithmetic basis. In addition, Ms. Pritz's use of the MorningStar study only used half of the reported data (arithmetic means) and ignored the other half of the reported data (geometric means).

I also disagree with Ms. Pritz's 2.29 percent "risk premium adjustment." This adjustment, as described on page 14 of her testimony, reflects the "observed increase in long-term credit spreads" between August 2008 and January 2009. Her rational is based on the following relationships:

Time	Baa Yields	20-Year Treasury Yield	Difference
August, 2008	6.98%	4.50%	2.48%
January, 2009	7.90%	3.13%	4.77%
Change			2.29%

I have previously stated that the "flight to safety" during the timeframe of her January 2009 focal point should not be used as a standard for cost of capital determination. In addition, it is clear that the circumstance she cited no longer is in effect. In September of 2009, the respective yields are:

Baa Utility	6.12%
30-Year Treasury	4.19%
Difference	1.93%

This "spread" is less than existed in August of 2008. As a result, even if Ms. Pritz's logic (which I disagree with) was correct there is no justified "risk premium adjustment" at this time.

Q. WHAT ARE YOUR COMMENTS ABOUT MS. PRITZ'S BOND YIELD PLUS PREMIUM METHOD AND RESULTS?

A. Ms. Pritz's equity risk premium method looks at the relationship between state regulatory commission return on equity awards and corresponding public utility bond yields over the period 2006 – January 2009. On page 16 and MBP-12, she concludes that 4.07 percent reflects the appropriate spread between the cost of equity and utility bond yields, reflecting the yield of Baa utility bonds.

Combining this 4.07 percent equity risk premium with Ms. Pritz's estimate of 7.90 percent for public utility bonds in January of 2009 results in a cost of equity of about 11.97 percent. However, current yields on Baa rated utility bonds are much less at about 6.4 percent and are currently about 6.1 percent. Combining this with the 4.07 percent risk premium would result in a 10.2 percent cost of equity.

XIV. FAIR VALUE RATE BASE COST OF CAPITAL

Q. WHAT IS YOUR UNDERSTANDING OF UNS ELECTRIC'S POSITION ON THE ISSUE OF FAIR VALUE RATE BASE ("FVRB") AND RELATED COST OF CAPITAL IMPLICATIONS?

A. It is my understanding that UNS Electric is requesting that a 6.88 percent cost of capital be applied to the level of its FVRB if the Black Mountain Generating Station ("BMGS") is not purchased and placed in rate base, and is 7.29 percent if BMGS is in rate base (testimony of UNS Electric witness Kentton Grant).

Q. WHAT IS YOUR UNDERSTANDING OF THE COMMISSION'S PROCEDURE FOR UTILIZING THE FAIR VALUE OF RATE BASE IN SETTING UTILITY RATES?

A. My "non-legal understanding" is that the Commission must consider the fair value of a utility's assets in setting rates. However, I do not agree that this implies that the Company's cost of capital must be applied to the fair value of the rate base.

Q. ARE YOU AWARE THAT THE COMMISSION HAS RECENTLY CONDUCTED A "REMAND" HEARING ON THE ISSUE OF REGULATORY TREATMENT OF FVRB FOR CHAPARRAL CITY WATER COMPANY?

A. Yes, I am. In January of 2008, the Commission conducted a public hearing in response to a remand by the Arizona Appeals Court (Appeals No. CA-CC 05-002) decision[2] in Chaparral City Water Company (Docket No. W-02113A-04-0616). The purpose of this hearing was to determine the appropriate cost of capital to be applied to an Arizona utility's fair value rate base. The Commission's Decision No. 70441 in this proceeding established a FVROR by subtracting the inflation rate from the cost of equity.

Q. WHAT IS YOUR UNDERSTANDING OF THE USE OF FVRB IN ARIZONA?

A. My "non-legal understanding" is based in part on the 2006 Arizona Court of Appeals in the Chaparral City case that indicates that the Court agreed with the Commission that "the cost of capital analysis 'is geared to concepts of original cost measures of rate base, not fair value measures of rate base . . . ." The decision goes on to make the following statement: "If the Commission determines that the cost of capital analysis is not the appropriate methodology to determine the rate of return to be applied to the FVRB, the

[2] CA-CC 05-0002, Memorandum Decision dated February 13, 2007.

Commission has the discretion to determine the appropriate methodology." It is correspondingly the purpose of this section of my testimony to recommend an "appropriate methodology" for use in conjunction with a FVRB.

Q. DO YOU HAVE ANY OBSERVATIONS BASED UPON YOUR OWN EXPERIENCE IN COST OF CAPITAL DETERMINATION, AS TO WHETHER A COST OF CAPITAL DEVELOPED FOR APPLICATION TO AN ORIGINAL COST RATE BASE IS CONSISTENT WITH A FVRB?

A. Yes, I do. It is my personal experience, based upon over 35 years of providing cost of capital testimony, that the concept of cost of capital is designed to apply to an original cost rate base. This is the case since the cost of capital is derived from the liabilities/owners' equity side of a utility's balance sheet using the book values of the capital structure components. The cost of capital, once determined, is then applied to (i.e., multiplied by) the rate base, which is derived from the asset side of the balance sheet (i.e., OCRB). From a financial perspective, the rationale for this relationship is that the rate base is financed by the capitalization. Under this relationship, a provision is provided for investors (both lenders and owners) to receive a return on their invested capital. Such a relationship is meaningful as long as the cost of capital is applied to the original cost (i.e., book value) rate base, because there is a matching of rate base and capitalization.

When the concept of fair value rate base is incorporated, however, this link between rate base and capital structure is broken. The amount of fair value rate base that exceeds original cost rate base is not financed with investor-supplied funds and, indeed, is not financed at all. As a result, a customary cost of capital analysis cannot be automatically

applied to the fair value rate base since there is no financial link between the two concepts. In my "non-legal" opinion, both the Commission and Appeals Court have also recognized this lack of compatibility between a customary WCOC analysis and FVRB.

Q. WHY IS IT IMPORTANT THAT THERE BE A LINK BETWEEN THE CONCEPTS OF RATE BASE AND COST OF CAPITAL?

A. This link is important since financial theory indicates that investors should be provided an opportunity to earn a return on the capital they provided to the utility. Since the capital finances the rate base (in an original cost world), the link between cost of capital and rate base satisfies this financial objective.

Q. BASED ON YOUR EXPERIENCE AS A COST OF CAPITAL WITNESS OVER THE PAST 35 YEARS, DO YOU HAVE A SUGGESTION AS TO HOW TO ACCOUNT FOR THE USE OF A FVRB IN SETTING RATES FOR UNS ELECTRIC?

A. Yes, I do. Since the increment between the FVRB and OCRB is not financed with investor-supplied funds, it is logical and appropriate, from a financial standpoint, to assume that this increment has no financing cost. As a result, the cost of capital, through the capital structure, can be modified to account for a level of cost-free capital in an equal dollar amount to the increment of FVRB over the OCRB. Such a procedure would still provide for a return being earned on all investor-supplied funds and would thus be consistent with financial standards.

Q. HAVE YOU MADE SUCH A PROPOSAL IN THIS PROCEEDING?

A. Yes, I have. As is shown below, I have developed a capital structure and FVROR that applies to UNS Electric's FVRB.

Item	Amount (000)	Percent	Cost	Fair Value Return
Long-term Debt	$99,300	36.45%	7.05%	2.57%
Common Equity	83,800	30.76%	10.00%	3.08%
FVRB Increment[3]	89,333	32.79%	0.00%	0.00%
Total FVRB Capital	$272,433	100.00%		5.65%

Applying this 5.65 percent to the FVRB provides for a return on all investor-supplied capital and is therefore an appropriate rate to apply to the FVRB from a financial and economic standpoint. As such, it provides for an appropriate fair value rate of return to be applied to a FVRB.

Q. HAVE YOU DEVELOPED AN ALTERNATIVE METHOD WITH WHICH TO APPLY A FVROR TO A FVRB?

A. Yes, I have. Should the Commission determine that there should be a specific return (greater than zero) applied to the FVRB Increment, I have provided such a procedure.

Q. WHY IS IT NECESSARY TO ADD A RETURN ON ONLY THE PORTION OF FVRB THAT EXCEEDS THE OCRB?

A. The weighted cost of capital ("WCOC") authorized by the Commission has already provided for a full cost of equity return and cost of debt on the portions of equity and debt capital that are supporting the OCRB portion of the FVRB. As a result, there is no need

[3] FVRB ($257,827,400) minus OCRB ($168,494,273), per the Testimony of Utilities Division Staff Witness Fish.

to provide any additional return on the portions of FVRB supported by common equity and debt.

Stated differently, both the cost of debt and the return on common equity (i.e., capital stock, paid-in capital, and retained earnings - the investment of common shareholders) are already provided for in a traditional WCOC. Only the portion of the FVRB that exceeds OCRB ("Fair Value Increment") needs to have a specific return identified in order to reflect a return component on that Fair Value Increment.

Q. WHAT IS THE PROPER COST RATE TO APPLY TO THE FAIR VALUE INCREMENT?

A. As I indicated previously, from a financial perspective, it should not be necessary to provide for <u>any</u> return on the Fair Value Increment since this is not investor-supplied capital. However, I recognize that the Commission might choose to evaluate this issue from both a financial and a public policy perspective. I am aware that UNS Electric may claim that the concept of fair value carries with it the notion that investors should receive some benefit when fair value is greater than original cost and should suffer some detriment when fair value is less than original cost. It is possible that the Commission may determine that Arizona's fair value provision, which is somewhat unique, is not inconsistent with these concepts. Nonetheless, the idea that the Company should receive some benefit from the Fair Value Increment does not mean that one should automatically apply to the FVRB a WCOC developed by reference to original cost rate base. If it is determined that it is desirable to provide an additional (non-zero) return on the Fair Value Increment, the proper return should be no larger than the real (i.e., after inflation is removed) risk-free rate of return.

Q. WHAT IS THE RISK-FREE RETURN?

A. The risk-free return is, in financial terms, the return on an investment that carries little or no risk. Risk-free investments are universally defined as U.S. Treasury Securities, with short-term maturities usually being used as the risk-free rate. Over the past several months, various maturities of U.S. Treasury securities have yielded from about 0.10 percent (short-term) to 4.5 percent (long-term) in nominal terms. I also note that 2010-2011 forecasts of U.S. Treasury securities are about 1.0 percent to 5.0 percent. As a result, I use 5.0 percent as the nominal risk-free rate.

Q. WHAT IS THE "REAL" RISK-FREE RATE?

A. The concept of real rates involves the removal of the rate of inflation from the nominal risk-free rate. In 2008, the rate of inflation, as measured by the Consumer Price Index ("CPI'), was 0.1 percent. Forecasts of the CPI for 2009-2010 are about 1.3 percent to 2.1 percent. As a result, I propose to use a 2.0 percent inflation rate for computing the real risk-free rate, which is computed as follows:

Nominal Risk-Free Rate	5.0%
Less: Inflation Rate	2.0%
Equals: Real Risk-Free Rate	3.0%

Q. PLEASE EXPLAIN WHY UNS ELECTRIC'S FVROR SHOULD CONSIDER THE REAL RISK-FREE RATE, AS OPPOSED TO THE NOMINAL RISK-FREE RATE.

A. The investors of UNS Electric are already receiving an inflation factor due to the inclusion of inflation in the FVRB Increment. Specifically, the Fair Value Increment

incorporates inflation by considering the current value of assets, which reflect, in part, past inflation. It would be double-counting to also include the inflation components in the return to be applied to the FVRB Increment.

Q. WHAT RETURN ON THE FAIR VALUE INCREMENT DO YOU RECOMMEND IN YOUR ALTERNATIVE FVROR PROPOSAL?

A. My alternative FVROR proposal incorporates a return on the Fair Value Increment with a maximum value of 3.0 percent, as developed above. However, I wish to emphasize that this 3.0 percent value is the maximum value that could be applied to the FVRB Increment. In reality, any value between zero percent and 3.0 percent could be used as the cost rate on the FVRB Increment. As I stated above, this Fair Value Increment return is in addition to the return that the Company's investors already earn on their investment in the Company. In this sense, an above-zero cost rate for the fair value increment represents a bonus to the Company that would have to find its justification in policy considerations instead of in pure economic or financial principles; for that reason, the selection of an appropriate cost rate within this range should fall to the Commission's discretion. I would propose the mid-point of this range, or 1.50 percent.

Q. WHAT IS THE RESULTING IMPACT OF YOUR ALTERNATIVE PROPOSAL IN THIS PROCEEDING?

A. I am proposing the following modified FVROR for UNS Electric:

Capital Item	Percent	Cost	Return
Long-term Debt	36.45%	7.05%	2.57%
Common Equity	30.76%	10.00%	3.08%
FVRB Increment	32.79%	1.50%	0.34%
Total	100.00%		5.99%

As shown in the above table, this alternative proposal provides for a non-zero return on the Fair Value Increment of UNS Electric, and provides for an overall fair value rate of return of 5.99 percent on the FVRB.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

BACKGROUND AND EXPERIENCE PROFILE
DAVID C. PARCELL, MBA, CRRA
PRESIDENT/SENIOR ECONOMIST

EDUCATION

1985	M.B.A., Virginia Commonwealth University
1970	M.A., Economics, Virginia Polytechnic Institute and State University, (Virginia Tech)
1969	B.A., Economics, Virginia Polytechnic Institute and State University, (Virginia Tech)

POSITIONS

2007-Present	President, Technical Associates, Inc.
1995-2007	Executive Vice President and Senior Economist, Technical Associates, Inc.
1993-1995	Vice President and Senior Economist, C. W. Amos of Virginia
1972-1993	Vice President and Senior Economist, Technical Associates, Inc.
1969-1972	Research Economist, Technical Associates, Inc.
1968-1969	Research Associate, Department of Economics, Virginia Polytechnic Institute and State University

ACADEMIC HONORS

Omicron Delta Epsilon - Honor Society in Economics
Beta Gamma Sigma - National Scholastic Honor Society of Business Administration
Alpha Iota Delta - National Decision Sciences Honorary Society
Phi Kappa Phi - Scholastic Honor Society

PROFESSIONAL DESIGNATION

Certified Rate of Return Analyst - Founding Member

RELEVANT EXPERIENCE

Financial Economics -- Advised and assisted many Virginia banks and savings and loan associations on organizational and regulatory matters. Testified approximately 25 times before the Virginia State Corporation Commission and the Regional Administrator of

National Banks on matters related to branching and organization for banks, savings and loan associations, and consumer finance companies. Advised financial institutions on interest rate structure and loan maturity. Testified before Virginia State Corporation Commission on maximum rates for consumer finance companies.

Testified before several committees and subcommittees of Virginia General Assembly on numerous banking matters.

Clients have included First National Bank of Rocky Mount, Patrick Henry National Bank, Peoples Bank of Danville, Blue Ridge Bank, Bank of Essex, and Signet Bank.

Published articles in law reviews and other periodicals on structure and regulation of banking/financial services industry.

Utility Economics -- Performed numerous financial studies of regulated public utilities. Testified in over 300 cases before some thirty state and federal regulatory agencies.

Prepared numerous rate of return studies incorporating cost of equity determination based on DCF, CAPM, comparable earnings and other models. Developed procedures for identifying differential risk characteristics by nuclear construction and other factors.

Conducted studies with respect to cost of service and indexing for determining utility rates, the development of annual review procedures for regulatory control of utilities, fuel and power plant cost recovery adjustment clauses, power supply agreements among affiliates, utility franchise fees, and use of short-term debt in capital structure.

Presented expert testimony before federal regulatory agencies Federal Energy Regulatory Commission, Federal Power Commission, and National Energy Board (Canada), state regulatory agencies in Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Maine, Maryland, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, Ohio, Oklahoma, Ontario (Canada), Pennsylvania, South Carolina, Texas, Utah, Vermont, Virginia, West Virginia, Washington, Wisconsin, and Yukon Territory (Canada).

Published articles in law reviews and other periodicals on the theory and purpose of regulation and other regulatory subjects.

Clients served include state regulatory agencies in Alaska, Arizona, Delaware, Missouri, North Carolina, Ontario (Canada), and Virginia; consumer advocates and attorneys general in Alabama, Arizona, District of Columbia, Florida, Georgia, Hawaii, Illinois,

Indiana, Kansas, Kentucky, Maryland, Nevada, New Mexico, Ohio, Oklahoma, Pennsylvania, South Carolina, Texas, Utah, Vermont, Virginia, and West Virginia; federal agencies including Defense Communications Agency, the Department of Energy, Department of the Navy, and General Services Administration; and various organizations such as Bath Iron Works, Illinois Citizens' Utility Board, Illinois Governor's Office of Consumer Services, Illinois Small Business Utility Advocate, Wisconsin's Environmental Decade, Wisconsin's Citizens Utility Board, and Old Dominion Electric Cooperative.

Insurance Economics -- Conducted analyses of the relationship between the investment income earned by insurance companies on their portfolios and the premiums charged for insurance. Analyzed impact of diversification on financial strength of Blue Cross/Blue Shield Plans in Virginia.

Conducted studies of profitability and cost of capital for property/casualty insurance industry. Evaluated risk of and required return on surplus for various lines of insurance business.

Presented expert testimony before Virginia State Corporation Commission concerning cost of capital and expected gains from investment portfolio. Testified before insurance bureaus of Maine, New Jersey, North Carolina, Rhode Island, South Carolina and Vermont concerning cost of equity for insurance companies.

Prepared cost of capital and investment income return analyses for numerous insurance companies concerning several lines of insurance business. Analyses used by Virginia Bureau of Insurance for purposes of setting rates.

Special Studies -- Conducted analyses which evaluated the financial and economic implications of legislative and administrative changes. Subject matter of analyses include returnable bottles, retail beer sales, wine sales regulations, taxi-cab taxation, and bank regulation. Testified before several Virginia General Assembly subcommittees.

Testified before Virginia ABC Commission concerning economic impact of mixed beverage license.

Clients include Virginia Beer Wholesalers, Wine Institute, Virginia Retail Merchants Association, and Virginia Taxicab Association.

Franchise, Merger & Anti-Trust Economics -- Conducted studies on competitive impact on market structures due to joint ventures, mergers, franchising and other business restructuring. Analyzed the costs and benefits to parties involved in mergers. Testified

in federal courts and before banking and other regulatory bodies concerning the structure and performance of markets, as well as on the impact of restrictive practices.

Clients served include Dominion Bankshares, asphalt contractors, and law firms.

Transportation Economics -- Conducted cost of capital studies to assess profitability of oil pipelines, trucks, taxicabs and railroads. Analyses have been presented before the Federal Energy Regulatory Commission and Alaska Pipeline Commission in rate proceedings. Served as a consultant to the Rail Services Planning Office on the reorganization of rail services in the U.S.

Economic Loss Analyses -- Testified in federal courts, state courts, and other adjudicative forums regarding the economic loss sustained through personal and business injury whether due to bodily harm, discrimination, non-performance, or anticompetitive practices. Testified on economic loss to a commercial bank resulting from publication of adverse information concerning solvency. Testimony has been presented on behalf of private individuals and business firms.

MEMBERSHIPS

American Economic Association
Virginia Association of Economists
Richmond Society of Financial Analysts
Financial Analysts Federation
Society of Utility and Regulatory Financial Analysts

Board of Directors	1992-2000
Secretary/Treasurer	1994-1998
President	1998-2000

RESEARCH ACTIVITY

Books and Major Research Reports

"Stock Price As An Indicator of Performance," Master of Arts Thesis, Virginia Tech, 1970

"Revision of the Property and Casualty Insurance Ratemaking Process Under Prior Approval in the Commonwealth of Virginia," prepared for the Bureau of Insurance of the Virginia State Corporation Commission, with Charles Schotta and Michael J. Ileo, 1971

"An analysis of the Virginia Consumer Finance Industry to Determine the Need for Restructuring the Rate and Size Ceilings on Small Loans in Virginia and the Process by which They are Governed," prepared for the Virginia Consumer Finance Association, with Michael J. Ileo, 1973

State Banks and the State Corporation Commission: A Historical Review, Technical Associates, Inc., 1974

"A Study of the Implications of the Sale of Wine by the Virginia Department of Alcoholic Beverage Control", prepared for the Virginia Wine Wholesalers Association, Virginia Retail Merchants Association, Virginia Food Dealers Association, Virginia Association of Chain Drugstores, Southland Corporation, and the Wine Institute, 1983.

"Performance and Diversification of the Blue Cross/Blue Shield Plans in Virginia: An Operational Review", prepared for the Bureau of Insurance of the Virginia State Corporation Commission, with Michael J. Ileo and Alexander F. Skirpan, 1988.

The Cost of Capital - A Practitioners' Guide, Society of Utility and Regulatory Financial Analysts, 1997 (previous editions in 1991, 1992, 1993, 1994, and 1995).

Papers Presented and Articles Published

"The Differential Effect of Bank Structure on the Transmission of Open Market Operations," Western Economic Association Meeting, with Charles Schotta, 1971

"The Economic Objectives of Regulation: The Trend in Virginia," (with Michael J. Ileo), William and Mary Law Review, Vol. 14, No. 2, 1973

"Evolution of the Virginia Banking Structure, 1962-1974: The Effects of the Buck-Holland Bill", (with Michael J. Ileo), William and Mary Law Review, Vol. 16, No. 3, 1975

"Banking Structure and Statewide Branching: The Potential for Virginia", William and Mary Law Review, Vol. 18, No. 1, 1976

"Bank Expansion and Electronic Banking: Virginia Banking Structure Changes Past, Present, and Future," William and Mary Business Review," Vol. 1, No. 2, 1976

"Electronic Banking - Wave of the Future?" (with James R. Marchand), Journal of Management and Business Consulting, Vol. 1, No. 1, 1976

"The Pricing of Electricity" (with James R. Marchand), Journal of Management and Business Consulting, Vol. 1, No. 2, 1976

"The Public Interest - Bank and Savings and Loan Expansion in Virginia" (with Richard D. Rogers), University of Richmond Law Review, Vol. 11, No. 3, 1977

"When Is It In the 'Public Interest' to Authorize a New Bank?", University of Richmond Law Review, Vol. 13, No. 3, 1979

"Banking Deregulation and Its Implications on the Virginia Banking Structure," William and Mary Business Review, Vol. 5, No. 1, 1983

"The Impact of Reciprocal Interstate Banking Statutes on The Performance of Virginia Bank Stocks", with William B. Harrison, Virginia Social Science Journal, Vol. 23, 1988

"The Financial Performance of New Banks in Virginia", Virginia Social Science Journal, Vol. 24, 1989

"Identifying and Managing Community Bank Performance After Deregulation", with William B. Harrison, Journal of Managerial Issues, Vol. II, No. 2, Summer 1990

"The Flotation Cost Adjustment To Utility Cost of Common Equity - Theory, Measurement and Implementation," presented at Twenty-Fifth Financial Forum, National Society of Rate of Return Analysts, Philadelphia, Pennsylvania, April 28, 1993.

Biography of Myon Edison Bristow, Dictionary of Virginia Biography, Volume 2, 2001.

Exhibit___(DCP-1)
Schedule 1

UNS ELECTRIC INC
TOTAL COST OF CAPITAL

Item	Percent	Cost			Weighted Cost		
Long-Term Debt	54.24%		7.05%			3.82%	-
Common Equity	45.76%	9.50%	-	10.50%	4.35%		4.80%
Total	100.00%				8.17%		8.63%
						8.40%	**With 10.0% ROE**

ECONOMIC INDICATORS

Year	Real GDP Growth*	Industrial Production Growth	Un-employment Rate	Consumer Price Index	Producer Price Index
			1975 - 1982 Cycle		
1975	-1.1%	-8.9%	8.5%	7.0%	6.6%
1976	5.4%	10.8%	7.7%	4.8%	3.7%
1977	5.5%	5.9%	7.0%	6.8%	6.9%
1978	5.0%	5.7%	6.0%	9.0%	9.2%
1979	2.8%	4.4%	5.8%	13.3%	12.8%
1980	-0.2%	-1.9%	7.0%	12.4%	11.8%
1981	1.8%	1.9%	7.5%	8.9%	7.1%
1982	-2.1%	-4.4%	9.5%	3.8%	3.6%
			1983 - 1991 Cycle		
1983	4.0%	3.7%	9.5%	3.8%	0.6%
1984	6.8%	9.3%	7.5%	3.9%	1.7%
1985	3.7%	1.7%	7.2%	3.8%	1.8%
1986	3.1%	0.9%	7.0%	1.1%	-2.3%
1987	2.9%	4.9%	6.2%	4.4%	2.2%
1988	3.8%	4.5%	5.5%	4.4%	4.0%
1989	3.5%	1.8%	5.3%	4.6%	4.9%
1990	1.8%	-0.2%	5.6%	6.1%	5.7%
1991	-0.5%	-2.0%	6.8%	3.1%	-0.1%
			1992 - 2001 Cycle		
1992	3.0%	3.1%	7.5%	2.9%	1.6%
1993	2.7%	3.3%	6.9%	2.7%	0.2%
1994	4.0%	5.4%	6.1%	2.7%	1.7%
1995	2.5%	4.8%	5.6%	2.5%	2.3%
1996	3.7%	4.3%	5.4%	3.3%	2.8%
1997	4.5%	7.2%	4.9%	1.7%	-1.2%
1998	4.2%	6.1%	4.5%	1.6%	0.0%
1999	4.8%	4.3%	4.2%	2.7%	2.9%
2000	4.1%	4.2%	4.0%	3.4%	3.6%
2001	1.1%	-3.4%	4.7%	1.6%	-1.6%
			Current Cycle		
2002	1.8%	-0.1%	5.8%	2.4%	1.2%
2003	2.5%	1.3%	6.0%	1.9%	4.0%
2004	3.6%	2.5%	5.5%	3.3%	4.2%
2005	3.1%	3.3%	5.1%	3.4%	5.4%
2006	2.7%	2.3%	4.6%	2.5%	1.1%
2007	2.1%	1.5%	4.6%	4.1%	6.2%
2008	0.4%	-2.2%	5.8%	0.1%	-0.9%

*GDP=Gross Domestic Product

Source: Council of Economic Advisors, Economic Indicators, various issues.

ECONOMIC INDICATORS

Year	Real GDP Growth*	Industrial Production Growth	Un-employment Rate	Consumer Price Index	Producer Price Index
2002					
1st Qtr.	2.7%	-3.8%	5.6%	2.8%	4.4%
2nd Qtr.	2.2%	-1.2%	5.9%	0.9%	-2.0%
3rd Qtr.	2.4%	0.8%	5.8%	2.4%	1.2%
4th Qtr.	0.2%	1.4%	5.9%	1.6%	0.4%
2003					
1st Qtr.	1.2%	1.1%	5.8%	4.8%	5.6%
2nd Qtr.	3.5%	-0.9%	6.2%	0.0%	-0.5%
3rd Qtr.	7.5%	-0.9%	6.1%	3.2%	3.2%
4th Qtr.	2.7%	1.5%	5.9%	-0.3%	2.8%
2004					
1st Qtr.	3.0%	2.8%	5.6%	5.2%	5.2%
2nd Qtr.	3.5%	4.9%	5.6%	4.4%	4.4%
3rd Qtr.	3.6%	4.6%	5.4%	0.8%	0.8%
4th Qtr.	2.5%	4.3%	5.4%	3.6%	7.2%
2005					
1st Qtr.	4.1%	3.8%	5.3%	4.4%	5.6%
2nd Qtr.	1.7%	3.0%	5.1%	1.6%	-0.4%
3rd Qtr.	3.1%	2.7%	5.0%	8.8%	14.0%
4th Qtr.	2.1%	2.9%	4.9%	-2.0%	4.0%
2006					
1st Qtr.	5.4%	3.4%	4.7%	4.8%	-0.2%
2nd Qtr.	1.4%	4.5%	4.6%	4.8%	5.6%
3rd Qtr.	0.1%	5.2%	4.7%	0.4%	-4.4%
4th Qtr.	3.0%	3.5%	4.5%	0.0%	3.6%
2007					
1st Qtr.	1.2%	2.5%	4.5%	4.8%	6.4%
2nd Qtr.	3.2%	1.6%	4.5%	5.2%	6.8%
3rd Qtr.	3.6%	1.8%	4.6%	1.2%	1.2%
4th Qtr.	2.1%	1.7%	4.8%	5.6%	12.8%
2008					
1st Qtr.	-0.7%	1.8%	4.9%	2.8%	9.6%
2nd Qtr.	1.5%	-0.4%	5.4%	7.6%	14.0%
3rd Qtr.	-2.7%	-3.2%	6.1%	2.8%	-0.4%
4th Qtr.	-5.4%	-6.7%	6.9%	-13.2%	-28.4%
2009					
1st Qtr.	-6.4%	-11.6%	8.1%	2.4%	-1.2%
2nd Qtr.	-0.7%	-13.0%	9.3%	3.2%	8.8%
3rd Qtr.			9.6%		

Source: Council of Economic Advisors, Economic Indicators, various issues.

INTEREST RATES

Year	Prime Rate	US Treas T Bills 3 Month	US Treas T Bonds 10 Year	Utility Bonds Aaa	Utility Bonds Aa	Utility Bonds A	Utility Bonds Baa
			1975 - 1982 Cycle				
1975	7.86%	5.84%	7.99%	9.03%	9.44%	10.09%	10.96%
1976	6.84%	4.99%	7.61%	8.63%	8.92%	9.29%	9.82%
1977	6.83%	5.27%	7.42%	8.19%	8.43%	8.61%	9.06%
1978	9.06%	7.22%	8.41%	8.87%	9.10%	9.29%	9.62%
1979	12.67%	10.04%	9.44%	9.86%	10.22%	10.49%	10.96%
1980	15.27%	11.51%	11.46%	12.30%	13.00%	13.34%	13.95%
1981	18.89%	14.03%	13.93%	14.64%	15.30%	15.95%	16.60%
1982	14.86%	10.69%	13.00%	14.22%	14.79%	15.86%	16.45%
			1983 - 1991 Cycle				
1983	10.79%	8.63%	11.10%	12.52%	12.83%	13.66%	14.20%
1984	12.04%	9.58%	12.44%	12.72%	13.66%	14.03%	14.53%
1985	9.93%	7.48%	10.62%	11.68%	12.06%	12.47%	12.96%
1986	8.33%	5.98%	7.68%	8.92%	9.30%	9.58%	10.00%
1987	8.21%	5.82%	8.39%	9.52%	9.77%	10.10%	10.53%
1988	9.32%	6.69%	8.85%	10.05%	10.26%	10.49%	11.00%
1989	10.87%	8.12%	8.49%	9.32%	9.56%	9.77%	9.97%
1990	10.01%	7.51%	8.55%	9.45%	9.65%	9.86%	10.06%
1991	8.46%	5.42%	7.86%	8.85%	9.09%	9.36%	9.55%
			1992 - 2001 Cycle				
1992	6.25%	3.45%	7.01%	8.19%	8.55%	8.69%	8.86%
1993	6.00%	3.02%	5.87%	7.29%	7.44%	7.59%	7.91%
1994	7.15%	4.29%	7.09%	8.07%	8.21%	8.31%	8.63%
1995	8.83%	5.51%	6.57%	7.68%	7.77%	7.89%	8.29%
1996	8.27%	5.02%	6.44%	7.48%	7.57%	7.75%	8.16%
1997	8.44%	5.07%	6.35%	7.43%	7.54%	7.60%	7.95%
1998	8.35%	4.81%	5.26%	6.77%	6.91%	7.04%	7.26%
1999	8.00%	4.66%	5.65%	7.21%	7.51%	7.62%	7.88%
2000	9.23%	5.85%	6.03%	7.88%	8.06%	8.24%	8.36%
2001	6.91%	3.45%	5.02%	7.47%	7.59%	7.78%	8.02%
			Current Cycle				
2002	4.67%	1.62%	4.61%	[1]	7.19%	7.37%	8.02%
2003	4.12%	1.02%	4.01%		6.40%	6.58%	6.84%
2004	4.34%	1.38%	4.27%		6.04%	6.16%	6.40%
2005	6.19%	3.16%	4.29%		5.44%	5.65%	5.93%
2006	7.96%	4.73%	4.80%		5.84%	6.07%	6.32%
2007	8.05%	4.41%	4.63%		5.94%	6.07%	6.33%
2008	5.09%	1.48%	3.66%		6.18%	6.53%	7.25%

[1] Note: Moody's has not published Aaa utility bond yields since 2001.

Sources: Council of Economic Advisors, Economic Indicators; Moody's Bond Record; Federal Reserve Bulletin; various issues.

INTEREST RATES

Year	Prime Rate	US Treas T Bills 3 Month	US Treas T Bonds 10 Year	Utility Bonds Aa	Utility Bonds A	Utility Bonds Baa
2003						
Jan	4.25%	1.17%	4.05%	6.87%	7.06%	7.47%
Feb	4.25%	1.16%	3.90%	6.66%	6.93%	7.17%
Mar	4.25%	1.13%	3.81%	6.56%	6.79%	7.05%
Apr	4.25%	1.14%	3.96%	6.47%	6.64%	6.94%
May	4.25%	1.08%	3.57%	6.20%	6.36%	6.47%
June	4.00%	0.95%	3.33%	6.12%	6.21%	6.30%
July	4.00%	0.90%	3.98%	6.37%	6.57%	6.67%
Aug	4.00%	0.96%	4.45%	6.48%	6.78%	7.08%
Sept	4.00%	0.95%	4.27%	6.30%	6.56%	6.87%
Oct	4.00%	0.93%	4.29%	6.28%	6.43%	6.79%
Nov	4.00%	0.94%	4.30%	6.26%	6.37%	6.69%
Dec	4.00%	0.90%	4.27%	6.18%	6.27%	6.61%
2004						
Jan	4.00%	0.89%	4.15%	6.06%	6.15%	6.47%
Feb	4.00%	0.92%	4.08%	6.10%	6.15%	6.28%
Mar	4.00%	0.94%	3.83%	5.93%	5.97%	6.12%
Apr	4.00%	0.94%	4.35%	6.33%	6.35%	6.46%
May	4.00%	1.04%	4.72%	6.66%	6.62%	6.75%
June	4.00%	1.27%	4.73%	6.30%	6.46%	6.84%
July	4.25%	1.35%	4.50%	6.09%	6.27%	6.67%
Aug	4.50%	1.48%	4.28%	5.95%	6.14%	6.45%
Sept	4.75%	1.65%	4.13%	5.79%	5.98%	6.27%
Oct	4.75%	1.75%	4.10%	5.74%	5.94%	6.17%
Nov	5.00%	2.06%	4.19%	5.79%	5.97%	6.16%
Dec	5.25%	2.20%	4.23%	5.78%	5.92%	6.10%
2005						
Jan	5.25%	2.32%	4.22%	5.68%	5.78%	5.95%
Feb	5.50%	2.53%	4.17%	5.55%	5.61%	5.76%
Mar	5.75%	2.75%	4.50%	5.76%	5.83%	6.01%
Apr	5.75%	2.79%	4.34%	5.56%	5.64%	5.95%
May	6.00%	2.86%	4.14%	5.39%	5.53%	5.88%
June	6.25%	2.99%	4.00%	5.05%	5.40%	5.70%
July	6.25%	3.22%	4.18%	5.18%	5.51%	5.81%
Aug	6.50%	3.45%	4.26%	5.23%	5.50%	5.80%
Sept	6.75%	3.47%	4.20%	5.27%	5.52%	5.83%
Oct	6.75%	3.70%	4.46%	5.50%	5.79%	6.08%
Nov	7.00%	3.90%	4.54%	5.59%	5.88%	6.19%
Dec	7.25%	3.89%	4.47%	5.55%	5.80%	6.14%
2006						
Jan	7.50%	4.20%	4.42%	5.50%	5.75%	6.06%
Feb	7.50%	4.41%	4.57%	5.55%	5.82%	6.11%
Mar	7.75%	4.51%	4.72%	5.71%	5.98%	6.26%
Apr	7.75%	4.59%	4.99%	6.02%	6.29%	6.54%
May	8.00%	4.72%	5.11%	6.16%	6.42%	6.59%
June	8.25%	4.79%	5.11%	6.16%	6.40%	6.61%
July	8.25%	4.96%	5.09%	6.13%	6.37%	6.61%
Aug	8.25%	4.98%	4.88%	5.97%	6.20%	6.43%
Sept	8.25%	4.82%	4.72%	5.81%	6.00%	6.26%
Oct	8.25%	4.89%	4.73%	5.80%	5.98%	6.24%
Nov	8.25%	4.95%	4.60%	5.61%	5.80%	6.04%
Dec	8.25%	4.85%	4.56%	5.62%	5.81%	6.05%
2007						
Jan	8.25%	4.96%	4.76%	5.78%	5.96%	6.16%
Feb	8.25%	5.02%	4.72%	5.73%	5.90%	6.10%
Mar	8.25%	4.97%	4.56%	5.66%	5.85%	6.10%
Apr	8.25%	4.88%	4.69%	5.83%	5.97%	6.24%
May	8.25%	4.77%	4.75%	5.86%	5.99%	6.23%
June	8.25%	4.63%	5.10%	6.18%	6.30%	6.54%
July	8.25%	4.84%	5.00%	6.11%	6.25%	6.49%
Aug	8.25%	4.34%	4.67%	6.11%	6.24%	6.51%
Sept	7.75%	4.01%	4.52%	6.10%	6.18%	6.45%
Oct	7.50%	3.97%	4.53%	6.04%	6.11%	6.36%
Nov	7.50%	3.49%	4.15%	5.87%	5.97%	6.27%
Dec	7.25%	3.08%	4.10%	6.03%	6.16%	6.51%
2008						
Jan	6.00%	2.86%	3.74%	5.87%	6.02%	6.35%
Feb	6.00%	2.21%	3.74%	6.04%	6.21%	6.60%
Mar	5.25%	1.38%	3.51%	5.99%	6.21%	6.68%
Apr	5.00%	1.32%	3.68%	5.99%	6.29%	6.82%
May	5.00%	1.71%	3.88%	6.07%	6.27%	6.79%
June	5.00%	1.90%	4.10%	6.19%	6.38%	6.93%
July	5.00%	1.72%	4.01%	6.13%	6.40%	6.97%
Aug	5.00%	1.79%	3.89%	6.09%	6.37%	6.98%
Sept	5.00%	1.46%	3.69%	6.13%	6.49%	7.15%
Oct	4.00%	0.84%	3.81%	6.95%	7.56%	8.58%
Nov	4.00%	0.30%	3.53%	6.83%	7.60%	8.98%
Dec	3.25%	0.04%	2.42%	5.93%	6.54%	8.13%
2009						
Jan	3.25%	0.12%	2.52%	6.01%	6.39%	7.90%
Feb	3.25%	0.31%	2.87%	6.11%	6.30%	7.74%
Mar	3.25%	0.25%	2.82%	6.14%	6.42%	8.00%
Apr	3.25%	0.17%	2.93%	6.20%	6.48%	8.03%
May	3.25%	0.15%	3.29%	6.23%	6.49%	7.76%
June	3.25%	0.17%	3.72%	6.13%	6.20%	7.30%
July	3.25%	0.19%	3.56%	5.63%	5.97%	6.87%
Aug	3.25%	0.18%	3.59%	5.33%	5.71%	6.36%
Sept	3.25%	0.13%	3.40%	5.15%	5.53%	6.12%

Note: Moody's has not published Aaa utility bond yields since 2001.

Sources: Council of Economic Advisors, Economic Indicators; Moody's Bond Record; Federal Reserve Bulletin; various issues.

STOCK PRICE INDICATORS

Year	S&P Composite [1]	NASDAQ Composite [1]	DJIA	S&P D/P	S&P E/P
		1975 - 1982 Cycle			
1975			802.49	4.31%	9.15%
1976			974.92	3.77%	8.90%
1977			894.63	4.62%	10.79%
1978			820.23	5.28%	12.03%
1979			844.40	5.47%	13.46%
1980			891.41	5.26%	12.66%
1981			932.92	5.20%	11.96%
1982			884.36	5.81%	11.60%
		1983 - 1991 Cycle			
1983			1,190.34	4.40%	8.03%
1984			1,178.48	4.64%	10.02%
1985			1,328.23	4.25%	8.12%
1986			1,792.76	3.49%	6.09%
1987			2,275.99	3.08%	5.48%
1988	[1]	[1]	2,060.82	3.64%	8.01%
1989	322.84		2,508.91	3.45%	7.41%
1990	334.59		2,678.94	3.61%	6.47%
1991	376.18	491.69	2,929.33	3.24%	4.79%
		1992 - 2001 Cycle			
1992	415.74	599.26	3,284.29	2.99%	4.22%
1993	451.21	715.16	3,522.06	2.78%	4.46%
1994	460.42	751.65	3,793.77	2.82%	5.83%
1995	541.72	925.19	4,493.76	2.56%	6.09%
1996	670.50	1,164.96	5,742.89	2.19%	5.24%
1997	873.43	1,469.49	7,441.15	1.77%	4.57%
1998	1,085.50	1,794.91	8,625.52	1.49%	3.46%
1999	1,327.33	2,728.15	10,464.88	1.25%	3.17%
2000	1,427.22	3,783.67	10,734.90	1.15%	3.63%
2001	1,194.18	2,035.00	10,189.13	1.32%	2.95%
		Current Cycle			
2002	993.94	1,539.73	9,226.43	1.61%	2.92%
2003	965.23	1,647.17	8,993.59	1.77%	3.84%
2004	1,130.65	1,986.53	10,317.39	1.72%	4.89%
2005	1,207.23	2,099.32	10,547.67	1.83%	5.36%
2006	1,310.46	2,263.41	11,408.67	1.87%	5.78%
2007	1,477.19	2,578.47	13,169.98	1.86%	5.29%
2008	1,220.04	2,161.65	11,252.62	2.37%	3.55%

[1] Note: this source did not publish the S&P Composite prior to 1988 and the NASDAQ Composite prior to 1991.

Source: Council of Economic Advisors, Economic Indicators, various issues.

STOCK PRICE INDICATORS

YEAR	S&P Composite	NASDAQ Composite	DJIA	S&P D/P	S&P E/P
2002					
1st Qtr.	1,131.56	1,879.85	10,105.27	1.39%	2.15%
2nd Qtr.	1,068.45	1,641.53	9,912.70	1.49%	2.70%
3rd Qtr.	894.65	1,308.17	8,487.59	1.76%	3.68%
4th Qtr.	887.91	1,346.07	8,400.17	1.79%	3.14%
2003					
1st Qtr.	860.03	1,350.44	8,122.83	1.89%	3.57%
2nd Qtr.	938.00	1,521.92	8,684.52	1.75%	3.55%
3rd Qtr.	1,000.50	1,765.96	9,310.57	1.74%	3.87%
4th Qtr.	1,056.42	1,934.71	9,856.44	1.69%	4.38%
2004					
1st Qtr.	1,133.29	2,041.95	10,488.43	1.64%	4.62%
2nd Qtr.	1,122.87	1,984.13	10,289.04	1.71%	4.92%
3rd Qtr.	1,104.15	1,872.90	10,129.85	1.79%	5.18%
4th Qtr.	1,162.07	2,050.22	10,362.25	1.75%	4.83%
2005					
1st Qtr.	1,191.98	2,056.01	10,648.48	1.77%	5.11%
2nd Qtr.	1,181.65	2,012.24	10,382.35	1.85%	5.32%
3rd Qtr.	1,225.91	2,144.61	10,532.24	1.83%	5.42%
4th Qtr.	1,262.07	2,246.09	10,827.79	1.86%	5.60%
2006					
1st Qtr.	1,283.04	2,287.97	10,996.04	1.85%	5.61%
2nd Qtr.	1,281.77	2,240.46	11,188.84	1.90%	5.86%
3rd Qtr.	1,288.40	2,141.97	11,274.49	1.91%	5.88%
4th Qtr.	1,389.48	2,390.26	12,175.30	1.81%	5.75%
2007					
1st Qtr.	1,425.30	2,444.85	12,470.97	1.84%	5.85%
2nd Qtr.	1,496.43	2,552.37	13,214.26	1.82%	5.65%
3rd Qtr.	1,490.81	2,609.68	13,488.43	1.86%	5.15%
4th Qtr.	1,494.09	2,701.59	13,502.95	1.91%	4.51%
2008					
1st Qtr.	1,350.19	2,332.91	12,383.86	2.11%	4.57%
2nd Qtr.	1,371.65	2,426.26	12,508.59	2.10%	4.01%
3rd Qtr.	1,251.94	2,290.87	11,322.40	2.29%	3.94%
4th Qtr.	909.80	1,599.64	8,795.61	2.98%	1.65%
2009					
1st Qtr.	809.31	1,485.14	7,774.06	3.00%	0.86%
2nd Qtr.	892.23	1,731.41	8,327.83	2.45%	0.82%
3rd Qtr.	996.70	996.70	9,229.93	2.16%	

[1] Note: this source did not publish the S&P Composite prior to 1988 and the NASDAQ Composite prior to 1991.

Source: Council of Economic Advisors, Economic Indicators, various issues.

Exhibit___(DCP-1)
Schedule 3

UNISOURCE ENERGY CORPORATION
SEGMENT FINANCIAL INFORMATION
2006 - 2008
($millions)

Segment	Operating Revenues	Operating Income	Total Assets
		2006	
Tucson Electric Power Co	$989	$216	$2,623
	75.6%	90.0%	82.3%
UNS Gas	$162	$13	$253
	12.4%	5.4%	7.9%
UNS Electric	$160	$13	$195
	12.2%	5.4%	6.1%
All Other	$14		$1,038
	1.1%	0.0%	32.6%
Unisource Energy	$1,308	$240	$3,187
		2007	
Tucson Electric Power Co	$1,071	$189	$2,573
	77.6%	88.7%	80.8%
UNS Gas	$151	$12	$276
	10.9%	5.6%	8.7%
UNS Electric	$169	$12	$231
	12.2%	5.6%	7.3%
All Other	$12		$1,077
	0.9%	0.0%	33.8%
Unisource Energy	$1,381	$213	$3,186
		2008	
Tucson Electric Power Co	$1,079	$107	$2,842
	77.2%	73.8%	81.0%
UNS Gas	$174	$20	$294
	12.4%	13.8%	8.4%
UNS Electric	$195	$12	$285
	13.9%	8.3%	8.1%
All Other	$23		$1,061
	1.6%	0.0%	30.2%
Unisource Energy	$1,398	$145	$3,510

UNS Gas, TEP and UNS Electric figures do not total to Unisource Energy cosolidated figures due to other activities of Unisource Energy.

Source: Unisource Energy Corporation 2008 Form 10-K.

UNS ELECTRIC
CAPITAL STRUCTURE RATIOS
2003 - 2009
($millions)

YEAR	COMMON EQUITY	LONG-TERM DEBT	SHORT-TERM DEBT
2004	$40,900	$60,000	$600
	40.3%	59.1%	0.6%
	40.5%	59.5%	
2005	$49,900	$60,000	$500
	45.2%	54.3%	0.5%
	45.4%	54.6%	
2006	$64,900	$79,000	$400
	45.0%	54.7%	0.3%
	45.1%	54.9%	
2007	$79,800	$86,000	$400
	48.0%	51.7%	0.2%
	48.1%	51.9%	
2008	$83,800	$108,000	$200
	43.6%	56.3%	0.1%
	43.7%	56.3%	
June 30, 2009	$86,000	$100,000	$200
	46.2%	53.7%	0.1%
	46.2%	53.8%	

Source: Response to STF 7.2

UNISOURCE ENERGY CORP
CAPITAL STRUCTURE RATIOS
2003 - 2008
($millions)

YEAR	COMMON EQUITY	LONG-TERM DEBT	SHORT-TERM DEBT
2004	$581	$1,258	$0
	31.6%	68.4%	0.0%
	31.6%	68.4%	
2005	$617	$1,212	$5
	33.6%	66.1%	0.3%
	33.7%	66.3%	
2006	$654	$1,171	$50
	34.9%	62.5%	2.7%
	35.8%	64.2%	
2007	$690	$994	$10
	40.7%	58.7%	0.6%
	41.0%	59.0%	
2008	$679	$1,314	$10
	33.9%	65.6%	0.5%
	34.1%	65.9%	

Source: Unisource Energy Corporation 2008 Form 10-K.

UNISOURCE ENERGY AND UTILITY SUBSIDIARIES
CAPITAL STRUCTURE RATIOS
2008
($millions)

YEAR	COMMON EQUITY	LONG-TERM DEBT	SHORT-TERM DEBT
Unisource Energy consolidated	$679.3 33.9% 34.1%	$1,313.6 65.6% 65.9%	$10.0 0.5%
UNS Gas	$96.7 49.2% 49.2%	$100.0 50.8% 50.8%	$0 0.0%
UNS Electric	$83.8 21.4% 43.7%	$108.0 27.6% 56.3%	$200 51.0%
TEP	$583.6 39.0% 39.2%	$903.6 60.4% 60.8%	$10.0 0.7%

Source for Unisource Energy Consolidated and TEP is 2008 10-K
Source for UNS Gas and UNS Electric is Response to STF 7.2.

PROXY GROUPS
COMMON EQUITY RATIOS

COMPANY	2004	2005	2006	2007	2008	Average	2012-2014
Parcell Proxy Group							
Avista Corp.	41.9%	40.6%	46.3%	59.0%	51.9%	47.9%	50.0%
Hawaiian Electric Industries, Inc	51.0%	53.3%	48.6%	51.0%	52.7%	51.3%	55.0%
Northeast Utilities	34.0%	35.1%	39.7%	39.2%	38.1%	37.2%	44.0%
Pinnacle West Capital Corp.	53.3%	56.8%	51.6%	53.0%	53.2%	53.6%	50.0%
Pepco Holdings, Inc.	39.6%	42.3%	45.1%	45.9%	43.8%	43.3%	48.5%
TECO Energy, Inc.	24.9%	30.0%	35.0%	39.0%	38.5%	33.5%	41.5%
Westar Energy, Inc.	45.5%	47.2%	49.3%	48.9%	49.7%	48.1%	52.5%
Average	41.5%	43.6%	45.1%	48.0%	46.8%	45.0%	48.8%
Pritz Comparable Company Group							
ALLETE, Inc.	61.8%	60.9%	64.9%	64.4%	58.4%	62.1%	51.5%
CH Energy Group, Inc.	59.1%	58.0%	58.8%	55.2%	54.6%	57.1%	48.5%
Empire District Electric Co.	48.7%	49.0%	50.3%	49.9%	46.4%	48.9%	49.0%
Hawaiian Electric Industries	51.0%	53.3%	48.6%	51.0%	52.7%	51.3%	55.0%
MGE Energy, Inc.	62.6%	60.7%	61.3%	64.8%	63.7%	62.6%	65.0%
Northeast Utilities	34.0%	35.1%	39.7%	39.2%	38.1%	37.2%	44.0%
NorthWestern Corp.							
NSTAR	40.2%	38.6%	39.7%	40.1%	42.8%	40.3%	54.0%
Portland General Electric	58.9%	57.7%	56.6%	50.1%	53.8%	55.4%	50.5%
UIL Holdings	52.8%	52.8%	53.0%	49.2%	46.4%	50.8%	48.0%
Average	52.1%	51.8%	52.5%	51.5%	50.8%	51.8%	51.7%

Source: Value Line.

Exhibit___(DCP-1)
Schedule 6

PROXY COMPANIES

Company	Market Capitalization ($ millions)	Percent Reg Elec or Gas Revenues	Common Equity Ratio	Value Line Safety	S&P Bond Rating	Moody's Bond Rating
Unisource Energy	$975,000	84%	39%	3	NR	NR
Parcell Proxy Group						
Avista Corp.	$1,000,000	53%	54%	3	BBB+	Baa1
Hawaiian Electric Industries, Inc.	$1,600,000	98%	46%	3	BBB	Baa2
Northeast Utilities	$3,600,000	81%	41%	3	BBB+	A3
Pinnacle West Capital Corp.	$3,300,000	97%	45%	3	BBB-	Baa2
Pepco Holdings, Inc.	$3,100,000	50%	43%	3	A-	Baa1
TECO Energy, Inc.	$2,800,000	63%	39%	3	BBB	Baa1
Westar Energy, Inc.	$2,300,000	71%	44%	2	BBB-	Baa2
Pritz Comparable Company Group						
ALLETE, Inc.	$1,100,000	90%	58%	2	A-	A2
CH Energy Group, Inc.	$750,000	49%	49%	1	A	A2
Empire District Electric Co.	$625,000	86%	43%	3	BBB+	Baa1
Hawaiian Electric Industries	$1,600,000	98%	46%	3	BBB	Baa2
MGE Energy, Inc.	$850,000	59%	64%	1	AA-	Aa2
Northeast Utilities	$4,100,000	81%	41%	3	BBB+	A3
NorthWestern Corp.						
NSTAR	$3,400,000	80%	43%	1	AA-	A1
Portland General Electric	$1,400,000	98%	49%	2	A	Baa1
UIL Holdings	$775,000	100%	45%	2	NR	Baa2

Sources: AUS Utility Reports, Value Line.

COMPARISON COMPANIES
DIVIDEND YIELD

COMPANY	Qtr DPS	July -- September, 2009 DPS	HIGH	LOW	AVERAGE	YIELD
Parcell Proxy Group						
Avista Corp.	$0.21	$0.84	$20.83	$17.59	$19.21	4.4%
Hawaiian Electric Industries, Inc.	$0.31	$1.24	$19.45	$16.50	$17.98	6.9%
Northeast Utilities	$0.24	$0.95	$24.78	$21.11	$22.95	4.1%
Pinnacle West Capital Corp.	$0.53	$2.10	$33.71	$28.87	$31.29	6.7%
Pepco Holdings, Inc.	$0.27	$1.08	$15.37	$12.85	$14.11	7.7%
TECO Energy, Inc.	$0.20	$0.80	$14.64	$11.16	$12.90	6.2%
Westar Energy, Inc.	$0.30	$1.20	$21.56	$17.91	$19.74	6.1%
Average						**6.0%**
Pritz Comparable Company Group						
ALLETE, Inc.	$0.44	$1.76	$34.57	$27.75	$31.16	5.6%
CH Energy Group, Inc.	$0.54	$2.16	$51.32	$43.67	$47.50	4.5%
Empire District Electric Co.	$0.32	$1.28	$19.00	$16.44	$17.72	7.2%
Hawaiian Electric Industries	$0.31	$1.24	$19.45	$16.50	$17.98	6.9%
MGE Energy, Inc.	$0.37	$1.47	$38.23	$33.40	$35.82	4.1%
Northeast Utilities	$0.24	$0.95	$24.78	$21.11	$22.95	4.1%
NorthWestern Corp.	$0.34	$1.34	$24.94	$22.58	$23.76	5.6%
NSTAR	$0.38	$1.50	$32.91	$30.10	$31.51	4.8%
Portland General Electric	$0.26	$1.02	$20.95	$17.69	$19.32	5.3%
UIL Holdings	$0.43	$1.73	$27.48	$21.72	$24.60	7.0%
Average						**5.5%**

Source: Yahoo! Finance.

COMPARISON COMPANIES
RETENTION GROWTH RATES

COMPANY	2004	2005	2006	2007	2008	Average	2009	2010	2012-'14	Average
Parcell Proxy Group										
Avista Corp.	1.4%	2.4%	4.9%	0.8%	3.7%	2.6%	4.0%	3.5%	2.5%	3.3%
Hawaiian Electric Industries, Inc.	1.1%	1.5%	0.7%	0.8%	0.5%	0.9%	0.0%	1.5%	2.5%	1.3%
Northeast Utilities	1.6%	1.5%	0.3%	4.3%	5.3%	2.6%	4.5%	4.5%	4.0%	4.3%
Pinnacle West Capital Corp.	2.3%	1.0%	3.4%	2.5%	0.3%	1.9%	0.5%	2.0%	3.0%	1.8%
Pepco Holdings, Inc.	2.5%	2.4%	1.5%	2.3%	4.2%	2.6%	0.5%	2.5%	3.0%	2.0%
TECO Energy, Inc.	0.0%	3.3%	5.0%	5.1%	0.0%	2.7%	2.5%	3.5%	4.5%	3.5%
Westar Energy, Inc.	3.2%	4.3%	5.5%	4.3%	1.2%	3.7%	2.5%	3.0%	3.0%	2.8%
Average						**2.4%**				**2.7%**
Pritz Comparable Company Group										
ALLETE, Inc.	4.7%	5.2%	5.0%	5.8%	3.9%	4.9%	0.5%	1.5%	2.5%	1.5%
CH Energy Group, Inc.	1.7%	2.0%	1.2%	1.6%	0.4%	1.4%	0.5%	1.0%	2.0%	1.2%
Empire District Electric Co.	0.0%	0.0%	0.8%	0.0%	0.0%	0.2%	1.0%	1.5%	3.0%	1.8%
Hawaiian Electric Industries	1.1%	1.5%	0.7%	0.8%	0.5%	0.9%	0.0%	1.5%	2.5%	1.3%
MGE Energy, Inc.	2.3%	1.2%	3.7%	4.3%	4.4%	3.2%	5.0%	4.5%	5.5%	5.0%
Northeast Utilities	1.6%	1.5%	0.3%	4.3%	5.3%	2.6%	4.5%	4.5%	4.0%	4.3%
NorthWestern Corp.	--	4.2%	0.8%	0.7%	2.3%	2.0%				
'ISTAR	4.8%	4.6%	4.9%	4.9%	4.9%	4.8%	5.0%	5.0%	6.0%	5.3%
rtland General Electric	7.2%	5.3%	3.5%	6.6%	2.0%	4.9%	2.0%	3.5%	3.5%	3.0%
iL Holdings	0.0%	0.0%	0.0%	3.1%	1.0%	0.8%	1.0%	1.5%	2.5%	1.7%
Average						**2.6%**				**2.8%**

Source: Value Line Investment Survey.

COMPARISON COMPANIES
PER SHARE GROWTH RATES

COMPANY	5-Year Historic Growth Rates				Est'd '06-'08 to '12-'14 Growth Rates			
	EPS	DPS	BVPS	Average	EPS	DPS	BVPS	Average
Parcell Proxy Group								
Avista Corp.	4.0%	5.0%	3.0%	4.0%	6.5%	11.5%	3.0%	7.0%
Hawaiian Electric Industries, Inc.	-6.0%	0.0%	1.0%	-1.7%	7.0%	0.0%	2.0%	3.0%
Northeast Utilities	3.0%	8.5%	2.0%	4.5%	8.0%	6.5%	5.0%	6.5%
Pinnacle West Capital Corp.	-1.0%	5.0%	3.0%	2.3%	3.0%	1.0%	1.0%	1.7%
Pepco Holdings, Inc.	-2.0%	17.5%	1.5%	5.7%	2.0%	NMF	2.0%	2.0%
TECO Energy, Inc.	-5.0%	-9.0%	-6.5%	-6.8%	4.5%	2.5%	4.5%	3.8%
Westar Energy, Inc.	21.5%	-0.5%	1.0%	7.3%	4.5%	4.5%	6.0%	5.0%
Average				**2.2%**				**4.1%**
Pritz Comparable Company Group								
ALLETE, Inc.	--	--	--		-1.0%	3.0%	3.0%	1.7%
CH Energy Group, Inc.	-1.5%	0.0%	1.5%	0.0%	3.0%	0.0%	1.5%	1.5%
mpire District Electric Co.	3.5%	0.0%	1.5%	1.7%	6.0%	1.5%	2.0%	3.2%
waiian Electric Industries	-6.0%	0.0%	1.0%	-1.7%	7.0%	0.0%	2.0%	3.0%
MGE Energy, Inc.	6.0%	1.0%	8.0%	5.0%	6.0%	0.5%	7.0%	4.5%
Northeast Utilities	3.0%	8.5%	2.0%	4.5%	8.0%	6.5%	5.0%	6.5%
NorthWestern Corp.	--	--	--		23.0%	3.0%	0.5%	8.8%
NSTAR	4.0%	6.0%	5.0%	5.0%	8.0%	5.5%	5.5%	6.3%
Portland General Electric	--	--	--		3.5%	5.5%	2.5%	3.8%
UIL Holdings	--	--	-2.0%	-2.0%	3.0%	0.0%	2.5%	1.8%
Average				**1.8%**				**4.1%**

Source: Value Line Investment Survey.

COMPARISON COMPANIES
DCF COST RATES

COMPANY	ADJUSTED YIELD	HISTORIC RETENTION GROWTH	PROSPECTIVE RETENTION GROWTH	HISTORIC PER SHARE GROWTH	PROSPECTIVE PER SHARE GROWTH	FIRST CALL EPS GROWTH	AVERAGE GROWTH	DCF RATES
Parcell Proxy Group								
Avista Corp.	4.5%	2.6%	3.3%	4.0%	7.0%	8.7%	5.1%	9.6%
Hawaiian Electric Industries, Inc.	7.0%	0.9%	1.3%		3.0%	3.0%	2.1%	9.0%
Northeast Utilities	4.3%	2.6%	4.3%	4.5%	6.5%	8.5%	5.3%	9.5%
Pinnacle West Capital Corp.	6.8%	1.9%	1.8%	2.3%	1.7%	5.5%	2.6%	9.4%
Pepco Holdings, Inc.	7.8%	2.6%	2.0%	5.7%	2.0%	5.5%	3.5%	11.3%
TECO Energy, Inc.	6.3%	2.7%	3.5%		3.8%	8.4%	4.6%	10.9%
Westar Energy, Inc.	6.2%	3.7%	2.8%	7.3%	5.0%	3.3%	4.4%	10.7%
Mean	6.1%	2.4%	2.7%	4.8%	4.1%	6.1%	4.0%	**10.1%**
Median	6.3%	2.6%	2.8%	4.5%	3.8%	5.5%	4.4%	**9.6%**
Composite - Mean		**8.6%**	8.9%	10.9%	10.3%	**12.3%**	10.1%	
Composite - Median		**8.9%**	9.2%	10.8%	10.2%	**11.8%**	10.8%	
Pritz Comparable Company Group								
ALLETE, Inc.	5.7%	4.9%	1.5%		1.7%	6.0%	3.5%	9.3%
CH Energy Group, Inc.	4.6%	1.4%	1.2%		1.5%	N/A	1.3%	5.9%
Empire District Electric Co.	7.3%	0.2%	1.8%	1.7%	3.2%	6.0%	2.6%	9.9%
Hawaiian Electric Industries	7.0%	0.9%	1.3%		3.0%	3.0%	2.1%	9.0%
MGE Energy, Inc.	4.2%	3.2%	5.0%	5.0%	4.5%	5.0%	4.5%	8.7%
Northeast Utilities	4.3%	2.6%	4.3%	4.5%	6.5%	8.5%	5.3%	9.5%
NorthWestern Corp.	5.8%	2.0%			8.8%	8.8%	6.5%	12.4%
NSTAR	4.9%	4.8%	5.3%	5.0%	6.3%	5.5%	5.4%	10.3%
Portland General Electric	5.4%	4.9%	3.0%		3.8%	7.4%	4.8%	10.2%
UIL Holdings	7.1%	0.8%	1.7%		1.8%	4.4%	2.2%	9.3%
Mean	5.6%	2.6%	2.8%	4.0%	4.1%	6.1%	3.8%	**9.5%**
Median	5.6%	2.3%	1.8%	4.8%	3.5%	6.0%	4.0%	**9.4%**
Composite - Mean		**8.2%**	8.4%	9.7%	9.7%	**11.7%**	9.5%	
Composite - Median		7.9%	**7.4%**	10.3%	9.1%	**11.6%**	9.6%	

Sources: Prior pages of this schedule.

STANDARD & POOR'S 500 COMPOSITE
20-YEAR U.S. TREASURY BOND YIELDS
RISK PREMIUMS

Year	EPS	BVPS	ROE	20-YEAR T-BOND YIELD	RISK PREMIUM
1977		$79.07			
1978	$12.33	$85.35	15.00%	7.90%	7.10%
1979	$14.86	$94.27	16.55%	8.86%	7.69%
1980	$14.82	$102.48	15.06%	9.97%	5.09%
1981	$15.36	$109.43	14.50%	11.55%	2.95%
1982	$12.64	$112.46	11.39%	13.50%	-2.11%
1983	$14.03	$116.93	12.23%	10.38%	1.85%
1984	$16.64	$122.47	13.90%	11.74%	2.16%
1985	$14.61	$125.20	11.80%	11.25%	0.55%
1986	$14.48	$126.82	11.49%	8.98%	2.51%
1987	$17.50	$134.04	13.42%	7.92%	5.50%
1988	$23.75	$141.32	17.25%	8.97%	8.28%
1989	$22.87	$147.26	15.85%	8.81%	7.04%
1990	$21.73	$153.01	14.47%	8.19%	6.28%
1991	$16.29	$158.85	10.45%	8.22%	2.23%
1992	$19.09	$149.74	12.37%	7.29%	5.08%
1993	$21.89	$180.88	13.24%	7.17%	6.07%
1994	$30.60	$193.06	16.37%	6.59%	9.78%
1995	$33.96	$215.51	16.62%	7.60%	9.02%
1996	$38.73	$237.08	17.11%	6.18%	10.93%
1997	$39.72	$249.52	16.33%	6.64%	9.69%
1998	$37.71	$266.40	14.62%	5.83%	8.79%
1999	$48.17	$290.68	17.29%	5.57%	11.72%
2000	$50.00	$325.80	16.22%	6.50%	9.72%
2001	$24.69	$338.37	7.43%	5.53%	1.90%
2002	$27.59	$321.72	8.36%	5.59%	2.77%
2003	$48.73	$367.17	14.15%	4.80%	9.35%
2004	$58.55	$414.75	14.98%	5.02%	9.96%
2005	$69.93	$453.06	16.12%	4.69%	11.43%
2006	$81.51	$504.39	17.03%	4.68%	12.35%
2007	$66.18	$529.59	12.50%	4.86%	7.64%
2008	$14.88				
Average					**6.44%**

Source: Standard & Poor's Analysts' Handbook, Ibbotson Associates Handbook.

COMPARISON COMPANIES
CAPM COST RATES

COMPANY	RISK-FREE RATE	BETA	RISK PREMIUM	CAPM RATES
Parcell Proxy Group				
Avista Corp.	4.28%	0.70	5.32%	8.0%
Hawaiian Electric Industries, Inc.	4.28%	0.70	5.32%	8.0%
Northeast Utilities	4.28%	0.70	5.32%	8.0%
Pinnacle West Capital Corp.	4.28%	0.75	5.32%	8.3%
Pepco Holdings, Inc.	4.28%	0.80	5.32%	8.5%
TECO Energy, Inc.	4.28%	0.85	5.32%	8.8%
Westar Energy, Inc.	4.28%	0.75	5.32%	8.3%
Mean				**8.3%**
Median				**8.3%**
Pritz Comparable Company Group				
ALLETE, Inc.	4.28%	0.70	5.32%	8.0%
CH Energy Group, Inc.	4.28%	0.65	5.32%	7.7%
Empire District Electric Co.	4.28%	0.75	5.32%	8.3%
Hawaiian Electric Industries	4.28%	0.70	5.32%	8.0%
MGE Energy, Inc.	4.28%	0.65	5.32%	7.7%
Northeast Utilities	4.28%	0.70	5.32%	8.0%
NorthWestern Corp.	4.28%	0.00	5.32%	4.3%
NSTAR	4.28%	0.65	5.32%	7.7%
Portland General Electric	4.28%	0.75	5.32%	8.3%
UIL Holdings	4.28%	0.70	5.32%	8.0%
Mean				**7.6%**
Median				**8.0%**

Sources: Value Line Investment Survey, Standard & Poor's Analysts' Handbook, Federal Reserve.

20-year Treasury Bonds	
Month	Rate
7/1/2009	4.38%
8/1/2009	4.33%
9/1/2009	4.14%

COMPARISON COMPANIES
RATES OF RETURN ON AVERAGE COMMON EQUITY

COMPANY	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1992-2001 Average	2002-2009 Average	2010	2012-14
Parcell Proxy Group																						
Avista Corp.	11.7%	12.2%	10.5%	11.2%	10.6%	15.0%	10.2%	1.1%	13.4%	7.9%	4.5%	6.7%	4.6%	5.8%	8.8%	4.1%	7.6%	8.1%	10.4%	6.3%	8.0%	8.0%
Hawaiian Electric Industries, Ir	10.9%	10.5%	11.1%	11.0%	10.5%	10.9%	11.5%	11.1%	9.8%	12.4%	11.9%	11.1%	9.3%	9.7%	9.3%	7.7%	7.0%	7.5%	11.0%	9.2%	9.5%	10.0%
Northeast Utilities	12.6%	9.4%	12.6%	11.9%	0.1%	-6.2%	-2.3%	-7.3%	-1.3%	8.6%	6.4%	7.1%	5.1%	5.4%	4.5%	8.6%	9.8%	9.6%	3.8%	7.1%	9.5%	8.5%
Pinnacle West Capital Corp.	10.7%	10.9%	10.2%	10.6%	11.2%	11.9%	11.5%	12.3%	12.4%	12.8%	8.6%	8.3%	8.2%	6.7%	9.2%	8.5%	6.1%	6.9%	11.5%	7.8%	8.0%	9.0%
Pepco Holdings, Inc.	10.6%	12.0%	10.8%	10.5%	11.7%	10.5%	11.3%	11.7%	8.9%	11.9%	9.8%	7.6%	8.3%	8.1%	7.1%	7.9%	9.9%	6.3%	11.0%	8.1%	8.0%	8.0%
TECO Energy, Inc.	16.1%	15.1%	14.5%	16.6%	16.5%	14.8%	13.5%	13.8%	17.4%	17.2%	13.5%	-0.7%	9.2%	14.2%	14.7%	14.3%	8.1%	11.0%	15.6%	10.5%	11.5%	12.0%
Westar Energy, Inc.	11.0%	12.4%	10.7%	11.1%	10.4%	-1.6%	7.1%	5.2%	3.2%	-2.2%	5.0%	10.6%	7.7%	9.6%	11.1%	10.0%	6.7%	8.2%	6.7%	8.6%	8.5%	8.0%
Average	11.9%	11.8%	11.5%	11.8%	10.1%	7.9%	9.0%	6.9%	9.1%	9.8%	8.5%	7.2%	7.5%	8.5%	9.2%	8.7%	7.9%	8.2%	10.0%	8.2%	9.0%	9.1%
Median	11.0%	12.0%	10.8%	11.1%	10.6%	10.9%	11.3%	11.1%	9.8%	11.9%	8.6%	7.6%	8.2%	8.1%	9.2%	8.5%	7.6%	8.1%	11.1%	8.2%	8.5%	8.5%
Pritz Comparable Company Group																						
ALLETE, Inc.														12.0%	13.2%	13.4%	11.4%	7.6%		11.5%	8.0%	9.0%
CH Energy Group, Inc.	11.0%	11.1%	10.7%	10.7%	11.3%	10.9%	10.4%	10.2%	10.5%	10.4%	7.0%	9.1%	8.7%	8.9%	7.9%	8.2%	6.7%	6.6%	9.5%	7.9%	7.0%	8.0%
Empire District Electric Co.	10.3%	9.4%	10.6%	9.4%	9.4%	9.9%	11.6%	8.4%	10.0%	4.3%	8.4%	8.7%	5.7%	6.2%	9.2%	6.9%	7.4%	9.6%	8.6%	7.8%	9.5%	10.5%
Hawaiian Electric Industries	10.9%	10.5%	11.1%	11.0%	10.5%	10.9%	11.5%	11.1%	9.8%	12.4%	11.9%	11.1%	9.3%	9.7%	9.3%	7.7%	7.0%	7.5%	11.0%	9.2%	9.5%	10.0%
MGE Energy, Inc.	13.1%	13.3%	13.1%	12.5%	7.1%	12.5%	12.2%	13.0%	14.2%	13.1%	13.2%	12.5%	11.4%	9.4%	11.9%	12.1%	11.8%	11.2%	12.1%	11.7%	11.0%	12.0%
Northeast Utilities	12.6%	9.4%	12.6%	11.9%	0.1%	-6.2%	-2.3%	-7.3%	-1.3%	8.6%	6.4%	7.1%	5.1%	5.4%	4.5%	8.6%	9.8%	9.6%	3.8%	7.1%	9.5%	8.5%
NorthWestern Corp.																						
NSTAR	11.4%	11.9%	12.2%	10.2%	12.6%	12.6%	12.5%	11.4%	12.3%	13.4%	14.0%	13.9%	13.4%	13.1%	13.2%	13.5%	13.6%	13.7%	12.7%	13.6%	14.0%	14.5%
Portland General Electric	12.9%	12.0%	11.3%	13.4%	13.9%										5.9%	11.5%	6.5%	6.4%	12.7%	7.6%	8.0%	8.5%
UIL Holdings	9.2%	10.4%	10.5%	11.8%	10.1%	10.4%	9.5%	11.6%	12.8%	12.1%	8.9%	6.1%	7.1%	5.7%	9.1%	10.1%	10.1%	9.9%	9.7%	8.4%	10.0%	10.5%
Average	11.4%	11.0%	11.5%	11.4%	9.4%	8.7%	9.4%	8.4%	9.8%	10.6%	10.0%	9.8%	8.7%	8.8%	9.4%	10.2%	9.4%	9.1%	10.0%	9.4%	9.6%	10.2%
Median	11.2%	10.8%	11.2%	11.4%	10.3%	10.9%	11.5%	11.1%	10.5%	12.1%	8.9%	9.1%	8.7%	9.2%	9.2%	10.1%	9.8%	9.6%	11.1%	9.3%	9.5%	10.0%

Source: Calculations made from data contained in Value Line Investment Survey.

COMPARISON COMPANIES
MARKET TO BOOK RATIOS

COMPANY	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1992-2001 Average	2002-2009 Average
Parcell Proxy Group																				
Avista Corp.	151%	163%	133%	125%	145%	162%	163%	152%	317%	114%	85%	94%	111%	115%	135%	127%	110%	88%	163%	108%
Hawaiian Electric Industries,	171%	154%	141%	149%	147%	147%	154%	132%	127%	145%	153%	151%	179%	181%	192%	166%	166%	114%	147%	163%
Northeast Utilities	154%	149%	127%	124%	95%	64%	91%	113%	136%	129%	99%	95%	106%	108%	131%	163%	128%	112%	118%	118%
Pinnacle West Capital Corp.	116%	125%	99%	116%	133%	152%	180%	143%	145%	154%	116%	114%	130%	130%	129%	127%	100%	86%	136%	117%
Pepco Holdings, Inc.	160%	162%	135%	138%	161%	151%	161%	166%	139%	124%	110%	103%	109%	122%	129%	141%	115%	75%	150%	113%
TECO Energy, Inc.	243%	268%	224%	238%	241%	234%	247%	210%	223%	222%	135%	111%	174%	243%	202%	188%	171%	116%	235%	167%
Westar Energy, Inc.	144%	152%	130%	129%	126%	131%	128%	89%	74%	78%	67%	109%	132%	142%	139%	140%	107%	87%	118%	115%
Average	163%	168%	141%	146%	150%	149%	160%	144%	166%	138%	109%	111%	134%	149%	151%	150%	128%	97%	152%	129%
Median	154%	154%	133%	129%	145%	151%	161%	143%	139%	129%	110%	109%	130%	130%	135%	141%	115%	88%	144%	120%
Pritz Comparable Company Group																				
ALLETE, Inc.													322%	212%	219%	195%	156%	113%	203%	203%
CH Energy Group, Inc.	123%	133%	107%	112%	114%	135%	155%	133%	125%	141%	152%	147%	149%	146%	154%	145%	132%	133%	135%	145%
Empire District Electric Co.	184%	178%	143%	142%	143%	138%	168%	177%	183%	162%	132%	133%	144%	148%	149%	150%	122%	99%	150%	135%
Hawaiian Electric Industries	171%	154%	141%	149%	147%	147%	154%	132%	127%	145%	153%	151%	179%	181%	192%	166%	166%	114%	147%	163%
MGE Energy, Inc.	189%	196%	189%	183%	203%	189%	197%	177%	172%	197%	214%	223%	207%	207%	191%	178%	160%	151%	190%	191%
Northeast Utilities	154%	149%	127%	124%	95%	64%	91%	113%	136%	129%	99%	95%	106%	108%	131%	163%	128%	112%	118%	118%
NorthWestern Corp.																				
NSTAR	138%	154%	130%	130%	125%	146%	181%	166%	161%	161%	170%	175%	189%	202%	214%	222%	201%	187%	170%	195%
Portland General Electric	115%	125%	112%	140%	199%										153%	140%	101%	80%	138%	119%
UIL Holdings	123%	157%	127%	123%	114%	111%	151%	144%	141%	139%	126%	113%	133%	135%	174%	189%	168%	126%	139%	146%
Average	150%	156%	135%	138%	142%	133%	157%	149%	149%	153%	150%	148%	179%	167%	175%	172%	148%	124%	154%	157%
Median	146%	154%	129%	135%	134%	138%	155%	144%	141%	145%	152%	147%	164%	165%	174%	166%	156%	114%	142%	155%

Source: Calculations made from data contained in Value Line Investment Survey.

STANDARD & POOR'S 500 COMPOSITE RETURNS AND MARKET-TO-BOOK RATIOS 1992 - 2007

YEAR	RETURN ON AVERAGE EQUITY	MARKET-TO BOOK RATIO
1992	12.2%	271%
1993	13.2%	272%
1994	16.4%	246%
1995	16.6%	264%
1996	17.1%	299%
1997	16.3%	354%
1998	14.6%	421%
1999	17.3%	481%
2000	16.2%	453%
2001	7.5%	353%
2002	8.4%	296%
2003	14.2%	278%
2004	15.0%	291%
2005	16.1%	278%
2006	17.0%	277%
2007	12.8%	284%
Averages:		
1992-2001	14.7%	341%
2002-2007	13.9%	284%

Source: Standard & Poor's Analyst's Handbook, 2008 edition, page 1.

RISK INDICATORS

GROUP	VALUE LINE SAFETY	VALUE LINE BETA	VALUE LINE FIN STR	S & P STK RANK
S & P's 500 Composite	2.7	1.05	B++	B
Parcell Proxy Group	2.9	0.75	B+	B
Pritz Comparable Company Group	2.0	0.69	A-	A-

Sources: Value Line Investment Survey, Standard & Poor's Stock Guide.

Definitions:

Safety rankings are in a range of 1 to 5, with 1 representing the highest safety or lowest risk.

Beta reflects the variability of a particular stock, relative to the market as a whole. A stock with a beta of 1.0 moves in concert with the market, a stock with a beta below 1.0 is less variable than the market, and a stock with a beta above 1.0 is more variable than the market.

Financial strengths range from C to A++, with the latter representing the highest level.

Common stock rankings range from D to A+, with the later representing the highest level.

Exhibit___(DCP-1)
Schedule 13

UNS ELECTRIC INC
RATING AGENCY RATIOS

Item	Percent	Cost	Weighted Cost	Pre-Tax Cost	
Long-Term Debt	54.24%	7.05%	3.82%	3.82%	
Common Equity	45.76%	10.00%	4.58%	7.63%	
Total	100.00%		8.40%	11.45%	1/

1/ Post-tax weighted cost divided by .60 (composite tax factor)

Pre-Tax coverage = **2.99**

11.58% /3.25%

Standard & Poor's Utility Benchmark Ratios:

Business Profile of "4"	A	BBB
Pre-tax coverage	3.3x - 4.0x	2.2x - 3.0x
Total debt to total capital	45%-52%	52%-62%

LONG-TERM PROJECTIONS OF GROSS DOMESTIC PRODUCT GROWTH

Social Security Administration

Year	Real GDP	GDP Index	Nominal GDP	Year	Real GDP	GDP Index	Nominal GDP
2008	2.3%	2.0%	4.3%	2049	2.2%	2.4%	4.6%
2009	2.8%	2.1%	4.9%	2050	2.1%	2.4%	4.5%
2010	2.7%	2.4%	5.1%	2051	2.1%	2.4%	4.5%
2011	2.5%	2.4%	4.9%	2052	2.1%	2.4%	4.5%
2012	2.5%	2.4%	4.9%	2053	2.1%	2.4%	4.5%
2013	2.5%	2.4%	4.9%	2054	2.1%	2.4%	4.5%
2014	2.4%	2.4%	4.8%	2055	2.1%	2.4%	4.5%
2015	2.3%	2.4%	4.7%	2056	2.1%	2.4%	4.5%
2016	2.3%	2.4%	4.7%	2057	2.1%	2.4%	4.5%
2017	2.3%	2.4%	4.7%	2058	2.1%	2.4%	4.5%
2018	2.3%	2.4%	4.7%	2059	2.1%	2.4%	4.5%
2019	2.3%	2.4%	4.7%	2060	2.1%	2.4%	4.5%
2020	2.2%	2.4%	4.6%	2061	2.1%	2.4%	4.5%
2021	2.2%	2.4%	4.6%	2062	2.1%	2.4%	4.5%
2022	2.2%	2.4%	4.6%	2063	2.1%	2.4%	4.5%
2023	2.2%	2.4%	4.6%	2064	2.1%	2.4%	4.5%
2024	2.2%	2.4%	4.6%	2065	2.1%	2.4%	4.5%
2025	2.1%	2.4%	4.5%	2066	2.1%	2.4%	4.5%
2026	2.1%	2.4%	4.5%	2067	2.1%	2.4%	4.5%
2027	2.1%	2.4%	4.5%	2068	2.1%	2.4%	4.5%
2028	2.1%	2.4%	4.5%	2069	2.1%	2.4%	4.5%
2029	2.1%	2.4%	4.5%	2070	2.1%	2.4%	4.5%
2030	2.1%	2.4%	4.5%	2071	2.1%	2.4%	4.5%
2031	2.1%	2.4%	4.5%	2072	2.1%	2.4%	4.5%
2032	2.1%	2.4%	4.5%	2073	2.1%	2.4%	4.5%
2033	2.1%	2.4%	4.5%	2074	2.1%	2.4%	4.5%
2034	2.1%	2.4%	4.5%	2075	2.1%	2.4%	4.5%
2035	2.2%	2.4%	4.6%	2076	2.1%	2.4%	4.5%
2036	2.2%	2.4%	4.6%	2077	2.1%	2.4%	4.5%
2037	2.2%	2.4%	4.6%	2078	2.1%	2.4%	4.5%
2038	2.2%	2.4%	4.6%	2079	2.1%	2.4%	4.5%
2039	2.2%	2.4%	4.6%	2080	2.1%	2.4%	4.5%
2040	2.2%	2.4%	4.6%	2081	2.1%	2.4%	4.5%
2041	2.2%	2.4%	4.6%	2082	2.1%	2.4%	4.5%
2042	2.2%	2.4%	4.6%				
2043	2.2%	2.4%	4.6%				
2044	2.2%	2.4%	4.6%				
2045	2.2%	2.4%	4.6%				
2046	2.2%	2.4%	4.6%				
2047	2.2%	2.4%	4.6%	Average			**4.6%**
2048	2.2%	2.4%	4.6%				

Source: 2007 OASDI Trustees Report.

LONG-TERM PROJECTIONS OF GROSS DOMESTIC PRODUCT GROWTH

Energy Information Administration

Annual Growth (2005-2030):

Real GDP	2.4%
GDP Chain-type Price Index	2.0%
Nominal GDP Growth	**4.4%**

Source: Energy Information Administration, Annual Energy Outlook 2008 with Projections to 2030.

EXHIBIT
S-15
ADMITTED

BEFORE THE ARIZONA CORPORATION COMMISSION

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

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.	)	DOCKET NO. E-04204A-09-0206

SURREBUTTAL

TESTIMONY

OF

DAVID C. PARCELL

ON BEHALF OF

UTHLITIES DIVISION

ARIZONA CORPORATION COMMISSION

JANUARY 15, 2010

TABLE OF CONTENTS

Page

INTRODUCTION 1

COST OF COMMON EQUITY 2

- DCF Issues 2
- CAPM Issues 4
- Comparable Earnings Issues 5

ABILITY OF UNS ELECTRC TO EARN ITS COST OF CAPITAL 6

RATE OF RETURN ON FAIR VALUE RATE BASE 6

UPDATES 10

SCHEDULES

UNS Electric, Total Cost of Capital 1

Economic and Financial Conditions 2

UniSource Energy, Segment Financial Information 3

UNS Electric and UniSource, Capital Structure Ratios 4

Proxy Groups, Common Equity Ratios 5

Proxy Companies, Basis For Selection 6

DCF Analyses 7

S&P 500, Risk Premiums 8

CAPM Analyses 9

Comparison Companies, ROE and M/B 10

S&P 500, ROE and M/B 11

Risk Indicators 12

UNS Electric, Rating Agency Ratios 13

GDP Projections 14

Recalculation of Fair Value Rate of Return 15

EXECUTIVE SUMMARY
UNS ELECTRIC, INC.
DOCKET NO. E-04204A-09-0206

My Surrebuttal Testimony responds to certain parts of the Rebuttal Testimonies of UNS Electric, Inc.'s ("UNS Electric" or "Company") witnesses Pritz and Grant. I first respond to Ms. Pritz's Rebuttal Testimony on the issue of Cost of Common Equity. I demonstrate that her criticisms on my Discounted Cash Flow ("DCF"), Capital Asset Pricing Model ("CAPM") and Comparable Earnings methodologies and conclusions are without merit. I also explain why her "recalculations" of my DCF and CAPM analyses are not proper, but rather represent her attempts to apply her improper inputs into my analyses.

I next respond to Mr. Grant's Rebuttal Testimony on the issues of: 1) Ability of UNS Electric to earn its Cost of Capital; and 2) Rate of Return on Fair Value Rate Base. Regarding the first issue, my response is that regulation only provides the Company with the opportunity to earn a fair rate of return; it does not provide a guarantee. On the second issue, I disagree with Mr. Grant's interpretation of the Commission's recent decisions concerning the proper methodologies to determine the Fair Value Rate of Return. I further demonstrate that my proposed Fair Value Rate of Return proposal is consistent with past Commission decisions.

INTRODUCTION

Q. Please state your name, occupation, and business address.

A. My name is David C. Parcell. I am President and Senior Economist of Technical Associates, Inc. My business address is Suite 601, 1051 East Cary Street, Richmond, Virginia 23219.

Q. Are you the same David C. Parcell who filed direct testimony on behalf of the Utilities Division Staff ("Staff") earlier in this proceeding?

A. Yes, I am.

Q. What is the purpose of your current testimony?

A. My current testimony is Surrebuttal Testimony in response to the Rebuttal Testimonies of UNS Electric Inc. ("UNS Electric" or "Company") witnesses Martha B. Pritz and Kentton C. Grant. I also updated my cost of capital analyses in this Surrebuttal Testimony.

Q. What aspects of Ms. Pritz's and Mr. Grant's Rebuttal Testimonies do you respond to in this Surrebuttal Testimony?

A. My Surrebuttal Testimony responds to the following general areas of Ms. Pritz's and Mr. Grant's Rebuttal Testimonies:

Cost of Common Equity (Ms. Pritz);
Ability of UNS Electric to Earn its Cost of Capital (Mr. Grant); and
Fair Value Rate of Return ("FVROR") (Mr. Grant).

COST OF COMMON EQUITY

Q. Ms. Pritz claims, on pages 1 and 2, that your cost of equity cost recommendation "is low due to the use of inappropriate inputs in several of the methods upon which he (you) relies." What is your response to this assertion?

A. I believe that my cost of equity recommendation is appropriate for UNS Electric at this time. This cost of equity recommendation is based upon the results of my Discounted Cash Flow ("DCF"), Capital Asset Pricing Model ("CAPM"), and Comparable Earnings ("CE") analyses and has been performed in a similar fashion to my recent testimonies before this Commission. I note that my 10.0 percent recommendation matches the cost of equity that the Commission found appropriate for UNS Electric in its most recent proceeding (i.e., Docket No. E-04204A-06-0783). There has been no demonstration that the cost of capital has increased since the 2007 proceeding of UNS Electric.

DCF Issues

Q. On pages 2-3, Ms. Pritz criticizes your DCF analyses and she characterizes some of your growth estimates as "weak sets of data as indications of dividend growth." What is your response to this assertion?

A. Ms. Pritz first takes issue with my use of historic data as one of several sources of growth projections. She next takes issue with my use of retention growth (both historic and prospective) as a growth indicator. What is implicit in her criticism is that her preferred short-term growth rates (i.e., exclusive use of analysts' forecasts of earnings per share growth) is all that is appropriate. I have previously noted in my direct testimony (pages 42-45) why it is improper to exclusively rely on earnings per share ("EPS") forecasts and also that such an exclusive reliance is not reflective of investor expectations.

Ms. Pritz attempts to justify her exclusive reliance on analysts' forecasts of EPS growth on her belief that "analysts providing forward-looking growth estimates will have already considered historical growth in determining the outlook for a company." This viewpoint is not a sufficient reason to assume that investors ignore historic growth and focus exclusively on analysts' forecasts. It should be apparent, based upon the experience of the past two years, that analysts have not been accurate in projecting EPS and, further, any investors who were unfortunate enough to have exclusively relied on such forecasts would have been sorely disappointed with their investment performance. In any event, recent performance of analysts' estimates would give investors even more reason to consider other growth indicators in making their investment decisions.

I further note that the preponderance of financial information provided to investors, both by individual companies and investment services such as Value Line, is historic data. It is neither realistic nor accurate to maintain that all of this information is ignored by investors, but this is what Ms. Pritz is maintaining.

Q. Ms. Pritz provides indications, on pages 2 and 3, reflecting her position of what your DCF results would be if you had not considered historic growth and retention growth in your analyses. Are these results meaningful?

A. No, they are not. These results simply reflect her attempt to substitute her proposal (i.e., exclusive use of analysts' estimates of EPS growth) into my DCF analyses. This is not proper and not an accurate portrayal of my DCF analyses.

Q. On page 5, Ms. Pritz claims that her use of historical gross domestic product ("GDP") growth is proper. What is your response to this?

A. I note, first of all, that Ms. Pritz maintains that short-term growth (in a DCF context) should only reflect prospective data, whereas long-term growth should only use historic data. This position is internally inconsistent. As I noted in my Direct Testimony (pages 45-47) prospective GDP growth is about 4.5 percent, well below that 6.5 percent level she uses.

In addition, Ms. Pritz's rebuttal testimony on page 5 implies that her 6.5 percent long-term growth rate reflects GDP projections. However, this is largely not the case, as she averages GDP estimates with other and higher growth rates, such as EPS projections and the "outlook for the electric utility industry."

<u>CAPM Issues</u>

Q. Ms. Pritz further maintains, on pages 7-9, that your use of both geometric and arithmetic means in your CAPM analysis is not proper. What is your response to this?

A. It is apparent that investors have access to both types of returns, and correspondingly use both types of returns, when they make investment decisions. In fact, it is noteworthy that mutual fund investors regularly receive reports on their own funds, as well as prospective funds they are considering investing in, that show only geometric returns. In fact, the Securities and Exchange Commission requires that returns be reported this way. Based on this, I find it difficult to accept Ms. Pritz's position that only arithmetic returns are considered by investors and, thus, only arithmetic returns are appropriate in a CAPM context. I note that I provided additional comments on this point in my Direct Testimony.

Q. Has this Commission recently made a finding as to whether it is appropriate to use geometric as well as arithmetic returns in this context?

A. Yes, it has. In Decision No. 70360 (UNS Electric Docket No. E-04204A-06-0783) the Commission specifically stated (page 43) that it agreed with the use of geometric returns in this manner: "We agree with the Staff that it is appropriate to consider the geometric returns in calculating a comparable company CAPM because to do otherwise would fail to give recognition to the fact that many investors have access to such information for purposes of making investment decisions." Therefore, the Company's position also conflicts with recent Commission orders on this issue.

Q. Ms. Pritz indicates her belief, on pages 7-8, that "income returns" (which she uses) is superior to "total returns" (which you use). What is your response to this?

A. I addressed this issue in my Direct Testimony on page 48.

Q. On pages 9-10, Ms. Pritz claims to have recalculated your CAPM cost of equity results. Is this a proper exercise?

A. No, it is not. Ms. Pritz's "recalculations" are simply her attempt to interject her CAPM components into my analyses. Such recalculations are incorrect and improper.

<u>Comparable Earnings Issues</u>

Q. Ms. Pritz also criticizes your comparable earnings analyses on page 6. What is your response to this position?

A. I disagree with Ms. Pritz. The book value of UNS Electric's capital, including common equity, is used to determine the Company's cost of capital. It is only natural that the returns on book value of equity (i.e., comparable earnings analyses) is an appropriate mechanism for estimating the cost of equity.

Q. Ms. Pritz also implies, on page 6, that market-to-book ratios do not indicate investor acceptance of earned returns. Is she correct?

A. No, she is not. Stock prices – one component of the market-to-book ratio – reflect all relevant information. For public utilities, the return on equity is a major component of the rate-setting process and clearly is reflected in stock prices, and thus market-to-book ratios. I also note that I consider expected returns on equity in my comparable earnings analysis.

ABILITY OF UNS ELECTRC TO EARN ITS COST OF CAPITAL

Q. Mr. Grant devotes several pages of his Rebuttal Testimony to his assertion that UNS Electric will not likely earn the cost of capital authorized in this proceeding. Is this a proper criticism of your Direct Testimony?

A. I do not believe it is proper rebuttal to my testimony. Mr. Grant seems to be taking the position that the cost of capital authorized by a commission should be regarded as a "guarantee" but this is not the case. Utility investors have no more "right" to a guaranteed return than do its ratepayers to a "right" to employment, maintenance of their housing values, and an increasing valve of their retirement accounts and other investments.

RATE OF RETURN ON FAIR VALUE RATE BASE

Q. Mr. Grant maintains, on page 10, that your FVROR recommendation to apply a zero percent return to the Fair Value Increment amounts to a "backing in" method of assigning a FVROR. Do you agree with his assessment?

A. No, I do not. My proposal specifically recognizes the value of the Fair Value Rate Base ("FVRB") increment and applies the actual cost of this capital (which is zero) to it. As such, I believe this proposal specifically recognizes and utilizes the FVRB in establishing rates.

Q. Mr. Grant also claims, on pages 10-11, that since the Commission did not adopt your FVROR proposal in the Chaparral City remand proceeding (Docket No. W-02113A-04-0616) that your proposal has been "rejected." What is your response to this?

A. It is my reading of the Chaparral City Remand Order[1] by the Commission that a similar procedure to what I recommended was adopted. I also note that the Commission stated in its Chaparral City Remand Order "we also believe that Staff's method is an appropriate way to adjust the Weighted Average Cost of Capital associated with the Original Cost Rate Base ("OCRB") for use with the FVRB, as it is based on sound economic and financial theory." (Decision No. 70441 at p. 37) In the UNS Gas and UNS Electric cases, the Commission did adopt my recommendation. Finally I note that the FVROR proposal of Chaparral City was the same as that proposed by UNS Gas and UNS Electric in their 2007 rate proceedings (Docket Nos. G-04204A-06-0463 and E-04204A-06-0783), namely that the original cost rate of return ("OCROR") be applied to the level of FVRB. In all three of these cases, the Commission did not adopt the Chaparral City/UNS Gas & Electric position.

Q. On pages 12-13, Mr. Grant maintains there is a mathematical error in your FVROR calculation and states that the correction of this "increases Staff's proposed revenue requirement by $633,000." What is your response to these assertions?

A. Mr. Grant is correct, on page 12, that my FVROR (as shown on page 57) should have stated 6.14 percent rather than 5.99 percent. However, this correction does not impact Staff's proposed revenue requirement.

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[1] See, *In The Matter of the Application of Chaparral City Water Company, an Arizona Corporation, for a Determination of the Current Fair Value of its Utility Plant and Property and for Increases in its Rates and Charges for Utility Service Based Thereon.* Docket No. W-02113A-04-0616. Opinion and Order, Decision No. 70441 (July 28, 2008).

Q. Why is it the case that this correction does not impact Staff's proposed revenue requirement?

A. Mr. Grant's claim (i.e., that the difference between a 5.99 percent FVROR and a 6.14 percent FVROR) results in a $633,000 impact on Staff's proposed revenue requirement is based upon an assumption on his part that Utilities Division Staff witness Fish used the 5.99 percent number in developing the revenue requirement. This is not the case.

Dr. Fish did not use the 5.99 percent per se when developing his proposed revenue requirement. Rather, he developed his value for the fair value return by multiplying my proposed 1.50 percent return on the FVRB increment, or the difference between the fair value rate base and original cost rate base (see Dr. Fish's direct testimony, Schedule THF A-1). As a result, the mathematic error on my page 57 was not carried through by Dr. Fish to the Staff's revenue requirement, as stated by Mr. Grant.

Q. Aside from this correction of your "mathematical error" on page 57 of your Direct Testimony, do you have any additional comments on the FVROR calculation you are proposing in this proceeding?

A. Yes, I do. As I was in the process of reviewing my FVROR calculation, as shown on pages 54 and 57 of my Direct Testimony, I discovered that I had not properly developed the capital structure ratios to be used in the FVROR consistent with Staff's calculations in most other cases. I have subsequently corrected this, which is shown on Schedule 15 of my Surrebuttal Testimony. As a result, my recommendation is that the Commission adopt a FVROR of 6.01 percent.

Q. Please describe Schedule 15.

A. The top portion of Schedule 15 shows how the 6.14 percent (as corrected) FVROR was developed in my Direct Testimony. As this indicates, I developed the capital structure ratios by combining the dollars as long-term debt, common equity and FVRB Increment and calculating the respective percentages of each of the three items.

The problem I discovered with this process is that I was combining dollars of capital items (for long-term debt and common equity) with dollars of rate base (for FVRB Increment). Since the rate base and capital for UNS Electric (as well as most utilities) do not precisely match, the FVROR which I recommended in my Direct Testimony (i.e., 6.14 percent) was slightly different than the ultimate FVROR in Staff witness Dr. Fish's return on FVRB (i.e., 6.01 percent).

However, the proper way to develop the capital structure ratios for the FVROR calculation is to equate the capital structure percentages (for long-term debt and common equity) to the dollar values of original cost rate base. I did this on the bottom portion of Schedule 15. Here I applied the percentages of long-term debt and common equity (as shown in the development of the total cost of capital in Schedule 1 of my Direct Testimony) to the dollar value of OCRB to develop dollars of long-term debt and common equity that equate to OCRB. This is then combined with the dollar value of the FVRB Increment to develop a capital structure that equates to the value of FVRB. I then applied the cost rates of long-term debt (7.05 percent), common equity (10.00 percent) and FVRB Increment (1.50 percent) to the percentages to develop a FVROR that properly matches the value of FVRB. This produces a FVROR of 6.01 percent, which should have been my recommendation.

Q. Does this correction impact Staff's revenue requirement?

A. No, it does not. As I indicated previously, Dr. Fish did not directly use my proposed FVROR number in his calculation of the revenue requirement, but rather directly used the 1.50 percent FVRB Increment cost to arrive at a return on the FVRB. I have developed Schedule 15 to clarify the method by which the FVROR should be viewed in a cost of capital context.

UPDATES

Q. Have you updated your cost of capital analyses?

A. Yes, I have. My Direct Testimony utilized financial market data as of October of 2009. My DCF and CAPM analyses employed stock prices and interest rates for the three-month period July-September of 2009.

My updated analyses consider financial data through early January 2010 and incorporates stock prices and interest rates for the three-month period October-December 2009. I have also used the most recent editions of Value Line and analysts' forecasts of EPS in my updated analyses. My updated analyses also reflect a minor correction to my analyses that was identified in the Rebuttal Testimony of UNS Electric.

I have prepared a complete set of schedules to my exhibit. Any schedules that have been revised are identified as "updated."

Q. What is the impact of your cost of capital updates?

A. The table below identifies the impacts of my updates:

DCF Analyses

	Original Analyses		Updated Analyses	
	Proxy Group	Pritz Group	Proxy Group	Pritz Group
Mean	10.1%	9.5%	9.8%	9.2%
Median	9.6%	9.4%	10.1%	9.4%
Mean				
Low	8.6%	8.2%	8.0%	8.0%
High	12.3%	11.7%	13.0%	11.9%
Median				
Low	8.9%	7.4%	7.9%	6.9%
High	11.8%	11.6%	13.9%	11.3%

CAPM Analyses

	Original Analyses		Updated Analyses	
	Proxy Group	Pritz Group	Proxy Group	Pritz Group
Mean	8.3%	7.6%	8.2%	7.9%
Median	8.3%	8.0%	8.2%	7.9%

Based upon these updates, I conclude that the cost of capital for UNS Electric remains at the 10.0 percent level I derived in my Direct Testimony.

Q. Does this conclude your Surrebuttal Testimony?

A. Yes, it does.

Exhibit___(DCP-1)
Schedule 1

UNS ELECTRIC INC
TOTAL COST OF CAPITAL

Item	Percent	Cost			Weighted Cost		
Long-Term Debt	54.24%		7.05%			3.82%	
Common Equity	45.76%	9.50%	-	10.50%	4.35%		4.80%
Total	100.00%				8.17%		8.63%
						8.40%	**With 10.0% ROE**

ECONOMIC INDICATORS

Year	Real GDP Growth*	Industrial Production Growth	Un-employment Rate	Consumer Price Index	Producer Price Index
		1975 - 1982 Cycle			
1975	-1.1%	-8.9%	8.5%	7.0%	6.6%
1976	5.4%	10.8%	7.7%	4.8%	3.7%
1977	5.5%	5.9%	7.0%	6.8%	6.9%
1978	5.0%	5.7%	6.0%	9.0%	9.2%
1979	2.8%	4.4%	5.8%	13.3%	12.8%
1980	-0.2%	-1.9%	7.0%	12.4%	11.8%
1981	1.8%	1.9%	7.5%	8.9%	7.1%
1982	-2.1%	-4.4%	9.5%	3.8%	3.6%
		1983 - 1991 Cycle			
1983	4.0%	3.7%	9.5%	3.8%	0.6%
1984	6.8%	9.3%	7.5%	3.9%	1.7%
1985	3.7%	1.7%	7.2%	3.8%	1.8%
1986	3.1%	0.9%	7.0%	1.1%	-2.3%
1987	2.9%	4.9%	6.2%	4.4%	2.2%
1988	3.8%	4.5%	5.5%	4.4%	4.0%
1989	3.5%	1.8%	5.3%	4.6%	4.9%
1990	1.8%	-0.2%	5.6%	6.1%	5.7%
1991	-0.5%	-2.0%	6.8%	3.1%	-0.1%
		1992 - 2001 Cycle			
1992	3.0%	3.1%	7.5%	2.9%	1.6%
1993	2.7%	3.3%	6.9%	2.7%	0.2%
1994	4.0%	5.4%	6.1%	2.7%	1.7%
1995	2.5%	4.8%	5.6%	2.5%	2.3%
1996	3.7%	4.3%	5.4%	3.3%	2.8%
1997	4.5%	7.2%	4.9%	1.7%	-1.2%
1998	4.2%	6.1%	4.5%	1.6%	0.0%
1999	4.8%	4.3%	4.2%	2.7%	2.9%
2000	4.1%	4.2%	4.0%	3.4%	3.6%
2001	1.1%	-3.4%	4.7%	1.6%	-1.6%
		Current Cycle			
2002	1.8%	-0.1%	5.8%	2.4%	1.2%
2003	2.5%	1.3%	6.0%	1.9%	4.0%
2004	3.6%	2.5%	5.5%	3.3%	4.2%
2005	3.1%	3.3%	5.1%	3.4%	5.4%
2006	2.7%	2.3%	4.6%	2.5%	1.1%
2007	2.1%	1.5%	4.6%	4.1%	6.2%
2008	0.4%	-2.2%	5.8%	0.1%	-0.9%

*GDP=Gross Domestic Product

Source: Council of Economic Advisors, Economic Indicators, various issues.

ECONOMIC INDICATORS

Year	Real GDP Growth*	Industrial Production Growth	Un-employment Rate	Consumer Price Index	Producer Price Index
2002					
1st Qtr.	2.7%	-3.8%	5.6%	2.8%	4.4%
2nd Qtr.	2.2%	-1.2%	5.9%	0.9%	-2.0%
3rd Qtr.	2.4%	0.8%	5.8%	2.4%	1.2%
4th Qtr.	0.2%	1.4%	5.9%	1.6%	0.4%
2003					
1st Qtr.	1.2%	1.1%	5.8%	4.8%	5.6%
2nd Qtr.	3.5%	-0.9%	6.2%	0.0%	-0.5%
3rd Qtr.	7.5%	-0.9%	6.1%	3.2%	3.2%
4th Qtr.	2.7%	1.5%	5.9%	-0.3%	2.8%
2004					
1st Qtr.	3.0%	2.8%	5.6%	5.2%	5.2%
2nd Qtr.	3.5%	4.9%	5.6%	4.4%	4.4%
3rd Qtr.	3.6%	4.6%	5.4%	0.8%	0.8%
4th Qtr.	2.5%	4.3%	5.4%	3.6%	7.2%
2005					
1st Qtr.	4.1%	3.8%	5.3%	4.4%	5.6%
2nd Qtr.	1.7%	3.0%	5.1%	1.6%	-0.4%
3rd Qtr.	3.1%	2.7%	5.0%	8.8%	14.0%
4th Qtr.	2.1%	2.9%	4.9%	-2.0%	4.0%
2006					
1st Qtr.	5.4%	3.4%	4.7%	4.8%	-0.2%
2nd Qtr.	1.4%	4.5%	4.6%	4.8%	5.6%
3rd Qtr.	0.1%	5.2%	4.7%	0.4%	-4.4%
4th Qtr.	3.0%	3.5%	4.5%	0.0%	3.6%
2007					
1st Qtr.	1.2%	2.5%	4.5%	4.8%	6.4%
2nd Qtr.	3.2%	1.6%	4.5%	5.2%	6.8%
3rd Qtr.	3.6%	1.8%	4.6%	1.2%	1.2%
4th Qtr.	2.1%	1.7%	4.8%	5.6%	12.8%
2008					
1st Qtr.	-0.7%	1.8%	4.9%	2.8%	9.6%
2nd Qtr.	1.5%	-0.4%	5.4%	7.6%	14.0%
3rd Qtr.	-2.7%	-3.2%	6.1%	2.8%	-0.4%
4th Qtr.	-5.4%	-6.7%	6.9%	-13.2%	-28.4%
2009					
1st Qtr.	-6.4%	-11.6%	8.1%	2.4%	-1.2%
2nd Qtr.	-0.7%	-12.9%	9.3%	3.2%	8.8%
3rd Qtr.	2.8%	-9.5%	9.6%	2.4%	1.6%

Source: Council of Economic Advisors, Economic Indicators, various issues.

INTEREST RATES

Year	Prime Rate	US Treas T Bills 3 Month	US Treas T Bonds 10 Year	Utility Bonds Aaa	Utility Bonds Aa	Utility Bonds A	Utility Bonds Baa
			1975 - 1982 Cycle				
1975	7.86%	5.84%	7.99%	9.03%	9.44%	10.09%	10.96%
1976	6.84%	4.99%	7.61%	8.63%	8.92%	9.29%	9.82%
1977	6.83%	5.27%	7.42%	8.19%	8.43%	8.61%	9.06%
1978	9.06%	7.22%	8.41%	8.87%	9.10%	9.29%	9.62%
1979	12.67%	10.04%	9.44%	9.86%	10.22%	10.49%	10.96%
1980	15.27%	11.51%	11.46%	12.30%	13.00%	13.34%	13.95%
1981	18.89%	14.03%	13.93%	14.64%	15.30%	15.95%	16.60%
1982	14.86%	10.69%	13.00%	14.22%	14.79%	15.86%	16.45%
			1983 - 1991 Cycle				
1983	10.79%	8.63%	11.10%	12.52%	12.83%	13.66%	14.20%
1984	12.04%	9.58%	12.44%	12.72%	13.66%	14.03%	14.53%
1985	9.93%	7.48%	10.62%	11.68%	12.06%	12.47%	12.96%
1986	8.33%	5.98%	7.68%	8.92%	9.30%	9.58%	10.00%
1987	8.21%	5.82%	8.39%	9.52%	9.77%	10.10%	10.53%
1988	9.32%	6.69%	8.85%	10.05%	10.26%	10.49%	11.00%
1989	10.87%	8.12%	8.49%	9.32%	9.56%	9.77%	9.97%
1990	10.01%	7.51%	8.55%	9.45%	9.65%	9.86%	10.06%
1991	8.46%	5.42%	7.86%	8.85%	9.09%	9.36%	9.55%
			1992 - 2001 Cycle				
1992	6.25%	3.45%	7.01%	8.19%	8.55%	8.69%	8.86%
1993	6.00%	3.02%	5.87%	7.29%	7.44%	7.59%	7.91%
1994	7.15%	4.29%	7.09%	8.07%	8.21%	8.31%	8.63%
1995	8.83%	5.51%	6.57%	7.68%	7.77%	7.89%	8.29%
1996	8.27%	5.02%	6.44%	7.48%	7.57%	7.75%	8.16%
1997	8.44%	5.07%	6.35%	7.43%	7.54%	7.60%	7.95%
1998	8.35%	4.81%	5.26%	6.77%	6.91%	7.04%	7.26%
1999	8.00%	4.66%	5.65%	7.21%	7.51%	7.62%	7.88%
2000	9.23%	5.85%	6.03%	7.88%	8.06%	8.24%	8.36%
2001	6.91%	3.45%	5.02%	7.47%	7.59%	7.78%	8.02%
			Current Cycle				
2002	4.67%	1.62%	4.61%	[1]	7.19%	7.37%	8.02%
2003	4.12%	1.02%	4.01%		6.40%	6.58%	6.84%
2004	4.34%	1.38%	4.27%		6.04%	6.16%	6.40%
2005	6.19%	3.16%	4.29%		5.44%	5.65%	5.93%
2006	7.96%	4.73%	4.80%		5.84%	6.07%	6.32%
2007	8.05%	4.41%	4.63%		5.94%	6.07%	6.33%
2008	5.09%	1.48%	3.66%		6.18%	6.53%	7.25%

[1] Note: Moody's has not published Aaa utility bond yields since 2001.

Sources: Council of Economic Advisors, Economic Indicators; Moody's Bond Record; Federal Reserve Bulletin; various issues.

INTEREST RATES

Year	Prime Rate	US Treas T Bills 3 Month	US Treas T Bonds 10 Year	Utility Bonds Aa	Utility Bonds A	Utility Bonds Baa
2003						
Jan	4.25%	1.17%	4.05%	6.87%	7.06%	7.47%
Feb	4.25%	1.16%	3.90%	6.66%	6.93%	7.17%
Mar	4.25%	1.13%	3.81%	6.56%	6.79%	7.05%
Apr	4.25%	1.14%	3.96%	6.47%	6.64%	6.94%
May	4.25%	1.08%	3.57%	6.20%	6.36%	6.47%
June	4.00%	0.95%	3.33%	6.12%	6.21%	6.30%
July	4.00%	0.90%	3.98%	6.37%	6.57%	6.67%
Aug	4.00%	0.96%	4.45%	6.48%	6.78%	7.08%
Sept	4.00%	0.95%	4.27%	6.30%	6.56%	6.87%
Oct	4.00%	0.93%	4.29%	6.28%	6.43%	6.79%
Nov	4.00%	0.94%	4.30%	6.26%	6.37%	6.69%
Dec	4.00%	0.90%	4.27%	6.18%	6.27%	6.61%
2004						
Jan	4.00%	0.89%	4.15%	6.06%	6.15%	6.47%
Feb	4.00%	0.92%	4.08%	6.10%	6.15%	6.28%
Mar	4.00%	0.94%	3.83%	5.93%	5.97%	6.12%
Apr	4.00%	0.94%	4.35%	6.33%	6.35%	6.46%
May	4.00%	1.04%	4.72%	6.66%	6.62%	6.75%
June	4.00%	1.27%	4.73%	6.30%	6.46%	6.84%
July	4.25%	1.35%	4.50%	6.09%	6.27%	6.67%
Aug	4.50%	1.48%	4.28%	5.95%	6.14%	6.45%
Sept	4.75%	1.65%	4.13%	5.79%	5.98%	6.27%
Oct	4.75%	1.75%	4.10%	5.74%	5.94%	6.17%
Nov	5.00%	2.06%	4.19%	5.79%	5.97%	6.16%
Dec	5.25%	2.20%	4.23%	5.78%	5.92%	6.10%
2005						
Jan	5.25%	2.32%	4.22%	5.68%	5.78%	5.95%
Feb	5.50%	2.53%	4.17%	5.55%	5.61%	5.76%
Mar	5.75%	2.75%	4.50%	5.76%	5.83%	6.01%
Apr	5.75%	2.79%	4.34%	5.56%	5.64%	5.95%
May	6.00%	2.86%	4.14%	5.39%	5.53%	5.88%
June	6.25%	2.99%	4.00%	5.05%	5.40%	5.70%
July	6.25%	3.22%	4.18%	5.18%	5.51%	5.81%
Aug	6.50%	3.45%	4.26%	5.23%	5.50%	5.80%
Sept	6.75%	3.47%	4.20%	5.27%	5.52%	5.83%
Oct	6.75%	3.70%	4.46%	5.50%	5.79%	6.08%
Nov	7.00%	3.90%	4.54%	5.59%	5.88%	6.19%
Dec	7.25%	3.89%	4.47%	5.55%	5.80%	6.14%
2006						
Jan	7.50%	4.20%	4.42%	5.50%	5.75%	6.06%
Feb	7.50%	4.41%	4.57%	5.55%	5.82%	6.11%
Mar	7.75%	4.51%	4.72%	5.71%	5.98%	6.26%
Apr	7.75%	4.59%	4.99%	6.02%	6.29%	6.54%
May	8.00%	4.72%	5.11%	6.16%	6.42%	6.59%
June	8.25%	4.79%	5.11%	6.16%	6.40%	6.61%
July	8.25%	4.96%	5.09%	6.13%	6.37%	6.61%
Aug	8.25%	4.98%	4.88%	5.97%	6.20%	6.43%
Sept	8.25%	4.82%	4.72%	5.81%	6.00%	6.26%
Oct	8.25%	4.89%	4.73%	5.80%	5.98%	6.24%
Nov	8.25%	4.95%	4.60%	5.61%	5.80%	6.04%
Dec	8.25%	4.85%	4.56%	5.62%	5.81%	6.05%
2007						
Jan	8.25%	4.96%	4.76%	5.78%	5.96%	6.16%
Feb	8.25%	5.02%	4.72%	5.73%	5.90%	6.10%
Mar	8.25%	4.97%	4.56%	5.66%	5.85%	6.10%
Apr	8.25%	4.88%	4.69%	5.83%	5.97%	6.24%
May	8.25%	4.77%	4.75%	5.86%	5.99%	6.23%
June	8.25%	4.63%	5.10%	6.18%	6.30%	6.54%
July	8.25%	4.84%	5.00%	6.11%	6.25%	6.49%
Aug	8.25%	4.34%	4.67%	6.11%	6.24%	6.51%
Sept	7.75%	4.01%	4.52%	6.10%	6.18%	6.45%
Oct	7.50%	3.97%	4.53%	6.04%	6.11%	6.36%
Nov	7.50%	3.49%	4.15%	5.87%	5.97%	6.27%
Dec	7.25%	3.08%	4.10%	6.03%	6.16%	6.51%
2008						
Jan	6.00%	2.86%	3.74%	5.87%	6.02%	6.35%
Feb	6.00%	2.21%	3.74%	6.04%	6.21%	6.60%
Mar	5.25%	1.38%	3.51%	5.99%	6.21%	6.68%
Apr	5.00%	1.32%	3.68%	5.99%	6.29%	6.82%
May	5.00%	1.71%	3.88%	6.07%	6.27%	6.79%
June	5.00%	1.90%	4.10%	6.19%	6.38%	6.93%
July	5.00%	1.72%	4.01%	6.13%	6.40%	6.97%
Aug	5.00%	1.79%	3.89%	6.09%	6.37%	6.98%
Sept	5.00%	1.46%	3.69%	6.13%	6.49%	7.15%
Oct	4.00%	0.84%	3.81%	6.95%	7.56%	8.58%
Nov	4.00%	0.30%	3.53%	6.83%	7.60%	8.98%
Dec	3.25%	0.04%	2.42%	5.93%	6.54%	8.13%
2009						
Jan	3.25%	0.12%	2.52%	6.01%	6.39%	7.90%
Feb	3.25%	0.31%	2.87%	6.11%	6.30%	7.74%
Mar	3.25%	0.25%	2.82%	6.14%	6.42%	8.00%
Apr	3.25%	0.17%	2.93%	6.20%	6.48%	8.03%
May	3.25%	0.15%	3.29%	6.23%	6.49%	7.76%
June	3.25%	0.17%	3.72%	6.13%	6.20%	7.30%
July	3.25%	0.19%	3.56%	5.63%	5.97%	6.87%
Aug	3.25%	0.18%	3.59%	5.33%	5.71%	6.36%
Sept	3.25%	13.00%	3.40%	5.15%	5.53%	6.12%
Oct	3.25%	0.08%	3.39%	5.23%	5.55%	6.14%
Nov	3.25%	0.05%	3.40%	5.33%	5.64%	6.18%

Note: Moody's has not published Aaa utility bond yields since 2001.

Sources: Council of Economic Advisors, Economic Indicators; Moody's Bond Record; Federal Reserve Bulletin; various issues.

STOCK PRICE INDICATORS

Year	S&P Composite [1]	NASDAQ Composite [1]	DJIA	S&P D/P	S&P E/P
		1975 - 1982 Cycle			
1975			802.49	4.31%	9.15%
1976			974.92	3.77%	8.90%
1977			894.63	4.62%	10.79%
1978			820.23	5.28%	12.03%
1979			844.40	5.47%	13.46%
1980			891.41	5.26%	12.66%
1981			932.92	5.20%	11.96%
1982			884.36	5.81%	11.60%
		1983 - 1991 Cycle			
1983			1,190.34	4.40%	8.03%
1984			1,178.48	4.64%	10.02%
1985			1,328.23	4.25%	8.12%
1986			1,792.76	3.49%	6.09%
1987			2,275.99	3.08%	5.48%
1988	[1]	[1]	2,060.82	3.64%	8.01%
1989	322.84		2,508.91	3.45%	7.41%
1990	334.59		2,678.94	3.61%	6.47%
1991	376.18	491.69	2,929.33	3.24%	4.79%
		1992 - 2001 Cycle			
1992	415.74	599.26	3,284.29	2.99%	4.22%
1993	451.21	715.16	3,522.06	2.78%	4.46%
1994	460.42	751.65	3,793.77	2.82%	5.83%
1995	541.72	925.19	4,493.76	2.56%	6.09%
1996	670.50	1,164.96	5,742.89	2.19%	5.24%
1997	873.43	1,469.49	7,441.15	1.77%	4.57%
1998	1,085.50	1,794.91	8,625.52	1.49%	3.46%
1999	1,327.33	2,728.15	10,464.88	1.25%	3.17%
2000	1,427.22	3,783.67	10,734.90	1.15%	3.63%
2001	1,194.18	2,035.00	10,189.13	1.32%	2.95%
		Current Cycle			
2002	993.94	1,539.73	9,226.43	1.61%	2.92%
2003	965.23	1,647.17	8,993.59	1.77%	3.84%
2004	1,130.65	1,986.53	10,317.39	1.72%	4.89%
2005	1,207.23	2,099.32	10,547.67	1.83%	5.36%
2006	1,310.46	2,263.41	11,408.67	1.87%	5.78%
2007	1,477.19	2,578.47	13,169.98	1.86%	5.29%
2008	1,220.04	2,161.65	11,252.62	2.37%	3.55%

[1] Note: this source did not publish the S&P Composite prior to 1988 and the NASDAQ Composite prior to 1991.

Source: Council of Economic Advisors, Economic Indicators, various issues.

STOCK PRICE INDICATORS

YEAR	S&P Composite	NASDAQ Composite	DJIA	S&P D/P	S&P E/P
2002					
1st Qtr.	1,131.56	1,879.85	10,105.27	1.39%	2.15%
2nd Qtr.	1,068.45	1,641.53	9,912.70	1.49%	2.70%
3rd Qtr.	894.65	1,308.17	8,487.59	1.76%	3.68%
4th Qtr.	887.91	1,346.07	8,400.17	1.79%	3.14%
2003					
1st Qtr.	860.03	1,350.44	8,122.83	1.89%	3.57%
2nd Qtr.	938.00	1,521.92	8,684.52	1.75%	3.55%
3rd Qtr.	1,000.50	1,765.96	9,310.57	1.74%	3.87%
4th Qtr.	1,056.42	1,934.71	9,856.44	1.69%	4.38%
2004					
1st Qtr.	1,133.29	2,041.95	10,488.43	1.64%	4.62%
2nd Qtr.	1,122.87	1,984.13	10,289.04	1.71%	4.92%
3rd Qtr.	1,104.15	1,872.90	10,129.85	1.79%	5.18%
4th Qtr.	1,162.07	2,050.22	10,362.25	1.75%	4.83%
2005					
1st Qtr.	1,191.98	2,056.01	10,648.48	1.77%	5.11%
2nd Qtr.	1,181.65	2,012.24	10,382.35	1.85%	5.32%
3rd Qtr.	1,225.91	2,144.61	10,532.24	1.83%	5.42%
4th Qtr.	1,262.07	2,246.09	10,827.79	1.86%	5.60%
2006					
1st Qtr.	1,283.04	2,287.97	10,996.04	1.85%	5.61%
2nd Qtr.	1,281.77	2,240.46	11,188.84	1.90%	5.86%
3rd Qtr.	1,288.40	2,141.97	11,274.49	1.91%	5.88%
4th Qtr.	1,389.48	2,390.26	12,175.30	1.81%	5.75%
2007					
1st Qtr.	1,425.30	2,444.85	12,470.97	1.84%	5.85%
2nd Qtr.	1,496.43	2,552.37	13,214.26	1.82%	5.65%
3rd Qtr.	1,490.81	2,609.68	13,488.43	1.86%	5.15%
4th Qtr.	1,494.09	2,701.59	13,502.95	1.91%	4.51%
2008					
1st Qtr.	1,350.19	2,332.91	12,383.86	2.11%	4.57%
2nd Qtr.	1,371.65	2,426.26	12,508.59	2.10%	4.01%
3rd Qtr.	1,251.94	2,290.87	11,322.40	2.29%	3.94%
4th Qtr.	909.80	1,599.64	8,795.61	2.98%	1.65%
2009					
1st Qtr.	809.31	1,485.14	7,774.06	3.00%	0.86%
2nd Qtr.	892.23	1,731.41	8,327.83	2.45%	0.82%
3rd Qtr.	996.70	996.70	9,229.93	2.16%	1.20%

[1] Note: this source did not publish the S&P Composite prior to 1988 and the NASDAQ Composite prior to 1991.

Source: Council of Economic Advisors, Economic Indicators, various issues.

Exhibit___(DCP-1)
Schedule 3

UNISOURCE ENERGY CORPORATION
SEGMENT FINANCIAL INFORMATION
2006 - 2008
($millions)

Segment	Operating Revenues	Operating Income	Total Assets
		2006	
Tucson Electric Power Co	$989 75.6%	$216 90.0%	$2,623 82.3%
UNS Gas	$162 12.4%	$13 5.4%	$253 7.9%
UNS Electric	$160 12.2%	$13 5.4%	$195 6.1%
All Other	$14 1.1%	0.0%	$1,038 32.6%
Unisource Energy	$1,308	$240	$3,187
		2007	
Tucson Electric Power Co	$1,071 77.6%	$189 88.7%	$2,573 80.8%
UNS Gas	$151 10.9%	$12 5.6%	$276 8.7%
UNS Electric	$169 12.2%	$12 5.6%	$231 7.3%
All Other	$12 0.9%	0.0%	$1,077 33.8%
Unisource Energy	$1,381	$213	$3,186
		2008	
Tucson Electric Power Co	$1,079 77.2%	$107 73.8%	$2,842 81.0%
UNS Gas	$174 12.4%	$20 13.8%	$294 8.4%
UNS Electric	$195 13.9%	$12 8.3%	$285 8.1%
All Other	$23 1.6%	0.0%	$1,061 30.2%
Unisource Energy	$1,398	$145	$3,510

UNS Gas, TEP and UNS Electric figures do not total to Unisource Energy cosolidated figures due to other activities of Unisource Energy.

Source: Unisource Energy Corporation 2008 Form 10-K.

UNS ELECTRIC
CAPITAL STRUCTURE RATIOS
2003 - 2009
($millions)

YEAR	COMMON EQUITY	LONG-TERM DEBT	SHORT-TERM DEBT
2004	$40,900	$60,000	$600
	40.3%	59.1%	0.6%
	40.5%	59.5%	
2005	$49,900	$60,000	$500
	45.2%	54.3%	0.5%
	45.4%	54.6%	
2006	$64,900	$79,000	$400
	45.0%	54.7%	0.3%
	45.1%	54.9%	
2007	$79,800	$86,000	$400
	48.0%	51.7%	0.2%
	48.1%	51.9%	
2008	$83,800	$108,000	$200
	43.6%	56.3%	0.1%
	43.7%	56.3%	
June 30, 2009	$86,000	$100,000	$200
	46.2%	53.7%	0.1%
	46.2%	53.8%	

Source: Response to STF 7.2

UNISOURCE ENERGY CORP
CAPITAL STRUCTURE RATIOS
2003 - 2008
($millions)

YEAR	COMMON EQUITY	LONG-TERM DEBT	SHORT-TERM DEBT
2004	$581	$1,258	$0
	31.6%	68.4%	0.0%
	31.6%	68.4%	
2005	$617	$1,212	$5
	33.6%	66.1%	0.3%
	33.7%	66.3%	
2006	$654	$1,171	$50
	34.9%	62.5%	2.7%
	35.8%	64.2%	
2007	$690	$994	$10
	40.7%	58.7%	0.6%
	41.0%	59.0%	
2008	$679	$1,314	$10
	33.9%	65.6%	0.5%
	34.1%	65.9%	

Source: Unisource Energy Corporation 2008 Form 10-K.

UNISOURCE ENERGY AND UTILITY SUBSIDIARIES
CAPITAL STRUCTURE RATIOS
2008
($millions)

YEAR	COMMON EQUITY	LONG-TERM DEBT	SHORT-TERM DEBT
Unisource Energy consolidated	$679.3 33.9% 34.1%	$1,313.6 65.6% 65.9%	$10.0 0.5%
UNS Gas	$96.7 49.2% 49.2%	$100.0 50.8% 50.8%	$0 0.0%
UNS Electric	$83.8 21.4% 43.7%	$108.0 27.6% 56.3%	$200 51.0%
TEP	$583.6 39.0% 39.2%	$903.6 60.4% 60.8%	$10.0 0.7%

Source for Unisource Energy Consolidated and TEP is 2008 10-K
Source for UNS Gas and UNS Electric is Response to STF 7.2.

Exhibit___(DCP-1)
Schedule 5

PROXY GROUPS
COMMON EQUITY RATIOS

COMPANY	2004	2005	2006	2007	2008	Average	2012-2014
Parcell Proxy Group							
Avista Corp.	41.9%	40.6%	46.3%	59.0%	51.9%	47.9%	50.0%
Hawaiian Electric Industries, Inc	51.0%	53.3%	48.6%	51.0%	52.7%	51.3%	55.0%
Northeast Utilities	34.0%	35.1%	39.7%	39.2%	38.1%	37.2%	44.0%
Pinnacle West Capital Corp.	53.3%	56.8%	51.6%	53.0%	53.2%	53.6%	50.0%
Pepco Holdings, Inc.	39.6%	42.3%	45.1%	45.9%	43.8%	43.3%	48.5%
TECO Energy, Inc.	24.9%	30.0%	35.0%	39.0%	38.5%	33.5%	41.5%
Westar Energy, Inc.	45.5%	47.2%	49.3%	48.9%	49.7%	48.1%	52.5%
Average	41.5%	43.6%	45.1%	48.0%	46.8%	45.0%	48.8%
Pritz Comparable Company Group							
ALLETE, Inc.	61.8%	60.9%	64.9%	64.4%	58.4%	62.1%	51.5%
CH Energy Group, Inc.	59.1%	58.0%	58.8%	55.2%	54.6%	57.1%	48.5%
Empire District Electric Co.	48.7%	49.0%	50.3%	49.9%	46.4%	48.9%	49.0%
Hawaiian Electric Industries	51.0%	53.3%	48.6%	51.0%	52.7%	51.3%	55.0%
MGE Energy, Inc.	62.6%	60.7%	61.3%	64.8%	63.7%	62.6%	65.0%
Northeast Utilities	34.0%	35.1%	39.7%	39.2%	38.1%	37.2%	44.0%
NorthWestern Corp.							
NSTAR	40.2%	38.6%	39.7%	40.1%	42.8%	40.3%	54.0%
Portland General Electric	58.9%	57.7%	56.6%	50.1%	53.8%	55.4%	50.5%
UIL Holdings	52.8%	52.8%	53.0%	49.2%	46.4%	50.8%	48.0%
Average	52.1%	51.8%	52.5%	51.5%	50.8%	51.8%	51.7%

Source: Value Line.

PROXY COMPANIES
BASIS FOR SELECTION

Company	Market Capitalization ($ millions)	Percent Reg Elec or Gas Revenues	Common Equity Ratio	Value Line Safety	S&P Bond Rating	Moody's Bond Rating
Unisource Energy	$975,000	84%	39%	3	NR	NR
Parcell Proxy Group						
Avista Corp.	$1,000,000	53%	54%	3	BBB+	Baa1
Hawaiian Electric Industries, Inc.	$1,600,000	98%	46%	3	BBB	Baa2
Northeast Utilities	$3,600,000	81%	41%	3	BBB+	A3
Pinnacle West Capital Corp.	$3,300,000	97%	45%	3	BBB-	Baa2
Pepco Holdings, Inc.	$3,100,000	50%	43%	3	A-	Baa1
TECO Energy, Inc.	$2,800,000	63%	39%	3	BBB	Baa1
Westar Energy, Inc.	$2,300,000	71%	44%	2	BBB-	Baa2
Pritz Comparable Company Group						
ALLETE, Inc.	$1,100,000	90%	58%	2	A-	A2
CH Energy Group, Inc.	$750,000	49%	49%	1	A	A2
Empire District Electric Co.	$625,000	86%	43%	3	BBB+	Baa1
Hawaiian Electric Industries	$1,600,000	98%	46%	3	BBB	Baa2
MGE Energy, Inc.	$850,000	59%	64%	1	AA-	Aa2
Northeast Utilities	$4,100,000	81%	41%	3	BBB+	A3
NorthWestern Corp.						
NSTAR	$3,400,000	80%	43%	1	AA-	A1
Portland General Electric	$1,400,000	98%	49%	2	A	Baa1
UIL Holdings	$775,000	100%	45%	2	NR	Baa2

Sources: AUS Utility Reports, Value Line.

COMPARISON COMPANIES
DIVIDEND YIELD

COMPANY	Qtr DPS	October - December, 2009 DPS	HIGH	LOW	AVERAGE	YIELD
Parcell Proxy Group						
Avista Corp.	$0.21	$0.84	$22.44	$18.48	$20.46	4.1%
Hawaiian Electric Industries, Inc.	$0.31	$1.24	$21.55	$17.64	$19.60	6.3%
Northeast Utilities	$0.24	$0.95	$26.48	$22.20	$24.34	3.9%
Pinnacle West Capital Corp.	$0.53	$2.10	$37.96	$31.08	$34.52	6.1%
Pepco Holdings, Inc.	$0.27	$1.08	$17.51	$14.24	$15.88	6.8%
TECO Energy, Inc.	$0.20	$0.80	$16.71	$13.45	$15.08	5.3%
Westar Energy, Inc.	$0.30	$1.20	$22.30	$18.91	$20.61	5.8%
Average						**5.5%**
Pritz Comparable Company Group						
ALLETE, Inc.	$0.44	$1.76	$35.29	$32.23	$33.76	5.2%
CH Energy Group, Inc.	$0.54	$2.16	$45.57	$39.54	$42.56	5.1%
Empire District Electric Co.	$0.32	$1.28	$19.36	$17.78	$18.57	6.9%
Hawaiian Electric Industries	$0.31	$1.24	$21.55	$17.64	$19.60	6.3%
MGE Energy, Inc.	$0.37	$1.47	$36.97	$33.41	$35.19	4.2%
Northeast Utilities	$0.24	$0.95	$26.48	$22.20	$24.34	3.9%
NorthWestern Corp.	$0.34	$1.34	$26.85	$23.61	$25.23	5.3%
NSTAR	$0.38	$1.50	$37.75	$30.76	$34.26	4.4%
Portland General Electric	$0.26	$1.02	$21.39	$18.25	$19.82	5.1%
UIL Holdings	$0.43	$1.73	$29.00	$25.27	$27.14	6.4%
Average						**5.3%**

Source: Yahoo! Finance.

COMPARISON COMPANIES
RETENTION GROWTH RATES

COMPANY	2004	2005	2006	2007	2008	Average	2009	2010	2012-'14	Average
Parcell Proxy Group										
Avista Corp.	1.4%	2.4%	4.9%	0.8%	3.7%	2.6%	4.0%	3.5%	3.0%	3.5%
Hawaiian Electric Industries, Inc.	1.1%	1.5%	0.7%	0.8%	0.5%	0.9%	0.0%	1.5%	3.0%	1.5%
Northeast Utilities	1.6%	1.5%	0.3%	4.3%	5.3%	2.6%	4.5%	4.5%	4.0%	4.3%
Pinnacle West Capital Corp.	2.3%	1.0%	3.4%	2.5%	0.3%	1.9%	1.0%	2.0%	3.0%	2.0%
Pepco Holdings, Inc.	2.5%	2.4%	1.5%	2.3%	4.2%	2.6%	0.0%	1.0%	2.5%	1.2%
TECO Energy, Inc.	0.0%	3.3%	5.0%	5.1%	0.0%	2.7%	2.0%	3.5%	4.5%	3.3%
Westar Energy, Inc.	3.2%	4.3%	5.5%	4.3%	1.2%	3.7%	1.0%	2.0%	2.5%	1.8%
Average						**2.4%**				**2.5%**
Pritz Comparable Company Group										
ALLETE, Inc.	4.7%	5.2%	5.0%	5.8%	3.9%	4.9%	0.0%	1.0%	2.0%	1.0%
CH Energy Group, Inc.	1.7%	2.0%	1.2%	1.6%	0.4%	1.4%	0.5%	1.5%	2.5%	1.5%
Empire District Electric Co.	0.0%	0.0%	0.8%	0.0%	0.0%	0.2%	0.0%	0.5%	2.5%	1.0%
Hawaiian Electric Industries	1.1%	1.5%	0.7%	0.8%	0.5%	0.9%	0.0%	1.5%	3.0%	1.5%
MGE Energy, Inc.	2.3%	1.2%	3.7%	4.3%	4.4%	3.2%	3.0%	4.0%	5.5%	4.2%
Northeast Utilities	1.6%	1.5%	0.3%	4.3%	5.3%	2.6%	4.5%	4.5%	4.0%	4.3%
NorthWestern Corp.	5.8%	4.2%	0.8%	0.7%	2.3%	2.8%				
NSTAR	4.8%	4.6%	4.9%	4.9%	4.9%	4.8%	5.0%	5.0%	6.0%	5.3%
Portland General Electric	7.2%	5.3%	3.5%	6.6%	2.0%	4.9%	2.5%	3.0%	3.5%	3.0%
UIL Holdings	0.0%	0.0%	0.0%	3.1%	1.0%	0.8%	1.0%	1.5%	2.5%	1.7%
Average						**2.6%**				**2.6%**

Source: Value Line Investment Survey.

COMPARISON COMPANIES
PER SHARE GROWTH RATES

COMPANY	5-Year Historic Growth Rates				Est'd '06-'08 to '12-'14 Growth Rates			
	EPS	DPS	BVPS	Average	EPS	DPS	BVPS	Average
Parcell Proxy Group								
Avista Corp.	4.0%	5.0%	3.0%	4.0%	6.5%	11.5%	3.5%	7.2%
Hawaiian Electric Industries, Inc.	-6.0%	0.0%	1.0%	-1.7%	7.0%	0.0%	2.0%	3.0%
Northeast Utilities	3.0%	8.5%	2.0%	4.5%	8.0%	7.0%	4.5%	6.5%
Pinnacle West Capital Corp.	-1.0%	5.0%	3.0%	2.3%	3.0%	1.0%	1.0%	1.7%
Pepco Holdings, Inc.	-2.0%	17.5%	1.5%	5.7%	NMF	NMF	1.0%	1.0%
TECO Energy, Inc.	-5.0%	-9.0%	-6.5%	-6.8%	4.5%	2.5%	4.5%	3.8%
Westar Energy, Inc.	21.5%	-0.5%	1.0%	7.3%	4.0%	4.5%	6.0%	4.8%
Average				**2.2%**				**4.0%**
Pritz Comparable Company Group								
ALLETE, Inc.					-1.0%	3.0%	3.0%	1.7%
CH Energy Group, Inc.	-1.5%	0.0%	1.5%	0.0%	3.5%	0.0%	2.0%	1.8%
Empire District Electric Co.	3.5%	0.0%	1.5%	1.7%	6.0%	1.0%	1.5%	2.8%
Hawaiian Electric Industries	-6.0%	0.0%	1.0%	-1.7%	7.0%	0.0%	2.0%	3.0%
MGE Energy, Inc.	6.0%	1.0%	8.0%	5.0%	6.0%	0.5%	7.0%	4.5%
Northeast Utilities	3.0%	8.5%	2.0%	4.5%	8.0%	7.0%	4.5%	6.5%
NorthWestern Corp.	--	--	--					
NSTAR	4.0%	6.0%	5.0%	5.0%	8.0%	5.5%	5.5%	6.3%
Portland General Electric	--	--	--		3.5%	5.5%	2.5%	3.8%
UIL Holdings	--	--	-2.0%	-2.0%	3.0%	0.0%	2.5%	1.8%
Average				**1.8%**				**3.6%**

Source: Value Line Investment Survey.

COMPARISON COMPANIES
DCF COST RATES

COMPANY	ADJUSTED YIELD	HISTORIC RETENTION GROWTH	PROSPECTIVE RETENTION GROWTH	HISTORIC PER SHARE GROWTH	PROSPECTIVE PER SHARE GROWTH	FIRST CALL EPS GROWTH	AVERAGE GROWTH	DCF RATES
Parcell Proxy Group								
Avista Corp.	4.2%	2.6%	3.5%	4.0%	7.2%	5.0%	4.5%	8.7%
Hawaiian Electric Industries, Inc.	6.5%	0.9%	1.5%		3.0%	10.5%	4.0%	10.4%
Northeast Utilities	4.0%	2.6%	4.3%	4.5%	6.5%	9.3%	5.5%	9.5%
Pinnacle West Capital Corp.	6.2%	1.9%	2.0%	2.3%	1.7%	8.0%	3.2%	9.4%
Pepco Holdings, Inc.	6.9%	2.6%	1.2%	5.7%	1.0%	5.5%	3.2%	10.1%
TECO Energy, Inc.	5.4%	2.7%	3.3%		3.8%	9.8%	4.9%	10.4%
Westar Energy, Inc.	5.9%	3.7%	1.8%	7.3%	4.8%	3.7%	4.3%	10.2%
Mean	5.6%	2.4%	2.5%	4.8%	4.0%	7.4%	4.2%	**9.8%**
Median	5.9%	2.6%	2.0%	4.5%	3.8%	8.0%	4.3%	**10.1%**
Composite - Mean		**8.0%**	8.1%	10.4%	9.6%	**13.0%**	9.8%	
Composite - Median		8.5%	**7.9%**	10.4%	9.8%	**13.9%**	10.2%	
Pritz Comparable Company Group								
ALLETE, Inc.	5.3%	4.9%	1.0%		1.7%	4.0%	2.9%	8.2%
CH Energy Group, Inc.	5.1%	1.4%	1.5%		1.8%	N/A	1.6%	6.7%
Empire District Electric Co.	7.0%	0.2%	1.0%	1.7%	2.8%	6.0%	2.3%	9.3%
Hawaiian Electric Industries	6.5%	0.9%	1.5%		3.0%	10.5%	4.0%	10.4%
MGE Energy, Inc.	4.3%	3.2%	4.2%	5.0%	4.5%	5.0%	4.4%	8.6%
Northeast Utilities	4.0%	2.6%	4.3%	4.5%	6.5%	9.3%	5.5%	9.5%
NorthWestern Corp.	5.4%	2.8%				7.0%	4.9%	10.3%
NSTAR	4.5%	4.8%	5.3%	5.0%	6.3%	5.7%	5.4%	9.9%
Portland General Electric	5.3%	4.9%	3.0%		3.8%	6.8%	4.6%	9.9%
UIL Holdings	6.4%	0.8%	1.7%		1.8%	4.5%	2.2%	8.6%
Mean	5.4%	2.6%	2.6%	4.0%	3.6%	6.5%	3.8%	**9.2%**
Median	5.3%	2.7%	1.7%	4.8%	3.0%	6.0%	4.2%	**9.4%**
Composite - Mean		**8.0%**	8.0%	9.4%	9.0%	**11.9%**	9.2%	
Composite - Median		8.0%	**6.9%**	10.0%	8.3%	**11.3%**	9.5%	

Sources: Prior pages of this schedule.

Exhibit___(DCP-1)
Schedule 8
Updated

STANDARD & POOR'S 500 COMPOSITE
20-YEAR U.S. TREASURY BOND YIELDS
RISK PREMIUMS

Year	EPS	BVPS	ROE	20-YEAR T-BOND YIELD	RISK PREMIUM
1977		$79.07			
1978	$12.33	$85.35	15.00%	7.90%	7.10%
1979	$14.86	$94.27	16.55%	8.86%	7.69%
1980	$14.82	$102.48	15.06%	9.97%	5.09%
1981	$15.36	$109.43	14.50%	11.55%	2.95%
1982	$12.64	$112.46	11.39%	13.50%	-2.11%
1983	$14.03	$116.93	12.23%	10.38%	1.85%
1984	$16.64	$122.47	13.90%	11.74%	2.16%
1985	$14.61	$125.20	11.80%	11.25%	0.55%
1986	$14.48	$126.82	11.49%	8.98%	2.51%
1987	$17.50	$134.04	13.42%	7.92%	5.50%
1988	$23.75	$141.32	17.25%	8.97%	8.28%
1989	$22.87	$147.26	15.85%	8.81%	7.04%
1990	$21.73	$153.01	14.47%	8.19%	6.28%
1991	$16.29	$158.85	10.45%	8.22%	2.23%
1992	$19.09	$149.74	12.37%	7.29%	5.08%
1993	$21.89	$180.88	13.24%	7.17%	6.07%
1994	$30.60	$193.06	16.37%	6.59%	9.78%
1995	$33.96	$215.51	16.62%	7.60%	9.02%
1996	$38.73	$237.08	17.11%	6.18%	10.93%
1997	$39.72	$249.52	16.33%	6.64%	9.69%
1998	$37.71	$266.40	14.62%	5.83%	8.79%
1999	$48.17	$290.68	17.29%	5.57%	11.72%
2000	$50.00	$325.80	16.22%	6.50%	9.72%
2001	$24.69	$338.37	7.43%	5.53%	1.90%
2002	$27.59	$321.72	8.36%	5.59%	2.77%
2003	$48.73	$367.17	14.15%	4.80%	9.35%
2004	$58.55	$414.75	14.98%	5.02%	9.96%
2005	$69.93	$453.06	16.12%	4.69%	11.43%
2006	$81.51	$504.39	17.03%	4.68%	12.35%
2007	$66.18	$529.59	12.50%	4.86%	7.64%
2008	$14.88	$451.37	3.30%	4.45%	-1.15%
Average					**6.20%**

Source: Standard & Poor's Analysts' Handbook, Ibbotson Associates Handbook.

Exhibit___(DCP-1)
Schedule 9
Updated

COMPARISON COMPANIES
CAPM COST RATES

COMPANY	RISK-FREE RATE	BETA	RISK PREMIUM	CAPM RATES
Parcell Proxy Group				
Avista Corp.	4.27%	0.70	5.23%	7.9%
Hawaiian Electric Industries, Inc.	4.27%	0.70	5.23%	7.9%
Northeast Utilities	4.27%	0.70	5.23%	7.9%
Pinnacle West Capital Corp.	4.27%	0.75	5.23%	8.2%
Pepco Holdings, Inc.	4.27%	0.80	5.23%	8.5%
TECO Energy, Inc.	4.27%	0.85	5.23%	8.7%
Westar Energy, Inc.	4.27%	0.75	5.23%	8.2%
Mean				**8.2%**
Median				**8.2%**
Pritz Comparable Company Group				
ALLETE, Inc.	4.27%	0.70	5.23%	7.9%
CH Energy Group, Inc.	4.27%	0.65	5.23%	7.7%
Empire District Electric Co.	4.27%	0.75	5.23%	8.2%
Hawaiian Electric Industries	4.27%	0.70	5.23%	7.9%
MGE Energy, Inc.	4.27%	0.65	5.23%	7.7%
Northeast Utilities	4.27%	0.70	5.23%	7.9%
NorthWestern Corp.	4.27%	0.70	5.23%	7.9%
NSTAR	4.27%	0.65	5.23%	7.7%
Portland General Electric	4.27%	0.70	5.23%	7.9%
UIL Holdings	4.27%	0.70	5.23%	7.9%
Mean				**7.9%**
Median				**7.9%**

Sources: Value Line Investment Survey, Standard & Poor's Analysts' Handbook, Federal Reserve.

20-year Treasury Bonds	
Month	Rate
Oct, 2009	4.16%
Nov, 2009	4.24%
Dec, 2009	4.40%

COMPARISON COMPANIES
RATES OF RETURN ON AVERAGE COMMON EQUITY

COMPANY	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1992-2001 Average	2002-2009 Average	2010	2012-14
Parcell Proxy Group																						
Avista Corp.	11.7%	12.2%	10.5%	11.2%	10.6%	15.0%	10.2%	1.1%	13.4%	7.9%	4.5%	6.7%	4.6%	5.8%	8.8%	4.1%	7.6%	8.1%	10.4%	6.3%	8.0%	8.5%
Hawaiian Electric Industries, Ir	10.9%	10.5%	11.1%	11.0%	10.5%	10.9%	11.5%	11.1%	9.8%	12.4%	11.9%	11.1%	9.3%	9.7%	9.3%	7.7%	7.0%	7.5%	11.0%	9.2%	9.5%	10.5%
Northeast Utilities	12.6%	9.4%	12.6%	11.9%	0.1%	-6.2%	-2.3%	-7.3%	-1.3%	8.6%	6.4%	7.1%	5.1%	5.4%	4.5%	8.6%	9.8%	9.6%	3.8%	7.1%	9.0%	9.5%
Pinnacle West Capital Corp.	10.7%	10.9%	10.2%	10.6%	11.2%	11.9%	11.5%	12.3%	12.4%	12.8%	8.6%	8.3%	8.2%	6.7%	9.2%	8.5%	6.1%	6.9%	11.5%	7.8%	8.0%	9.0%
Pepco Holdings, Inc.	10.6%	12.0%	10.8%	10.5%	11.7%	10.5%	11.3%	11.7%	8.9%	11.9%	9.8%	7.6%	8.3%	8.1%	7.1%	7.9%	9.9%	6.3%	11.0%	8.1%	7.0%	7.5%
TECO Energy, Inc.	18.1%	15.1%	14.5%	16.6%	16.5%	14.8%	13.5%	13.8%	17.4%	17.2%	13.5%	-0.7%	9.2%	14.2%	14.7%	14.3%	8.1%	11.0%	15.6%	10.5%	11.5%	12.0%
Westar Energy, Inc.	11.0%	12.4%	10.7%	11.1%	10.4%	-1.6%	7.1%	5.2%	3.2%	-2.2%	5.0%	10.6%	7.7%	9.6%	11.1%	10.0%	6.7%	8.2%	6.7%	8.6%	7.5%	7.5%
Average	11.9%	11.8%	11.5%	11.8%	10.1%	7.9%	9.0%	6.9%	9.1%	9.8%	8.5%	7.2%	7.5%	8.5%	9.2%	8.7%	7.9%	8.2%	10.0%	8.2%	8.6%	9.2%
Median	11.0%	12.0%	10.8%	11.1%	10.6%	10.9%	11.3%	11.1%	9.8%	11.9%	8.6%	7.6%	8.2%	8.1%	9.2%	8.5%	7.6%	8.1%	11.1%	8.2%	8.0%	9.0%
Pritz Comparable Company Group																						
ALLETE, Inc.														12.0%	13.2%	13.4%	11.4%	7.6%		11.5%	8.0%	9.0%
CH Energy Group, Inc.	11.0%	11.1%	10.7%	10.7%	11.3%	10.9%	10.4%	10.2%	10.5%	10.4%	7.0%	9.1%	8.7%	8.9%	7.9%	8.2%	6.7%	6.6%	9.5%	7.9%	7.5%	8.5%
Empire District Electric Co.	10.3%	9.4%	10.6%	9.4%	9.4%	9.9%	11.6%	8.4%	10.0%	4.3%	8.4%	8.7%	5.7%	6.2%	9.2%	6.9%	7.4%	9.6%	8.6%	7.8%	8.5%	10.5%
Hawaiian Electric Industries	10.9%	10.5%	11.1%	11.0%	10.5%	10.9%	11.5%	11.1%	9.8%	12.4%	11.9%	11.1%	9.3%	9.7%	9.3%	7.7%	7.0%	7.5%	11.0%	9.2%	9.5%	10.5%
MGE Energy, Inc.	13.1%	13.3%	13.1%	12.5%	7.1%	12.5%	12.2%	13.0%	14.2%	13.1%	13.2%	12.5%	11.4%	9.4%	11.9%	12.1%	11.8%	11.2%	12.1%	11.7%	10.5%	12.0%
Northeast Utilities	12.6%	9.4%	12.6%	11.9%	0.1%	-6.2%	-2.3%	-7.3%	-1.3%	8.6%	6.4%	7.1%	5.1%	5.4%	4.5%	8.6%	9.8%	9.6%	3.8%	7.1%	9.0%	9.5%
NorthWestern Corp.																						
NSTAR	11.4%	11.9%	12.2%	10.2%	12.6%	12.6%	12.5%	11.4%	12.3%	13.4%	14.0%	13.9%	13.4%	13.1%	13.2%	13.5%	13.6%	13.7%	12.7%	13.6%	13.5%	15.0%
Portland General Electric	12.9%	12.0%	11.3%	13.4%	13.9%										5.9%	11.5%	6.5%	6.4%	12.7%	7.6%	8.0%	8.5%
UIL Holdings	9.2%	10.4%	10.5%	11.8%	10.1%	10.4%	9.5%	11.6%	12.8%	12.1%	8.9%	6.1%	7.1%	5.7%	9.1%	10.1%	10.1%	9.9%	9.7%	8.4%	10.0%	10.5%
Average	11.4%	11.0%	11.5%	11.4%	9.4%	8.7%	9.4%	8.4%	9.8%	10.6%	10.0%	9.8%	8.7%	8.8%	9.4%	10.2%	9.4%	9.1%	10.0%	9.4%	9.4%	10.4%
Median	11.2%	10.8%	11.2%	11.4%	10.3%	10.9%	11.5%	11.1%	10.5%	12.1%	8.9%	9.1%	8.7%	9.2%	9.2%	10.1%	9.8%	9.6%	11.1%	9.3%	9.0%	10.5%

Source: Calculations made from data contained in Value Line Investment Survey.

COMPARISON COMPANIES
MARKET TO BOOK RATIOS

COMPANY	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1992-2001 Average	2002-2009 Average
Parcell Proxy Group																				
Avista Corp.	151%	163%	133%	125%	145%	162%	163%	152%	317%	114%	85%	94%	111%	115%	135%	127%	110%	88%	163%	108%
Hawaiian Electric Industries,	171%	154%	141%	149%	147%	147%	154%	132%	127%	145%	153%	151%	179%	181%	192%	166%	166%	114%	147%	163%
Northeast Utilities	154%	149%	127%	124%	95%	64%	91%	113%	136%	129%	99%	95%	106%	108%	131%	163%	128%	112%	118%	118%
Pinnacle West Capital Corp.	116%	125%	99%	116%	133%	152%	180%	143%	145%	154%	116%	114%	130%	130%	129%	127%	100%	86%	136%	117%
Pepco Holdings, Inc.	160%	162%	135%	138%	161%	151%	161%	166%	139%	124%	110%	103%	109%	122%	129%	141%	115%	75%	150%	113%
TECO Energy, Inc.	243%	268%	224%	238%	241%	234%	247%	210%	223%	222%	135%	111%	174%	243%	202%	188%	171%	116%	235%	167%
Westar Energy, Inc.	144%	152%	130%	129%	126%	131%	128%	89%	74%	78%	67%	109%	132%	142%	139%	140%	107%	87%	118%	115%
Average	163%	168%	141%	146%	150%	149%	160%	144%	166%	138%	109%	111%	134%	149%	151%	150%	128%	97%	**152%**	**129%**
Median	154%	154%	133%	129%	145%	151%	161%	143%	139%	129%	110%	109%	130%	130%	135%	141%	115%	88%	**144%**	**120%**
Pritz Comparable Company Group																				
ALLETE, Inc.													322%	212%	219%	195%	156%	113%	203%	203%
CH Energy Group, Inc.	123%	133%	107%	112%	114%	135%	155%	133%	125%	141%	152%	147%	149%	146%	154%	145%	132%	133%	135%	145%
Empire District Electric Co.	184%	178%	143%	142%	143%	138%	168%	177%	183%	162%	132%	133%	144%	148%	149%	150%	122%	99%	150%	135%
Hawaiian Electric Industries	171%	154%	141%	149%	147%	147%	154%	132%	127%	145%	153%	151%	179%	181%	192%	166%	166%	114%	147%	163%
MGE Energy, Inc.	189%	196%	189%	183%	203%	189%	197%	177%	172%	197%	214%	223%	207%	207%	191%	178%	160%	151%	190%	191%
Northeast Utilities	154%	149%	127%	124%	95%	64%	91%	113%	136%	129%	99%	95%	106%	108%	131%	163%	128%	112%	118%	118%
NorthWestern Corp.																				
NSTAR	138%	154%	130%	130%	125%	146%	181%	166%	161%	161%	170%	175%	189%	202%	214%	222%	201%	187%	170%	195%
Portland General Electric	115%	125%	112%	140%	199%										153%	140%	101%	80%	138%	119%
UIL Holdings	123%	157%	127%	123%	114%	111%	151%	144%	141%	139%	126%	113%	133%	135%	174%	189%	168%	126%	139%	146%
Average	150%	156%	135%	138%	142%	133%	157%	149%	149%	153%	150%	148%	179%	167%	175%	172%	148%	124%	**154%**	**157%**
Median	146%	154%	129%	135%	134%	138%	155%	144%	141%	145%	152%	147%	164%	165%	174%	166%	156%	114%	**142%**	**155%**

Source: Calculations made from data contained in Value Line Investment Survey.

Exhibit___(DCP-1)
Schedule 11
Updated

STANDARD & POOR'S 500 COMPOSITE RETURNS AND MARKET-TO-BOOK RATIOS 1992 - 2008

YEAR	RETURN ON AVERAGE EQUITY	MARKET-TO BOOK RATIO
1992	12.2%	271%
1993	13.2%	272%
1994	16.4%	246%
1995	16.6%	264%
1996	17.1%	299%
1997	16.3%	354%
1998	14.6%	421%
1999	17.3%	481%
2000	16.2%	453%
2001	7.5%	353%
2002	8.4%	296%
2003	14.2%	278%
2004	15.0%	291%
2005	16.1%	278%
2006	17.0%	277%
2007	12.8%	284%
2008	3.3%	224%
Averages:		
1992-2001	14.7%	341%
2002-2008	12.4%	275%

Source: Standard & Poor's Analyst's Handbook, 2008 edition, page 1.

Exhibit___(DCP-1)
Schedule 12
Updated

RISK INDICATORS

GROUP	VALUE LINE SAFETY	VALUE LINE BETA	VALUE LINE FIN STR	S & P STK RANK
S & P's 500 Composite	2.7	1.05	B++	B
Parcell Proxy Group	2.9	0.75	B+	B
Pritz Comparable Company Group	2.1	0.69	A-	A-

Sources: Value Line Investment Survey, Standard & Poor's Stock Guide.

Definitions:

Safety rankings are in a range of 1 to 5, with 1 representing the highest safety or lowest risk.

Beta reflects the variability of a particular stock, relative to the market as a whole. A stock with a beta of 1.0 moves in concert with the market, a stock with a beta below 1.0 is less variable than the market, and a stock with a beta above 1.0 is more variable than the market.

Financial strengths range from C to A++, with the latter representing the highest level.

Common stock rankings range from D to A+, with the later representing the highest level.

Exhibit___(DCP-1)
Schedule 13
Updated

UNS ELECTRIC INC
RATING AGENCY RATIOS

Item	Percent	Cost	Weighted Cost	Pre-Tax Cost	
Long-Term Debt	54.24%	7.05%	3.82%	3.82%	
Common Equity	45.76%	10.00%	4.58%	7.63%	
Total	100.00%		8.40%	11.45%	1/

1/ Post-tax weighted cost divided by .60 (composite tax factor)

Pre-Tax coverage = **2.99**
11.45% /3.82%

Standard & Poor's Utility Benchmark Ratios: Business Profile of "4"	A	BBB
Pre-tax coverage	3.3x - 4.0x	2.2x - 3.0x
Total debt to total capital	45%-52%	52%-62%

LONG-TERM PROJECTIONS OF GROSS DOMESTIC PRODUCT GROWTH

Social Security Administration

Year	Real GDP	GDP Index	Nominal GDP	Year	Real GDP	GDP Index	Nominal GDP
2008	2.3%	2.0%	4.3%	2049	2.2%	2.4%	4.6%
2009	2.8%	2.1%	4.9%	2050	2.1%	2.4%	4.5%
2010	2.7%	2.4%	5.1%	2051	2.1%	2.4%	4.5%
2011	2.5%	2.4%	4.9%	2052	2.1%	2.4%	4.5%
2012	2.5%	2.4%	4.9%	2053	2.1%	2.4%	4.5%
2013	2.5%	2.4%	4.9%	2054	2.1%	2.4%	4.5%
2014	2.4%	2.4%	4.8%	2055	2.1%	2.4%	4.5%
2015	2.3%	2.4%	4.7%	2056	2.1%	2.4%	4.5%
2016	2.3%	2.4%	4.7%	2057	2.1%	2.4%	4.5%
2017	2.3%	2.4%	4.7%	2058	2.1%	2.4%	4.5%
2018	2.3%	2.4%	4.7%	2059	2.1%	2.4%	4.5%
2019	2.3%	2.4%	4.7%	2060	2.1%	2.4%	4.5%
2020	2.2%	2.4%	4.6%	2061	2.1%	2.4%	4.5%
2021	2.2%	2.4%	4.6%	2062	2.1%	2.4%	4.5%
2022	2.2%	2.4%	4.6%	2063	2.1%	2.4%	4.5%
2023	2.2%	2.4%	4.6%	2064	2.1%	2.4%	4.5%
2024	2.2%	2.4%	4.6%	2065	2.1%	2.4%	4.5%
2025	2.1%	2.4%	4.5%	2066	2.1%	2.4%	4.5%
2026	2.1%	2.4%	4.5%	2067	2.1%	2.4%	4.5%
2027	2.1%	2.4%	4.5%	2068	2.1%	2.4%	4.5%
2028	2.1%	2.4%	4.5%	2069	2.1%	2.4%	4.5%
2029	2.1%	2.4%	4.5%	2070	2.1%	2.4%	4.5%
2030	2.1%	2.4%	4.5%	2071	2.1%	2.4%	4.5%
2031	2.1%	2.4%	4.5%	2072	2.1%	2.4%	4.5%
2032	2.1%	2.4%	4.5%	2073	2.1%	2.4%	4.5%
2033	2.1%	2.4%	4.5%	2074	2.1%	2.4%	4.5%
2034	2.1%	2.4%	4.5%	2075	2.1%	2.4%	4.5%
2035	2.2%	2.4%	4.6%	2076	2.1%	2.4%	4.5%
2036	2.2%	2.4%	4.6%	2077	2.1%	2.4%	4.5%
2037	2.2%	2.4%	4.6%	2078	2.1%	2.4%	4.5%
2038	2.2%	2.4%	4.6%	2079	2.1%	2.4%	4.5%
2039	2.2%	2.4%	4.6%	2080	2.1%	2.4%	4.5%
2040	2.2%	2.4%	4.6%	2081	2.1%	2.4%	4.5%
2041	2.2%	2.4%	4.6%	2082	2.1%	2.4%	4.5%
2042	2.2%	2.4%	4.6%				
2043	2.2%	2.4%	4.6%				
2044	2.2%	2.4%	4.6%				
2045	2.2%	2.4%	4.6%				
2046	2.2%	2.4%	4.6%				
2047	2.2%	2.4%	4.6%	Average			**4.6%**
2048	2.2%	2.4%	4.6%				

Source: 2007 OASDI Trustees Report.

LONG-TERM PROJECTIONS OF GROSS DOMESTIC PRODUCT GROWTH

Energy Information Administration

Annual Growth (2005-2030):

Real GDP	2.4%
GDP Chain-type Price Index	2.0%
Nominal GDP Growth	**4.4%**

Source: Energy Information Administration, Annual Energy Outlook 2008 with Projections to 2030.

RECALCULATION OF FAIR VALUE RATE OF RETURN

Calculation of FVROR as used on pages 54 and 57 of Parcell testimony

	Dollars	Percent	Cost	Wgt Cost
Long-term Debt	$99,300,000 1/	36.45%	7.05%	2.57%
Common Equity	$83,800,000 1/	30.76%	10.00%	3.08%
FVRB Increment	$89,333,154 2/	32.79%	1.50%	0.49% 3/ 4/
	$272,433,154			6.14%

1/ Dollars of long-term debt and common equity, as used in UNS Electric filing to develop Company's cost of capital.
2/ Differential between FVRB and OCRB, as developed by Staff witness Fish.
3/ This corrects for the mistake on page 57, where 0.34% was incorrectly shown.
4/ This corrects for the mistake on page 57, where 5.99% was incorrectly shown.

This analysis, as developed on page 54, combines the dollars of long-term debt and common equity, with the dollars of the FVRB Increment.

Recalculation of FVROR to reflect matching of OCRB with values of long-term debt and common equity.

FVRB	$257,949,478
OCRB	$168,616,324
FVRB Increment	$89,333,154

	Percent 5/				
Long-term Debt	54.24%	$91,457,494	35.46%	7.05%	2.50%
Common Equity	45.76%	$77,158,830	29.91%	10.00%	2.99%
FVRB Increment		$89,333,154	34.63%	1.50%	0.52%
Fair Value Rate Base		$257,949,478	100.00%		6.01%

5/ Percentages of long-term debt and common equity as shown on Schedule 1.

	Co. review of Staff calculations	Readjustment of Staff calculations includidng Credit Support & CARES	Readjustment of Staff calculations Excluding Credit support & CARES
Staff OCRB ROR	8.40%	8.40%	8.40%
Staff's proposed return OCRB	$14,163,717.00	$14,163,717.00	$14,163,717.00
Staff's fair value return	$1,339,997.00	$1,339,997.00	$1,339,997.00
Staff's proposed return tot	$15,503,714.00	$15,503,714.00	$15,503,714.00
Company's proposed operating expeses before taxes	($146,801,451.00)	($146,801,451.00)	($146,801,451.00)
Staff's proposed operating expenses before taxes	($147,945,938.00)	($147,945,938.00)	($147,945,938.00)
Staff's pro forma operatring income before inc. taxes	$13,041,924.00	$12,980,137.00	$12,980,137.00
Less interest-synchronized per Co. review*	($6,441,144.00)		
Less actual interest L-T debt**		($7,050,000.00)	($7,050,000.00)
Less actual interest credit support costs***		($195,000.00)	
Pro forma taxable income	$6,600,780.00	$5,735,137.00	$5,930,137.00
Tax rate	38.5980%	38.5980%	38.5980%
Income Tax Expense	$2,547,769.06	$2,213,648.18	$2,288,914.28
Company adjusted income tax	$2,121,267.00	$2,121,267.00	$2,121,267.00
Income Tax Increase over Co. Filing	$426,502.06	$92,381.18	$167,647.28
Pro forma Oper income after taxes	$10,494,154.94	$10,766,488.82	$10,691,222.72
Revenue Shortfall	$3,669,562.06	$3,397,228.18	$3,472,494.28
Fair Value Increment	$1,339,997.00	$1,339,997.00	$1,339,997.00
Deficiency	$5,009,559.06	$4,737,225.18	$4,812,491.28
Tax gross-up	1.6363	1.6363	1.6363
Staff's corrected increase	$8,197,141.50	$7,751,521.56	$7,874,679.48
Staff's surrebuttal corrected increase		$7,579,110.00	$7,579,110.00
Change in Staff's increase		$172,411.56	$295,569.48

*OCRB *weighted average cost of debt
**L-T debt times cost of debt
***Actual annual cost as per Grant rebuttal testi

EXHIBIT
S-17
ADMITTED

UNS ELECTRIC, INC.'S RESPONSE TO
STAFF'S TWENTY-FOURTH SET OF DATA REQUESTS
DOCKET NO. E-04204A-09-0206
December 21, 2009

STF 24.3 RE: statement on pages 8-9 about use of geometric means. Please indicate if Ms. Pritz is aware that, in the prior UNS Electric rate case, the Arizona Corporation Commission specifically stated that it is proper to use the geometric means in the manner proposed by Mr. Parcell.

RESPONSE: In Decision No. 70360 (May 27, 2008), the Commission stated, "We agree with Staff that it is appropriate to consider the geometric returns in calculating a comparable company CAPM because to do otherwise would fail to give recognition to the fact that many investors have access to such information for purposes of making investment decisions." However, as stated in my Rebuttal Testimony, investors also have access to financial literature that would lead them to use arithmetic averages rather than geometric averages. For instance, as stated by Michael Annin, CFA and Dominic Falaschetti, CFA,

> "In SBBI, Ibbotson Associates provides both arithmetic and geometric means for different asset classes. The equity risk premium that is outlined in the publication is an arithmetic mean however. SBBI has a number of different audiences including business appraisers, investment analysts, and financial planners. Geometric means are presented because they can be useful in analyzing historical performance."[1]

Also, Hal Heaton, Ph.D., comments,

> "Financial textbooks that cite the use of historical data to estimate the equity risk premium for the future indicate that, if historical data are used, the arithmetic average is the appropriate average... The issue is muddied by a few authors who choose to use the geometric average...."[2]

And from Pratt and Grabowski in their textbook *Cost of Capital: Applications and Examples*,

> "The arithmetic average receives the most support in literature...."[3]

RESPONDENT: Martha B. Pritz
WITNESS: Martha B. Pritz

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[1] Annin and Falaschetti, "Equity Risk Premium Article", *Valuation Strategies* (January/February 1998)
[2] Heaton, "On the Use of Size Premiums, Arithmetic or Geometric Average Returns, and Liquidity Premiums in Determining Discount Rates", *Journal of Property Tax Assessment & Administration* Volume 4, Issue 4 (October 2007): 5-12.
[3] Pratt and Grabowski, *Cost of Capital: Applications and Example* (Wiley 2008) at 96.

UNS ELECTRIC, INC.'S RESPONSE TO
STAFF'S TWENTY-FOURTH SET OF DATA REQUESTS
DOCKET NO. E-04204A-09-0206
December 21, 2009

STF 24.6 Please indicate if Ms. Pritz has updated her cost of capital analyses or intends to update them.

RESPONSE: No update of the analyses has been completed, although some preliminary work has been done.

RESPONDENT: Martha B. Pritz

WITNESS: Martha B. Pritz

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS
KRISTIN K. MAYES - CHAIRMAN
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

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.	)	DOCKET NO. E-04204A-09-____ **APPLICATION**

UNS Electric, Inc. ("UNS Electric" or "Company"), pursuant to A.R.S. §§ 40-250, 40-251 and 40-301, and A.A.C. R14-2-103, and through undersigned counsel, respectfully files this rate application requesting the following:

1. Approval of an increase in its base rates of $13,500,000 or approximately 7.5%, over test year revenues, and to set UNS Electric's fair value rate base at $265,152,067. UNS Electric further requests approval of its proposed rate design with new rates becoming effective June 1, 2010;
2. Approval of a modification of the interest rate on its Purchased Power and Fuel Adjustment Clause ("PPFAC") bank balance and inclusion of credit-related costs to support the procurement of wholesale power and natural gas; and
3. Approval of a post-test year adjustment to rate base and revenue-neutral rate reclassification, effective on the date of UNS Electric's proposed acquisition of the 90 MW Black Mountain Generating Station peaking facility in Mohave County.

EXHIBIT
UNSE-1
ADMITTED

In support of this Application, UNS Electric respectfully states as follows:

OVERVIEW

1. UNS Electric requests a rate increase of $13,500,000, or approximately 7.5% over test year revenues. This rate increase is driven by several factors, including substantial additions to rate base after the test year of the prior rate case (June 30, 2006) and increasing operating costs.

2. The rate case is key to improving UNS Electric's financial condition, which will, among other things, improve its ability to attract capital on reasonable terms and acquire economic wholesale power. Recent extraordinary economic circumstances have challenged UNS Electric's ability to raise capital at reasonable terms. UNS Electric's prior rate order (Decision No. 70360 (May 27, 2008)) authorized an ROE of 10%. However, UNS Electric is currently earning well under its authorized return on equity ("ROE"). During the test year (2008), UNS Electric earned an ROE of 4.6%, and it is projected to earn an ROE of only 4.0% in 2009. Without the appropriate rate relief, it may be difficult for the Company to attract capital and acquire wholesale power on reasonable terms.

3. UNS Electric also requests two modifications to its current Purchased Power and Fuel Adjustment Clause ("PPFAC"). First, the PPFAC allows UNS Electric to recover interest costs on its bank balance when PPFAC collections are less than actual purchased power and fuel costs. The current interest rate is based on the federal government's short term cost of borrowing. Therefore, UNS Electric proposes that the PPFAC interest rate be reset to LIBOR plus 1%, which reflects UNS Electric's actual cost of borrowing. Secondly, UNS Electric requests that credit-related costs to support the procurement of wholesale power and natural gas be included in its PPFAC.

4. UNS Electric further requests several changes to its rate structure. UNS Electric proposes modifying its rate design to more closely reflect costs. This effort is best exemplified in UNS Electric's modification and expansion of it Time-of-Use ("TOU") rates program. The Company has adjusted TOU base power supply charges to expand the difference between on-

peak and off-peak charges. This provides a more accurate price signal to customers, as well as greater rewards from load shifting, and should encourage greater customer participation in the TOU programs. UNS Electric also proposes to expand TOU participation further with the introduction of three new Super-Peak demand response rates aimed at substantial demand reductions in a single hour. Moreover, UNS Electric proposed a slight increase in the monthly customer charge and an increase to non-fuel base rates.

5. UNS Electric proposes changes to its low-income programs that will hold the majority of customers (those with monthly usage levels less than 945 kWh) in the Customer Assistance Residential Energy Support ("CARES") program harmless from the proposed rate increase in this case. Higher usage CARES customers (more than 945 kWh per month) are not held fully harmless from the rate increase in this case, but they will avoid <u>most</u> of the increase. Additionally, the Company proposes low-income program expansion that will increase the number of customers qualifying for low-income programs by expanding the eligibility beyond the current CARES threshold of 150% of poverty.

6. UNS Electric is requesting minor changes to its Rules and Regulations and formal Commission approval of the proposed Line Extension Policy submitted in response to the Company's prior rate order.

7. Finally, as discussed in more detail below, UNS Electric is requesting the Commission to authorize a post-test year rate base adjustment and related revenue-neutral rate reclassification which would allow UNS Electric to acquire the Black Mountain Generation Station ("BMGS"). UNS Electric currently owns very little generation capacity – and none in its Mohave County load area where BMGS is located – and is heavily exposed to the purchased power market. Acquisition of BMGS will reduce that exposure, enhance operational flexibility and reliability, and improve UNS Electric's cash flow and creditworthiness, while at the same time providing a highly economical resource to serve customers.

A. **Revenue Requirement and Rate Increase.**

8. UNS Electric's current rates and charges do not produce a reasonable return on the fair value of its property devoted to public service and are therefore not just and reasonable. Thus, the Company is requesting an increase in its base rates of $13,500,000 or approximately 7.5%, over test year revenues, and to set UNS Electric's fair value rate base at $265,152,067. Since the test-year ending June 30, 2006[1] through December 31, 2008, UNS Electric made capital expenditures of approximately $86 million. A majority of these capital expenditures were related to plant that was in service on December 31, 2008 and is currently used and useful. These expenditures are not yet reflected in rates even though UNS Electric's customers have been receiving the benefit of those capital additions to UNS Electric's system. Further, the requested increase reflects an overall rate of return and weighted average cost of capital of 9.04%. This overall rate of return is based on an 11.4% cost of common equity capital, an 7.05% cost of long-term debt, with a capital structure consisting of 54.24% common equity, 45.76% long-term debt, which was UNS Electric's actual capital structure as of December 31, 2008. The requested rate of return on fair value rate base is 6.88%. The rate increase sought is required to provide the Company an opportunity to earn a fair rate of return on the fair value of its assets devoted to public service, and recover the Company's costs necessarily and prudently incurred in rendering utility service to customers.

B. **Rate Design.**

9. UNS Electric is proposing to increase its monthly customer charges slightly ($0.50/month increase for all customer classes) so that they more closely track the actual cost of service. For residential customers, the charge will increase from $7.50 to $8.00. Overall, the non-fuel base rate for delivery of power will increase, on average, from 3.0 cents/kWh to 3.84 cents/kWh.

10. A central component of UNS Electric's energy conservation plan is TOU rates. TOU rates send customers a strong price signal by charging more for peak power than non-peak

[1] In Decision No. 70360, the Commission determined UNS Electric's current rates based upon a test year ending on June 30, 2006.

power. Effective TOU rates can delay the need to build or purchase additional peaking generation and they can reduce cost as peaking generation is more expensive compared to baseload or intermediate generation. In Decision No. 70360, the Commission rejected UNS Electric's proposal that all new customers automatically be enrolled in the TOU program. In this case, UNS Electric proposes modifying its current TOU program to increase its effectiveness and encourage more voluntary enrollment. Specifically, UNS Electric proposes increasing the differential between peak and non-peak rates to send a stronger price signal against using peak power. UNS Electric expects that these proposed changes to its TOU rates will offer customers a more appropriate reward for their load management efforts, and will encourage greater customer participation.

C. Low-Income Programs.

11. UNS Electric recognizes the difficulties facing all of its customers and especially its low-income customers, especially in the current economic situation. UNS Electric proposes changes to its low-income programs that will hold the majority of CARES customers (those with monthly usage levels less than 945 kWh) harmless from the proposed rate increase in this case – in fact, bills with usage levels less than 945 kWh will actually decrease. CARES customers using more than 945 kWh per month are not held fully harmless from the rate increase in this, but they will avoid most of the increase. This will be accomplished by lowering the CARES monthly customer charge, offering CARES customers a reduced base power supply rate, and setting the PPFAC forward and true up components for CARES customers to zero and freezing those components upon implementation of new rates. CARES customers also will still receive the *additional* percentage discounts (30% for 0-300 kWh; 20% for 301-600 kWh, and 10% for 601-1000 kWh) and the flat $8.00 per month discount for customers with monthly usage in excess of 1,000 kWh.

12. To help mitigate the impact of the rate increase on customers who earn slightly more than the CARES threshold, UNS Electric proposes to increase the number of customers that may qualify for low-income programs by expanding the eligibility threshold to 200% of

poverty, beyond the current 150% of poverty threshold. However, UNS Electric's support of an expanded program is contingent upon the program costs being fully recovered from other retail customers.

D. Black Mountain Generation Station.

13. BMGS is owned by UniSource Energy Development Company. It is currently in operation, and provides power to UNS Electric pursuant to an agreement accepted by the Federal Energy Regulatory Commission.

14. BMGS has two natural gas turbines that were purchased at a discounted price. This reduced cost will benefit UNS Electric's customers for years to come, if BMGS is placed into rate base. In addition, the long term costs of owning and operating BMGS are expected to be lower than the long term costs of purchasing power. Customers also will benefit from greater stability in costs, as compared to fluctuating purchased power costs.

15. BMGS is located within UNS Electric's Mohave County service area, and its location would provide UNS Electric with increased operational flexibility and reliability.

16. Including BMGS in rate base will improve UNS Electric's financial situation. Cash flow will be improved because UNS Electric will no longer have to pay for the power purchased from the plant. In addition, owning generation eliminates the risk that substitute purchase power agreements would be viewed as equivalent to debt by credit ratings agencies, or be viewed as leases for accounting purposes. Currently, UNS Electric relies almost exclusively on purchased power, and owning this generation will help move UNS Electric towards a more balanced portfolio of energy sources.

17. UNS Electric proposes that BMGS be included in rate base through a post-test year adjustment and related rate reclassification. The rate reclassification would be a revenue neutral increase in the non-fuel base rate and a corresponding decrease in the base power supply rate. The reclassification would occur once the purchase of BMGS closes. The proposed purchase price of $62.0 million is based upon the depreciated book value of the facility at the end of the test year.

APPLICATION

18. The Company is a corporation duly organized, existing and in good standing under the laws of the State of Arizona. Its principal place of business is 2498 Airway Avenue, Kingman, Arizona 86409.

19. The Company is a public service corporation principally engaged in the transmission and distribution of electricity for sale in Arizona pursuant to Certificates of Convenience and Necessity issued by the Commission.

20. All communications and correspondence concerning this Application, as well as communications and pleadings with respect thereto filed by other parties, should be served on:

Philip J. Dion, Esq.
UniSource Energy Corporation
One South Church, Suite 2030
Tucson, Arizona 85701

and

Michael W. Patten, Esq.
Roshka, DeWulf & Patten, PLC
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

21. This Commission has jurisdiction to conduct public hearings to determine the fair value of the property of a public service corporation, to fix a just and reasonable rate of return thereon, and thereafter, to approve rate schedules designed to develop such return. Further, the Commission has jurisdiction to establish the practices and procedures to govern the conduct of such hearing, including, but not limited to, such matters as notice, intervention, filing, service, exhibits, discovery and other prehearing and hearing matters.

22. Accompanying this Application are the standard filing requirements and rate design schedules described in A.A.C. R14-2-103 and the direct testimony and related exhibits of the following witnesses:

- Michael J. DeConcini (Overview and Policy)
- Thomas McKenna (Operations, Black Mountain)

- Kentton C. Grant (Financial Needs, Black Mountain, Fair Value Return)
- Martha B. Pritz (Return on Equity, Weighted Average Cost of Capital)
- Karen G. Kissinger (Financial Statements, Rate Base)
- Dallas J. Dukes (Income and Expenses)
- D. Bentley Erdwurm (Rate Design, TOU)
- Dr. Ronald E. White (Depreciation)

23. UNS Electric respectfully requests that this Commission set a date for a hearing on this Application such that new rates for the Company will become effective on or before June 1, 2010. At the hearing conducted pursuant to this rate request, UNS Electric will establish, among other things, that:

(1) its current rates and charges do not permit the Company to earn a fair return on the fair value of its assets devoted to public service and are therefore no longer just and reasonable;

(2) the requested increase is the minimum amount necessary to allow the Company an opportunity to earn a fair return on the fair value of its assets devoted to public service, for the preservation of the Company's financial integrity and for the attraction of new capital investment on reasonable terms;

(3) the Company requires additional permanent base revenue of at least $13,500,000 based on annualized test period sales in order to continue to provide adequate and reliable electric service to its customers as required by law;

(4) the proposed rate design, including revisions to its TOU rates, should be approved;

(5) the proposed modifications to UNS Electric's tariffs (specifically, its Rules and Regulations) should be approved;

(6) the interest rate to be applied to the PPFAC bank balance should be revised so UNS Electric timely recovers the actual carrying cost of the bank balance and credit-related costs to support the procurement of wholesale power and natural gas should be included in the PPFAC calculation; and

(7) the rate base treatment of BMGS by authorizing a post-test year adjustment to rate base and reclassification of rates effective upon the acquisition of BMGS should be approved in order to facilitate the acquisition of the facility.

24. In addition to setting a hearing date, UNS Electric asks that the Commission issue a procedural order setting forth the prescribed notice for the Application, establishing procedures for intervention, and providing for appropriate discovery. UNS Electric further requests that the Company should be authorized to serve all discovery requests, answers and objections electronically. Hard copy service would remain available to parties upon request or where the confidential nature of the information makes the use of electronic service impractical.

WHEREFORE, UNS Electric respectfully requests that the Commission:

(1) Issue a procedural order establishing a date for hearing evidence concerning this Application and procedures for intervention and discovery as described above;

(2) Prescribe the time and form of notice to UNS Electric customers; and

(3) Issue a final order with the requisite findings of fact and conclusions of law approving the Company's:

(i) request for an increase of its base rates, its proposed fair value rate base and cost of capital;

(ii) revised rate design, including proposed TOU modifications, as shown in the schedules accompanying this application;

(iii) revised PPFAC, as requested;

(iv) requested post-test year rate base adjustment and rate reclassification related to the Black Mountain Generation Station; and

(4) Grant such other approvals as may be necessary, just and reasonable.

RESPECTFULLY SUBMITTED this 30th day of April 2009.

UNS Electric, Inc.

By _____

Philip J. Dion
UniSource Energy Services
One South Church Avenue
Tucson, Arizona 85702

and

Michael W. Patten
ROSHKA DEWULF & PATTEN, PLC.
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

Attorneys for UNS Electric, Inc.

Original and thirteen copies of the foregoing filed this 30th day of April 2009, with:

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

Copy of the foregoing hand-delivered this 30th day of April 2009, to:

Chairman Kristin K. Mayes
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Commissioner Gary Pierce
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Commissioner Paul Newman
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Commissioner Sandra D. Kennedy
Arizona Corporation Commission
1200 West Washington Street
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Commissioner Bob Stump
Arizona Corporation Commission
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Lyn A. Farmer, Esq.
Chief Administrative Law Judge
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Ernest Johnson, Esq.
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

By Mary Ippolito

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS
KRISTIN K. MAYES - CHAIRMAN
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

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.	DOCKET NO. E-04204A-09-____

UNS ELECTRIC, INC.

SCHEDULES

"A" through "H"

VOLUME 3 OF 4

April 30, 2009

Index

UNS Electric, Inc.
Index to Schedules
Test Year Ended December 31, 2008

Schedule	Title of Schedule	Description
	Summary Information	
A-1	Computation of Increase in Gross Revenue Requirements	Increase in revenue requirements
A-2	Summary Results of Operations	Operating results for the test year, two prior years and the projected year
A-3	Summary of Capital Structure	Capital structure for the test year, two prior years and the projected year
A-4	Construction Expenditures and Gross Utility Plant in Service	Construction expenditures, net plant placed in service and gross utility plant in service for the test year, two prior years and three projected years
A-5	Summary Changes in Financial Position	Cash flows for the test year, two prior years and the projected year
	Rate Base Schedules	
B-1	Summary of Original Cost and RCND Rate Base	Elements of original cost and RCND rate base
B-2	Pro Forma Adjustments to Original Cost Rate Base	Pro forma adjustments to original cost rate base
B-3	Pro Forma Adjustments to RCND Rate Base	Pro forma adjustments to RCND rate base
B-4	RCND by Major Plant Accounts	Computation of RCND net utility plant
B-5	Computation of Working Capital	Computation of working capital allowance
	Test Year Income Statements	
C-1	Adjusted Test Year Income Statement	Test year income statement with pro forma adjustments
C-2	Income Statement Pro Forma Adjustments	Detail of pro forma income statement adjustments
C-3	Computation of Gross Revenue Conversion Factor	Calculation of gross revenue conversion factor
	Cost of Capital	
D-1	Summary Cost of Capital	Elements of capital structure for the test year and projected year
D-2	Cost of Long-Term Debt and Short-Term Debt	Cost of long-term and short-term debt for the test year and projected year
D-3	Cost of Preferred Stock	Not applicable - noted on schedule
D-4	Cost of Common Equity	Summary of conclusions for the required rate of return on common equity as of the end of the test year and projected year

UNS Electric, Inc.
Index to Schedules
Test Year Ended December 31, 2008

Schedule	Title of Schedule	Description
	Financial Statements and Statistical Schedules	
E-1	Comparative Balance Sheets	Balance sheets at the end of the test year and two prior years
E-2	Comparative Income Statements	Income statements for the test year and two prior years
E-3	Comparative Statements of Cash Flows	Cash flow statements for the test year and two prior years
E-4	Comparative Statements of Changes in Stockholders' Equity (Deficit)	Changes in stockholders' equity for the test year and two prior years
E-5	Detail of Electric Utility Plant	Electric utility plant balances by detailed account, at the end of the test year and at the end of the prior year
E-6	Comparative Departmental Operating Income Statements	Comparative departmental statements of operating income for the test year and two prior years
E-7	Electric Operating Statistics	Operating statistics (sales, revenues, customers and expenses) for the test year and two prior years
E-8	Taxes Charged to Operations	Significant taxes charged to operations for the test year and two prior years
E-9	Notes to Financial Statements	Reference to see the attached FERC Form 1 as of December 31, 2008.
	Projections and Forecasts	
F-1	Projected Income Statements - Present and Proposed Rates	Income statements for the test year and the projected year, at present and proposed rates
F-2	Projected Statements of Cash Flows - Present and Proposed Rates	Cash flow statements for the test year and the projected year, at present and proposed rates
F-3	Projected Construction Requirements	Construction requirements by property classification for the test year and three projected years
F-4	Key Assumptions Used in Preparing Forecasts	Important assumptions used in preparing forecasts and projections

UNS Electric, Inc.
Index to Schedules
Test Year Ended December 31, 2008

Schedule	Title of Schedule	Description
	Cost of Service Analyses	
G-1	Cost of Service Summary - Present Rates	Rates of return by customer classification at present rates
G-2	Cost of Service Summary - Equalized and Proposed Rates	Rates of return by customer classification at proposed rates
G-3	Rate Base Allocation to Classes of Service	Allocation of rate base and net utility plant to classes of service
G-4	Expense Allocation to Classes of Service	Allocation of operating expenses to classes of service
G-5	Distribution of Rate Base by Function	Classification of rate base by function
G-6	Distribution of Expenses by Function	Classification of expenses by function
G-7	Development of Allocation Factors	Allocation factors used in the cost of service study (indicating how demand, commodity and customer allocation factors were developed), and including explanation of the demand method used
	Effect of Proposed Rate Schedules	
H-1	Summary of Revenues by Customer Classification - Adjusted Present and Proposed Rates	Revenues by customer classification at present and proposed rates
H-2	Comparisons of Revenues by Rate Schedules - Present and Proposed Rates	Revenues by detailed class of service at present and proposed rates
H-3	Comparison of Present & Proposed Rates	Comparison of present and proposed rates by rate schedule
H-4	Typical Bill Comparison - Present (Prior to June 1, 2009 PPFAC Rate Change) & Proposed Rates	Comparison of typical customer bills at varying consumption levels at present and proposed rates
H-4-2	Typical Bill Comparison - Present (Includes June 1, 2009 PPFAC Rate Change) & Proposed Rates	Comparison of typical customer bills at varying consumption levels at present and proposed rates
H-5	Bill Count	Billing activity by block for the summer and winter periods for residential, commercial and industrial rate groups.

Schedule A

UNS Electric, Inc.
Computation of Increase in Gross Revenue Requirements
Test Year Ended December 31, 2008

Line No.	Description	ACC Jurisdiction Original Cost		RCND		Fair Value		Line No.
1	Adjusted Rate Base	$175,818,913	(a)	$354,485,222	(a)	$265,152,067	(e)	1
2	Adjusted Operating Income	$10,003,347	(b)	$10,003,347	(b)	$10,003,347		2
3	Current Rate of Return (2/1)	5.69%		2.82%		3.77%		3
4	Required Operating Income	$18,253,668		$18,253,668		$18,253,668		4
5	Weighted Average Cost of Capital	9.04%	(c)	9.04%		9.04%		5
6	Fair Value Adjustment	1.34%		-3.89%		-2.16%		6
7	Required Rate of Return	10.38%		5.15%		6.88%	(e)	7
8	Operating Income Deficiency	$8,250,321		$8,250,321		$8,250,321		8
9	Gross Revenue Conversion Factor	1.6363	(d)	1.6363	(d)	1.6363	(d)	9
10	Increase in Gross Revenue Requirement	$13,500,000		$13,500,000		$13,500,000		10

	Customer Classification	Projected Revenue Increase (f)	% Dollar Increase (f)
11	Residential Service	$6,238,014	6.77%
12	Small General Service	973,617	8.36%
13	Large General Service	4,447,767	8.03%
14	Large Power Service	1,560,254	7.95%
15	Interruptible Service	228,540	10.06%
16	Lighting	51,809	8.39%
	Total	$13,500,000	7.43%

Supporting Schedules
(a) B-1
(b) C-1
(c) D-1
(d) C-3
(e) Rev Req Model
(f) H-1

UNS Electric, Inc.
Summary Results of Operations
Prior Years Ended December 31, 2006 and 2007, Test Year Ended December 31, 2008,
and Projected Year Ended December 31, 2009

Line No.	Description	Prior Years Ended December 31,		Test Year Ended December 31, 2008		Projected Year Ended December 31, 2009		Line No.
		2006 (a)	2007 (a)	Actuals (b)	Adjusted (b)	Present Rates (c)	Proposed Rates (c)	
1	Operating Revenues	$159,766,400	$168,958,769	$194,910,688	$160,926,065	$178,640,124	$193,029,867	1
2	Operating Expenses (includes income taxes)	149,762,819	159,775,021	185,124,306 (2)	150,922,718	168,867,198	174,579,164	2
3	Operating Income	10,003,581	9,183,748	9,786,382	10,003,347	9,772,926	18,450,703	3
4	Other Income and Deductions	340,822	1,271,020	399,049	399,049	336,415	345,912	4
5	Income Before Interest Expense	10,344,403	10,454,768	10,185,431	10,402,396	10,109,341	18,796,615	5
6	Interest Expense	5,239,444	5,700,509	6,421,845	6,421,845	6,716,563	6,711,464	6
7	Net Income	$5,104,959	$4,754,259	$3,763,586	$3,980,551	$3,392,778	$12,085,151	7
8	Earnings Per Average Common Share	N/A (1)	N/A	N/A	N/A	N/A	N/A	8
9	Dividends Per Common Share	N/A (1)	N/A	N/A	N/A	N/A	N/A	9
10	Payout Ratio	0% (1)	0%	0%	0%	0%	0%	10
11	Return on Year-End Invested Capital	7.21%	6.31%	5.33%	5.44%	5.34%	9.63%	11
12	Return on Average Invested Capital	8.02%	6.76%	5.71%	5.83%	5.32%	9.73%	12
13	Return on Year-End Common Equity	7.86%	5.96%	4.49%	4.74%	3.89%	12.61%	13
14	Return on Average Common Equity	8.89%	6.57%	4.60%	4.86%	3.97%	13.46%	14
15	Times Total Interest Earned - Before Income Taxes	2.57	2.24	1.91	1.95	1.84	3.98	15
16	Times Total Interest Earned - After Income Taxes	1.97	1.83	1.59	1.62	1.51	2.80	16

(1) UNS Electric, Inc. is a subsidiary of UniSource Energy Corporation and has no publicly traded stock; thus, such information is not meaningful.
(2) Includes reclasification of $160,200 for Customer Deposit Interest Expense From Other Interest Expense to Other O&M Expense.

Supporting Schedules
(a) E-2
(b) C-1
(c) F-1

UNS Electric, Inc.
Summary of Capital Structure
Prior Years Ended December 31, 2006 and 2007, Test Year Ended December 31, 2008,
and Projected Year Ended December 31, 2009

Line No.	Description	Prior Years Ended December 31, 2006 (a)	Prior Years Ended December 31, 2007 (a)	Test Year Ended December 31, 2008 Actuals (b)	Projected Year Ended December 31, 2009 Present Rates (c)	Projected Year Ended December 31, 2009 Proposed Rates (c)	Line No.
	Capitalization						
1	Short-Term Debt	$0	$0	$0	$2,832,055	$0	1
2	Long-Term Debt (Net of Issuance Costs)	78,595,915	85,807,359	107,272,239	99,375,066	99,375,066	2
	Total Debt	78,595,915	85,807,359	107,272,239	102,207,121	99,375,066	
3	Common Stock Equity	64,936,560	79,788,855	83,755,206	87,147,980	95,841,000	3
4	Total Capital	$143,532,475	$165,596,214	$191,027,445	$189,355,101	$195,216,066	4
	Capitalization Ratios						
5	Short-Term Debt	0%	0.00%	0.00%	1.50%	0.00%	5
6	Long-Term Debt (Net of Issuance Costs)	54.76%	51.82%	56.16%	52.48%	50.91%	6
7	Common Stock Equity	45.24%	48.18%	43.84%	46.02%	49.09%	7
8	Total Capital	100.00%	100.00%	100.00%	100.00%	100.00%	8
9	Weighted Cost of Short-Term Debt	0.00%	0.00%	0.00%	0.02%	0.00%	9
10	Weighted Cost of Long-Term Debt	4.01%	3.79%	4.11%	3.68%	3.57%	10
11	Weighted Cost of Common Equity	5.16%	5.49%	5.00%	5.25%	5.60%	11

Supporting Schedules
(a) E-1
(b) D-1

UNS Electric, Inc.
Construction Expenditures and Gross Utility Plant in Service
Prior Years Ended December 31, 2006 and 2007, Test Year Ended December 31, 2008,
and Projected Years Ended December 31, 2009, 2010 and 2011

Line No.	Year		Construction Expenditures	Net Plant Placed in Service	Gross Utility Plant in Service	Line No.
1	Prior Year Ended December 31, 2006	(a)	$38,947,000	$139,477,021	$291,884,592	1
2	Prior Year Ended December 31, 2007	(a)	$37,582,000	$164,114,994	$325,590,982	2
3	Test Year Ended December 31, 2008	(a)	$29,664,000	$173,636,600	$343,988,806	3
4	Projected Year Ended December 31, 2009	(b)	$28,227,000	$198,236,540	$388,289,183	4
5	Projected Year Ended December 31, 2010	(b)	$23,869,000	$206,650,540	$417,105,183	5
6	Projected Year Ended December 31, 2011	(b)	$22,198,000	$210,846,540	$442,196,183	6

Supporting Schedules
(a) E-1 & E-3
(b) F-3

UNS Electric, Inc.
Summary Changes in Financial Position
Prior Years Ended December 31, 2006 and 2007, Test Year Ended December 31, 2008,
and Projected Year Ended December 31, 2009
(Thousands of Dollars)

Line No.	Description	Prior Years Ended December 31, 2006 (a)	Prior Years Ended December 31, 2007 (a)	Test Year Ended December 31 2008 (a)	Projected Year Ended December 31, 2009 Present Rates (b)	Projected Year Ended December 31, 2009 Proposed Rates (b)	Line No.
1	Net Cash Flows from Operating Activities	$13,772	$21,807	$13,551	$31,749	$43,785	1
2	Net Cash Flows From Investing Activities	(38,947)	(36,206)	(29,584)	(28,227)	(28,227)	2
3	Net Cash Flows from Financing Activities	22,238	12,238	22,172	(7,331)	(10,163)	3
4	Net Increase (Decrease) in Cash	($2,937)	($2,161)	$6,139	($3,809)	$5,395	4

Supporting Schedules
(a) E-3
(b) F-2

Schedule B

UNS Electric, Inc.
Summary of Original Cost and RCND Rate Base
Test Year Ended December 31, 2008

Line No.	Description	Total		ACC Jurisdiction		Line No.
		Adjusted Original Cost Rate Base (a)	Adjusted RCND Rate Base (b)	Adjusted Original Cost Rate Base (a)	Adjusted RCND Rate Base (b)	
1	Gross Utility Plant in Service	$454,177,170	$844,301,155	$454,177,170	$844,301,155	1
2	Less: Accumulated Depreciation	193,348,359	367,590,759	193,348,359	367,590,759	2
3	Net Utility Plant in Service	260,828,810	476,710,396	260,828,810	476,710,396	3
4	Citizens Acquisition Discount	(93,273,341)	(130,469,005)	(93,273,341)	(130,469,005)	4
5	Less: Accum. Amort. - Citizens Acq. Discount	(20,876,317)	(27,773,948)	(20,876,317)	(27,773,948)	5
6	Net Citizens Acquisition Discount	(72,397,024)	(102,695,057)	(72,397,024)	(102,695,057)	6
7	Total Net Utility Plant	188,431,786	374,015,339	188,431,786	374,015,339	7
8	Customer Advances for Construction	(12,605,744)	(17,555,056)	(12,605,744)	(17,555,056)	8
9	Customer Deposits	(4,064,671)	(4,064,671)	(4,064,671)	(4,064,671)	9
10	Accumulated Deferred Income Taxes	(2,028,227)	(3,996,158)	(2,028,227)	(3,996,158)	10
11	Total Deductions	(18,698,641)	(25,615,885)	(18,698,641)	(25,615,885)	11
12	Allowance for Working Capital	6,085,768	6,085,768	6,085,768	6,085,768	12
13	Regulatory Assets	0	0	0	0	13
14	Regulatory Liabilities	0	0	0	0	14
15	Total Rate Base	$175,818,913	$354,485,222	$175,818,913	$354,485,222	15

Supporting Schedules
(a) B-2
(b) B-3

Recap Schedules
A-1

UNS Electric, Inc.
Pro Forma Adjustments to Original Cost Rate Base
Test Year Ended December 31, 2008

Line No.	Description		Actual at End of Test Period	Total Adjustments (a)	Adjusted at End of Test Period	ACC Jurisdiction	Line No.
1	Gross Utility Plant in Service		$446,913,556	$7,263,614	$454,177,170	$454,177,170	1
2	Less: Accumulated Depreciation		193,348,359	0	193,348,359	193,348,359	2
3	Net Utility Plant in Service		253,565,196	7,263,614	260,828,810	260,828,810	3
4	Citizens Acquisition Discount		(104,266,123)	10,992,782	(93,273,341)	(93,273,341)	4
5	Less: Accum. Amort. - Citizens Acq. Discount		(23,513,716)	2,637,399	(20,876,317)	(20,876,317)	5
6	Net Citizens Acquisition Discount		(80,752,407)	8,355,383	(72,397,024)	(72,397,024)	6
7	Total Net Utility Plant		172,812,789	15,618,997	188,431,786	188,431,786	7
8	Customer Advances for Construction		(12,605,744)	0	(12,605,744)	(12,605,744)	8
9	Customer Deposits		(4,064,671)	0	(4,064,671)	(4,064,671)	9
10	Accumulated Deferred Income Taxes		(1,343,450)	(684,777)	(2,028,227)	(2,028,227)	10
11	Total Deductions		(18,013,864)	(684,777)	(18,698,641)	(18,698,641)	11
12	Allowance for Working Capital	(b)	9,880,614	(3,794,846)	6,085,768	6,085,768	12
13	Regulatory Assets		0	0	0	0	13
14	Regulatory Liabilities		0	0	0	0	14
15	Total Original Cost Rate Base		$164,679,539	$11,139,374	$175,818,913	$175,818,913	15

Supporting Schedules	Recap Schedules
(a) B-2 (P2-3)	B-1
(b) B-5	

UNS Electric, Inc.
Pro Forma Adjustments to Original Cost Rate Base
Test Year Ended December 31, 2008

Line No.	Description	Acquisition Discount Adjustment	Post-Test Year Non-Revenue Plant in Service	Accumulated Deferred Income Taxes	Working Capital		Total Page Adjustments	Line No.
1	Gross Utility Plant in Service	$0	$7,263,614	$0	$0		$7,263,614	1
							0	
2	Less: Accumulated Depreciation	0	0	0	0		0	2
3	Net Utility Plant in Service	0	7,263,614	0	0		7,263,614	3
4	Citizens Acquisition Discount	10,992,782	0	0	0		10,992,782	4
5	Less: Accum. Amort. - Citizens Acq. Discount	2,637,399	0	0	0		2,637,399	5
6	Net Citizens Acquisition Discount	8,355,383	0	0	0		8,355,383	6
7	Total Net Utility Plant	8,355,383	7,263,614	0	0		15,618,997	7
8	Customer Advances for Construction	0	0	0	0		0	8
9	Customer Deposits	0	0	0	0		0	9
10	Accumulated Deferred Income Taxes	0	0	(684,777)	0		(684,777)	10
11	Total Deductions	0	0	(684,777)	0		(684,777)	11
12	Allowance for Working Capital	0	0	0	(3,794,846)		(3,794,846)	12
13	Regulatory Assets	0	0	0	0		0	13
14	Regulatory Liabilities	0	0	0	0		0	14
15	Total Original Cost Rate Base	$8,355,383	$7,263,614	($684,777)	($3,794,846)		$11,139,374	15

Supporting Schedules	Recap Schedules
N/A	B-1

UNS Electric, Inc.
Pro Forma Adjustments to RCND Rate Base
Test Year Ended December 31, 2008

Line No.	Description	Actual at End of Test Period (a), (b)	Total Adjustments (c)	Adjusted at End of Test Period	ACC Jurisdiction	Line No.
1	Gross Utility Plant in Service	$837,037,541	$7,263,614	$844,301,155	$844,301,155	1
2	Less: Accumulated Depreciation	367,590,759	0	367,590,759	367,590,759	2
3	Net Utility Plant in Service	469,446,782	7,263,614	476,710,396	476,710,396	3
4	Citizens Acquisition Discount	(150,677,134)	20,208,129	(130,469,005)	(130,469,005)	4
5	Less: Accum. Amort. - Citizens Acq. Discount	(32,797,218)	5,023,270	(27,773,948)	(27,773,948)	5
6	Net Citizens Acquisition Discount	(117,879,916)	15,184,859	(102,695,057)	(102,695,057)	6
7	Total Net Utility Plant	351,566,866	22,448,473	374,015,339	374,015,339	7
8	Customer Advances for Construction	(17,555,056)	0	(17,555,056)	(17,555,056)	8
9	Customer Deposits	(4,064,671)	0	(4,064,671)	(4,064,671)	9
10	Accumulated Deferred Income Taxes	(2,646,961)	(1,349,197)	(3,996,158)	(3,996,158)	10
11	Total Deductions	(24,266,688)	(1,349,197)	(25,615,885)	(25,615,885)	11
12	Allowance for Working Capital	9,880,614	(3,794,846)	6,085,768	6,085,768	12
13	Regulatory Assets	0	0	0	0	13
14	Regulatory Liabilities	0	0	0	0	14
15	Total RCND Rate Base	$337,180,792	$17,304,430	$354,485,222	$354,485,222	15

Supporting Schedules	Recap Schedules
(a) B-4	B-1
(b) B-2	
(c) B-3 (P2-3)	

UNS Electric, Inc.
Pro Forma Adjustments to RCND Rate Base
Test Year Ended December 31, 2008

Line No.	Description	Acquisition Discount Adjustment RCN	Post-Test Year Non-Revenue Plant in Service RCN	Accumulated Deferred Income Taxes RCN	Working Capital RCN		Total Page Adjustments	Line No.
1	Gross Utility Plant in Service	$0	$7,263,614	$0	$0		$7,263,614	1
2	Less: Accumulated Depreciation	0	0	0	0		0	2
3	Net Utility Plant in Service	0	7,263,614	0	0		7,263,614	3
4	Citizens Acquisition Discount	20,208,129	0	0	0		20,208,129	4
5	Less: Accum. Amort. - Citizens Acq. Discount	5,023,270	0	0	0		5,023,270	5
6	Net Citizens Acquisition Discount	15,184,859	0	0	0		15,184,859	6
7	Total Net Utility Plant	15,184,859	7,263,614	0	0		22,448,473	7
8	Customer Advances for Construction	0	0	0	0		0	8
9	Customer Deposits	0	0	0	0		0	9
10	Accumulated Deferred Income Taxes	0	0	(1,349,197)	0		(1,349,197)	10
11	Total Deductions	0	0	(1,349,197)	0		(1,349,197)	11
12	Allowance for Working Capital	0	0	0	(3,794,846)		(3,794,846)	12
13	Regulatory Assets	0	0	0	0		0	13
14	Regulatory Liabilities	0	0	0	0		0	14
15	Total RCND Rate Base	$15,184,859	$7,263,614	($1,349,197)	($3,794,846)		$17,304,430	15

Supporting Schedules	Recap Schedules
N/A	B-1

UNS Electric, Inc.
RCND By Major Plant Accounts
Test Year Ended December 31, 2008

Line No.	Function	Plant Account	Description	RCN	Percent	RCND	Line No.
			Utility Plant in Service				
1	INTANGIBLE	302	Franchises & Consents	$0	N/A	$0	1
2		303	Misc. Intangible Plant	9,130,324	65.8%	6,003,581	2
3			Total Intangible Plant	9,130,324		6,003,581	3
4	OTHER PRODUCTION	340	Land & Land Rights	205,436	100.0%	205,436	4
5		341	Structures & Improvements	3,621,203	83.6%	3,028,252	5
6		342	Fuel Holders, Producers, & Accessories	1,211,666	79.5%	963,428	6
7		343	Prime Movers	21,806,582	71.3%	15,551,954	7
8		344	Generators	9,051,553	91.5%	8,281,898	8
9		345	Accessory Electric Equipment	5,508,841	72.8%	4,012,813	9
10		346	Misc. Power Plant Equipment	1,717,893	90.0%	1,546,317	10
11			Total Other Production	43,123,175		33,590,098	11
12	TRANSMISSION	350	Land & Land Rights	1,431,088	90.9%	1,300,500	12
13	(Non-EHV)	352	Structures & Improvements	893,288	63.1%	563,746	13
14		353	Station Equipment	43,128,870	61.8%	26,666,391	14
15		354	Towers & Fixtures	2,117,537	67.2%	1,423,094	15
16		355	Poles & Fixtures	39,080,670	55.8%	21,790,557	16
17		356	Overhead Conductors & Devices	39,705,222	64.6%	25,643,714	17
18		358	Underground Conductors & Devices	38,284	90.9%	34,784	18
19		359	Roads & Trails	575,359	64.9%	373,470	19
20			Total Transmission Plant	126,970,318		77,796,257	20
21	DISTRIBUTION	360	Land & Land Rights	1,354,701	97.1%	1,315,269	21
22		361	Structures & Improvements	8,167,988	76.8%	6,276,468	22
23		362	Station Equipment	80,103,214	51.0%	40,823,358	23
24		364	Poles, Towers, & Fixtures	150,342,721	45.0%	67,595,783	24
25		365	Overhead Conductors & Devices	130,019,108	49.4%	64,281,604	25
26		366	Underground Conduit	23,715,667	62.8%	14,898,221	26
27		367	Underground Conductors & Devices	70,739,900	63.8%	45,122,335	27
28		368	Line Transformers	123,555,857	55.3%	68,340,171	28
29		369	Services	22,519,570	54.3%	12,223,582	29
30		370	Meters	12,339,090	80.3%	9,902,157	30
31		373	Street Lights and Signal Systems	8,225,150	57.5%	4,728,165	31
32			Total Distribution Plant	631,082,965		335,507,113	32

Supporting Schedules	Recap Schedules
N/A	B-3

UNS Electric, Inc.
RCND By Major Plant Accounts
Test Year Ended June 30, 2006

Line No.	Function	Plant Account	Description	RCN	Percent	RCND	Line No.
33	GENERAL	389	Land & Land Rights	45,767	100.0%	45,767	33
34		390	Structures & Improvements	4,398,093	69.7%	3,064,333	34
35		391	Office Furniture & Equipment	2,708,034	28.6%	775,450	35
36		392	Transportation Equipment	9,847,008	68.8%	6,776,790	36
37		393	Stores Equipment	206,542	39.2%	80,884	37
38		394	Tools, Shop, & Garage Equipment	3,726,072	54.7%	2,039,028	38
39		395	Laboratory Equipment	1,425,303	72.1%	1,027,380	39
40		396	Power Operated Equipment	2,099,966	57.1%	1,198,833	40
41		397	Communication Equipment	2,107,282	70.5%	1,484,960	41
42		398	Miscellaneous Equipment	166,692	33.8%	56,309	42
43			Total General Plant	26,730,760		16,549,734	43
44			Total Plant	$837,037,541		$469,446,782	44

Supporting Schedules
N/A

Recap Schedules
B-3

UNS Electric, Inc.
RCND By Major Plant Accounts
Test Year Ended December 31, 2008

Line No.	Function	Plant Account	Description	RCN	Percent	RCND	Line No.
			Citizens Acquisition Discount				
1	INTANGIBLE	302	Franchises & Consents	($6,410)	97.7%	($6,260)	1
2		303	Misc. Intangible Plant	(2,464,011)	84.1%	(2,073,423)	2
3			Total Intangible Plant	(2,470,421)		(2,079,683)	3
4	OTHER PRODUCTION	340	Land & Land Rights	(422,116)	100.0%	(422,116)	4
5		341	Structures & Improvements	(254,073)	92.2%	(234,147)	5
6		342	Fuel Holders, Producers, & Accessories	(374,531)	86.9%	(325,469)	6
7		343	Prime Movers	(5,105,585)	87.3%	(4,455,827)	7
8		344	Generators	(1,579,038)	95.4%	(1,506,711)	8
9		345	Accessory Electric Equipment	(1,407,379)	88.1%	(1,239,221)	9
10		346	Misc. Power Plant Equipment	(283,067)	89.5%	(253,258)	10
11			Total Other Production	(9,425,789)		(8,436,749)	11
12	TRANSMISSION	350	Land & Land Rights	(702,125)	99.7%	(699,885)	12
13	(Non-EHV)	352	Structures & Improvements	(56,207)	80.0%	(44,992)	13
14		353	Station Equipment	(11,341,204)	84.1%	(9,540,596)	14
15		354	Towers & Fixtures	(731,569)	76.3%	(558,338)	15
16		355	Poles & Fixtures	(4,201,432)	69.6%	(2,926,080)	16
17		356	Overhead Conductors & Devices	(8,687,362)	85.4%	(7,420,642)	17
18		358	Underground Conductors & Devices	0	#DIV/0!	0	18
19		359	Roads & Trails	(183,672)	89.2%	(163,757)	19
20			Total Transmission Plant	(25,903,572)		(21,354,291)	20
21	DISTRIBUTION	360	Land & Land Rights	(642,419)	99.9%	(641,855)	21
22		361	Structures & Improvements	(1,858,218)	82.9%	(1,540,239)	22
23		362	Station Equipment	(14,573,847)	74.4%	(10,848,756)	23
24		364	Poles, Towers, & Fixtures	(30,950,549)	77.2%	(23,908,498)	24
25		365	Overhead Conductors & Devices	(22,838,291)	76.6%	(17,500,574)	25
26		366	Underground Conduit	(5,078,491)	77.2%	(3,921,163)	26
27		367	Underground Conductors & Devices	(7,459,417)	71.7%	(5,345,625)	27
28		368	Line Transformers	(15,754,605)	73.6%	(11,594,762)	28
29		369	Services	(5,223,442)	77.5%	(4,046,466)	29
30		370	Meters	(3,412,524)	82.6%	(2,817,381)	30
31		373	Street Lights and Signal Systems	(1,819,171)	75.8%	(1,378,334)	31
32			Total Distribution Plant	(109,610,975)		(83,543,653)	32

Supporting Schedules	Recap Schedules
N/A	B-3

UNS Electric, Inc.
RCND By Major Plant Accounts
Test Year Ended June 30, 2006

Line No.	Function	Plant Account	Description	RCN	Percent	RCND	Line No.
33	GENERAL	389	Land & Land Rights	(31,736)	100.0%	(31,736)	33
34		390	Structures & Improvements	(902,643)	84.6%	(763,267)	34
35		391	Office Furniture & Equipment	(377,570)	27.6%	(104,225)	35
36		392	Transportation Equipment	(70,240)	12.9%	(9,051)	36
37		393	Stores Equipment	(60,328)	85.6%	(51,663)	37
38		394	Tools, Shop, & Garage Equipment	(1,002,004)	83.5%	(836,347)	38
39		395	Laboratory Equipment	(313,436)	87.0%	(272,547)	39
40		396	Power Operated Equipment	(153,902)	80.0%	(123,050)	40
41		397	Communication Equipment	(333,638)	77.6%	(258,922)	41
42		398	Miscellaneous Equipment	(20,880)	70.6%	(14,732)	42
43			Total General Plant	(3,266,378)		(2,465,540)	43
44			Total Plant	($150,677,134)		($117,879,916)	44

Supporting Schedules	Recap Schedules
N/A	B-3

UNS Electric, Inc.
Computation of Working Capital
Test Year Ended December 31, 2008

Line No.	Description	Total Original Cost	Total RCND Cost	Original & RCND ACC Jurisdiction	Line No.
1	Cash Working Capital	($2,810,346)	($2,810,346)	($2,810,346)	1
2	Fuel Inventory	0	0	0	2
3	Materials and Supplies	8,261,763	8,261,763	8,261,763	3
4	Prepayments	634,351	634,351	634,351	4
5	Total Working Capital Allowance	$6,085,768	$6,085,768	$6,085,768	5

Supporting Schedules	Recap Schedules
B-5 (P2)	B-1

UNS Electric, Inc.
Detail of Adjustments to Working Capital
As of December 31, 2008

Line No.	Description	Actual	Adjustments: Thirteen Month Average	Adjustments: Cash Working Capital	Total Adjusted	Line No.
1	Cash Working Capital	$0	N/A	($2,810,346)	($2,810,346)	1
2	Fuel Inventory (Account 151)	0	0	N/A	0	2
3	Materials & Supplies (Accounts 154 and 163)	8,984,032	(722,269)	N/A	8,261,763	3
4	Prepayments (Account 165)	896,582	(262,231)	N/A	634,351	4
5	Total	$9,880,614	($984,500)	($2,810,346)	$6,085,768	5

Supporting Schedules
B-5 (P3)

Recap Schedules
B-5 (P1)

UNS Electric, Inc.
Cash Working Capital - Lead/Lag Study
Test Year Ended December 31, 2008

Line No.	Description	Pro Forma Test Year Amount	Revenue Lag Days	Expense Lag Days	Net Lag Days (Col. C - Col. D)	Lead/Lag Factor (Col. E/365)	Cash Working Capital Required (Col. F x Col. B)	Line No.
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	
	Operating Expenses							
	Non-Cash Expenses							
1	Bad Debts Expense	$764,063						1
2	Depreciation	17,810,236						2
3	Amortization	(3,575,014)						3
4	Deferred Income Taxes	3,384,947						4
	Other Operating Expenses							
5	Salaries and Wages (UNSE Direct Employees)	4,828,118	35.59	23.33	12.26	0.0336	$162,225	5
6	Incentive Pay (UNSE Direct Employees)	109,736	35.59	267.00	(231.41)	(0.6340)	($69,573)	6
7	Purchased Power	95,598,854	35.59	33.79	1.80	0.0049	$468,434	7
8	Transmission Other	8,082,997	35.59	40.67	(5.08)	(0.0139)	($112,354)	8
9	Meter Reading	839,177	35.59	33.67	1.92	0.0053	$4,448	9
10	Customer Records & Collection Expenses (excluding allocations)	1,389,213	35.59	34.94	0.65	0.0018	$2,501	10
11	Office Supplies and Expenses	505,643	35.59	50.89	(15.30)	(0.0419)	($21,186)	11
12	Injuries and Damages	309,105	35.59	70.52	(34.93)	(0.0957)	($29,581)	12
13	Pensions and Benefits	1,166,579	35.59	51.37	(15.78)	(0.0432)	($50,396)	13
14	Support Services - TEP (Direct Labor, Burdens, System Alloc.)	6,217,822	35.59	44.77	(9.18)	(0.0252)	($156,689)	14
15	Property Taxes	3,307,989	35.59	213.00	(177.41)	(0.4848)	($1,603,548)	15
16	Payroll Taxes	445,648	35.59	19.87	15.72	0.0431	$19,207	16
17	Current Income Taxes	(1,263,680)	35.59	41.42	(5.83)	(0.0160)	$20,219	17
18	Interest on Customer Deposits	14,499	35.59	182.50	(146.91)	(0.4025)	($5,836)	18
19	Other Operations and Maintenance	10,986,786	35.59	41.21	(5.62)	(0.0154)	($169,197)	19
20	Total Operating Expenses	$150,922,718						20
	Other Cash Working Capital Elements:							
21	Interest On Long-Term Debt	$6,716,282	35.59	78.97	(43.38)	(0.1188)	(797,894)	21
22	Revenue Taxes and Assessments	$12,430,745	35.59	49.43	(13.84)	(0.0379)	(471,125)	22
23	Total Cash Working Capital						($2,810,346)	23

Supporting Schedules	Recap Schedules
N/A	B-2, B-3

Schedule C

UNS Electric, Inc.
Adjusted Test Year Income Statement
Test Year Ended December 31, 2008

Line No.	Description	Unadjusted (a)		Pro Forma Adjustments (b)	Adjusted	ACC Jurisdiction	FERC Jurisdiction	Line No.
	Operating Revenues							
1	Electric Retail Revenues	$181,638,915		($22,358,469)	$159,280,446	$159,280,446	$0	1
2	Sales for Resale	10,168,115		(10,168,115)	0	0	0	2
3	Other Operating Revenue	3,103,658		(1,458,039)	1,645,619	1,645,619	0	3
4	Total Operating Revenues	194,910,688		(33,984,623)	160,926,065	160,926,065	0	4
	Operating Expenses							
5	Fuel, Purchased Power & Transmission	143,362,723		(32,059,158)	111,303,565	111,303,565	0	5
6	Other Operations and Maintenance Expense	21,569,849	(1)	(2,144,234)	19,425,615	19,425,615	0	6
7	Depreciation and Amortization	14,429,415		(194,193)	14,235,222	14,235,222	0	7
8	Taxes Other than Income Taxes	3,680,634		156,415	3,837,049	3,837,049	0	8
9	Income Taxes	2,081,685		39,582	2,121,267	2,121,267	0	9
10	Total Operating Expenses	185,124,306		(34,201,588)	150,922,718	150,922,718	0	10
11	Operating Income	9,786,382		$216,965	$10,003,347	$10,003,347	$0	11
	Other Income and Deductions							
12	Allowance for Equity Funds	322,168						
13	Other - Net	76,881						
14	Total Other Income and Deductions	399,049						
15	Income Before Interest Expense	10,185,431						
	Interest Expense							
16	Interest on Long-Term Debt	6,546,248						
17	Other Interest Expense	57,412	(1)					
18	Allowance for Borrowed Funds	(181,815)						
19	Total Interest Expense	6,421,845						
20	Net Income Available for Common Stock	$3,763,586						

(1) Includes reclasification of $160,200 for Customer Deposit Interest Expense From Other Interest Expense to Other O&M Expense.

Supporting Schedules	Recap Schedules
(a) E-2	A-1
(b) C-2	A-2

UNS Electric, Inc.
Income Statement Pro Forma Adjustments
Test Year Ended December 31, 2008

Line No.	Description	Retail Revenue & Purchased Power Annualization	Wholesale Rev & Purch Power	Weather Normalization	Customer Energy Annualization & Customer Demand Normalization	Normalization of Rev & Exp for Fuel and PPFAC	CARES Discounts	Total Page Adjustments	Line No.
	Operating Revenues								
1	Electric Retail Revenues	$10,733,456	$0	($1,017,300)	($2,820,565)	($29,192,263)	($61,797)	($22,358,469)	1
2	Sales for Resale	0	(10,168,115)	0	0	0	0	(10,168,115)	2
3	Other Operating Revenue	0	0	0	0	0	0	0	3
4	Total Operating Revenues	10,733,456	(10,168,115)	(1,017,300)	(2,820,565)	(29,192,263)	(61,797)	(32,526,584)	4
	Operating Expenses								
5	Fuel, Purchased Power & Transmission	(956,469)	(10,168,115)	(830,613)	(1,079,814)	(19,024,147)	0	(32,059,158)	5
6	Other Operations and Maintenance Expense	0	0	0	0	0	0	0	6
7	Depreciation and Amortization	0	0	0	0	0	0	0	7
8	Taxes Other than Income Taxes	0	0	0	0	0	0	0	8
9	Income Taxes	0	0	0	0	0	0	0	9
10	Total Operating Expenses	(956,469)	(10,168,115)	(830,613)	(1,079,814)	(19,024,147)	0	(32,059,158)	10
11	Operating Income	$11,689,925	$0	($186,687)	($1,740,751)	($10,168,116)	($61,797)	($467,426)	11

Supporting Schedules	Recap Schedules
N/A	C-1

UNS Electric, Inc.
Income Statement Pro Forma Adjustments
Test Year Ended December 31, 2008

Line No.	Description	DSM & Renewables Revenue & Expense	Payroll Expense	Payroll Tax Expense	Pension & Benefits	Post Retirement Medical	Rate Case Expense	Total Page Adjustments	Line No.
	Operating Revenues								
1	Electric Retail Revenues	$0	$0	$0	$0	$0	$0	$0	1
2	Sales for Resale	0	0	0	0	0	0	0	2
3	Other Operating Revenue	(1,458,039)	0	0	0	0	0	(1,458,039)	3
4	Total Operating Revenues	(1,458,039)	0	0	0	0	0	(1,458,039)	4
	Operating Expenses								
5	Fuel, Purchased Power & Transmission	0	0	0	0	0	0	0	5
6	Other Operations and Maintenance Expense	(1,617,113)	220,252	0	210,866	161,929	138,890	(885,176)	6
7	Depreciation and Amortization	0	0	0	0	0	0	0	7
8	Taxes Other than Income Taxes	(9,713)	0	55,054	0	0	0	45,341	8
9	Income Taxes	0	0	0	0	0	0	0	9
10	Total Operating Expenses	(1,626,826)	220,252	55,054	210,866	161,929	138,890	(839,835)	10
11	Operating Income	$168,787	($220,252)	($55,054)	($210,866)	($161,929)	($138,890)	($618,204)	11

Supporting Schedules	Recap Schedules
N/A	C-1

UNS Electric, Inc.
Income Statement Pro Forma Adjustments
Test Year Ended December 31, 2008

Line No.	Description	Bad Debt Expense	Interest on Customer Deposits	Workers Compensation	Miscellaneous Expenses	A&G Expense Capitalized	Depr & Property Tax for Post TY Non-Rev. Plant in Service	Total Page Adjustments	Line No.
	Operating Revenues								
1	Electric Retail Revenues	$0	$0	$0	$0	$0	$0	$0	1
2	Sales for Resale	0	0	0	0	0	0	0	2
3	Other Operating Revenue	0	0	0	0	0	0	0	3
4	Total Operating Revenues	0	0	0	0	0	0	0	4
	Operating Expenses								
5	Fuel, Purchased Power & Transmission	0	0	0	0	0	0	0	5
6	Other Operations and Maintenance Expense	(436,441)	(145,701)	(115,528)	(331,959)	(229,429)	0	(1,259,058)	6
7	Depreciation and Amortization	0	0	0	0	0	313,599	313,599	7
8	Taxes Other than Income Taxes	0	0	0	(10,495)	0	128,927	118,432	8
9	Income Taxes	0	0	0	0	0	0	0	9
10	Total Operating Expenses	(436,441)	(145,701)	(115,528)	(342,454)	(229,429)	442,526	(827,027)	10
11	Operating Income	$436,441	$145,701	$115,528	$342,454	$229,429	($442,526)	$827,027	11

Supporting Schedules	Recap Schedules
N/A	C-1

UNS Electric, Inc.
Income Statement Pro Forma Adjustments
Test Year Ended December 31, 2008

Line No.	Description	Depr & Amort Expense Annualization	Property Tax Expense	Income Taxes		Total Page Adjustments	Total Adjustment	Line No.
	Operating Revenues							
1	Electric Retail Revenues	$0	$0	$0	$0	$0	($22,358,469)	1
2	Sales for Resale	0	0	0	0	0	(10,168,115)	2
3	Other Operating Revenue	0	0	0	0	0	(1,458,039)	3
4	Total Operating Revenues	0	0	0	0	0	(33,984,623)	4
	Operating Expenses							
5	Fuel, Purchased Power & Transmission	0	0	0	0	0	(32,059,158)	5
6	Other Operations and Maintenance Expense	0	0	0	0	0	(2,144,234)	6
7	Depreciation and Amortization	(507,792)	0	0	0	(507,792)	(194,193)	7
8	Taxes Other than Income Taxes	0	(7,358)	0	0	(7,358)	156,415	8
9	Income Taxes	0	0	39,582	0	39,582	39,582	9
10	Total Operating Expenses	(507,792)	(7,358)	39,582	0	(475,568)	(34,201,588)	10
11	Operating Income	$507,792	$7,358	($39,582)	$0	$475,568	$216,965	11

Supporting Schedules	Recap Schedules
N/A	C-1

UNS Electric, Inc.
Computation of Gross Revenue Conversion Factor
Test Year Ended December 31, 2008

Line No.	Description	Percentage of Incremental Gross Revenues		Line No.
1	Gross Revenue	100.00%		1
2	Less: Uncollectible Revenue	0.47180%		2
3	Taxable Income as a Percent	99.53%		3
4	Less: Federal (31.630%) and State Income Taxes (6.968%) (Combined Effective Tax Rate = 38.598%)	38.42%		4
5	Change in Net Operating Income	61.11%		5
6	Gross Revenue Conversion Factor	1.6363	(a)	6

(a) Line No. 1 divided by line No. 5.

Supporting Schedules	Recap Schedules
N/A	A-1

Schedule D

UNS Electric, Inc.
Summary Cost of Capital
Test Year Ended December 31, 2008
(Thousands of Dollars)

Line No.	Capital Source		Capitalization Amount	Capitalization Percent	Cost Rate	Weighted Cost of Capital (c)	Line No.
	Actual - End of Test Period						
1	Short-Term Debt		$0	0.00%	0.00%	0.00%	1
2	Long-Term Debt - Net	(a)	107,272 (1)	56.16%	7.32%	4.11%	2
3	Common Stock Equity	(b)	83,755	43.84%	11.40%	5.00%	3
4	Total Capital		$191,027	100.00%		9.11%	4
	Proposed - End of Test Period						
5	Short-Term Debt		$0	0.00%	0.00%	0.00%	5
6	Long-Term Debt - Net	(a)	99,272	54.24%	7.05%	3.82%	6
7	Common Stock Equity		83,755	45.76%	11.40%	5.22%	7
8	Total Capital		$183,027	100.00%		9.04%	8

(1) The balance of Long-Term Debt is stated net of the unamortized balance of debt discount and issuance expense. Page 1 of Schedule D-2 provides a reconciliation between the Long-Term Debt balance of $108 million shown on Schedule E-1 and the $107.272 million balance shown above.

Supporting Schedules
(a) D-2
(b) E-1

Recap Schedules
(c) A-3

UNS Electric, Inc.
Summary Cost of Capital
Projected Year Ended December 31, 2009
(Thousands of Dollars)

Line No.	Capital Source		Capitalization Amount	Capitalization Percent	Cost Rate	Weighted Cost of Capital (b)	Line No.
	Projected as of December 31, 2009						
1	Short-Term Debt		$2,832	1.50%	1.62%	0.02%	1
2	Long-Term Debt - Net	(a)	99,375	52.48%	7.02%	3.68%	2
3	Common Stock Equity		87,148	46.02%	11.40%	5.25%	3
4	Total Capital		$189,355	100.00%		8.96%	4

Supporting Schedules
(a) D-2

Recap Schedules
(b) A-3

UNS Electric, Inc.
Cost of Long-Term Debt and Short-Term Debt
Test Year Ended December 31, 2008
(Thousands of Dollars)

Line No.	Description	End of Test Period (Actual) Outstanding	Annual Interest	Cost Rate	End of Test Period (Proposed) Outstanding	Annual Interest	Cost Rate	Line No.
	Senior Notes							
1	6.5% UNS Electric Sr. Unsecured Notes due 08/15	$50,000	$3,250		$50,000	$3,250 (1)		1
2	7.10% UNS Electric Guaranteed Notes Series B due 08/23	50,000	3,550		50,000	3,550 (1)		2
3	Total Bonds	100,000	6,800	6.80%	100,000	6,800	6.80%	3
4	Revolving Credit Facility	8,000	851		0	0		4
5	Total Long-Term Debt	108,000	7,651	7.08%	100,000	6,800	6.80%	5
5	Unamortized Debt Discount, Premium and Expense and Loss on Reacquired Debt	(728)			(728)			5
6	Amortization of Debt Discount and Expense and Loss on Reacquired Debt		154			154		6
7	Credit Facility Commitment Fees		43			45 (2)		7
8	Total Long-Term Debt - Net	$107,272	$7,848	7.32%	$99,272	$6,999	7.05%	8
9	Total Short-Term Debt	$0	$0	N/A	$0	$0	N/A	9

(1) Assumed full year interest expense to equal stated interest rates of 6.5% and 7.1% respectively multiplied by balance of each debt issuance.

(2) Credit Facility Commitment Fees of $45,000 reflects a 0.15% annual commitment fee on 50% of the $60 million limit credit facility shared with UNS Gas.

Supporting Schedules
E-1

Recap Schedules
D-1

UNS Electric, Inc.
Cost of Long-Term Debt and Short-Term Debt
Projected Period Ended December 31, 2009
(Thousands of Dollars)

Line No.	Description	Projected Period Ended December 31, 2009 Outstanding	Annual Interest	Cost Rate	Line No.
	Senior Notes				
1	6.5% UNS Electric Sr. Unsecured Notes due 08/15	$50,000	$3,250 (1)		1
2	7.10% UNS Electric Guaranteed Notes Series B due 08/23	50,000	3,550 (1)		2
3	Total Bonds	100,000	6,800	6.80%	3
4	Revolving Credit Facility	0	0		4
5	Total Long-Term Debt	100,000	6,800	6.80%	5
6	Unamortized Debt Discount, Premium and Expense and Loss on Reacquired Debt	(625)			6
7	Amortization of Debt Discount and Expense and Loss on Reacquired Debt		103		7
8	Credit Facility Commitment Fees		73		8
9	Total Long-Term Debt - Net	$99,375	$6,976	7.02%	9
10	Total Short-Term Debt	$2,832	$46 (2)	1.62% (2)	10

(1) Assumed full year interest expense to equal stated interest rates of 6.5% and 7.1% respectively multiplied by balance of each debt issuance.

(2) Short-term debt balances vary throughout the year. Thus, short-term debt interest expense is calculated off of UNSE's year-end short-term debt balance as if it were the average balance held throughout the year. The balance is then multiplied by a projected LIBOR + 100 bps spread interest rate to yield the appropriate expense.

Supporting Schedules	Recap Schedules
N/A	D-1

UNS Electric, Inc.
Cost of Preferred Stock
Test Year Ended December 31, 2008

No preferred stock was outstanding during the test year.

No preferred stock is expected to be issued.

Supporting Schedules	Recap Schedules
N/A	N/A

UNS Electric, Inc.
Cost of Common Equity
Test Year Ended December 31, 2008

The cost of common equity capital for UNS Electric, Inc. is estimated to be 11.4%.

Supporting Schedules	Recap Schedules
N/A	D-1

Schedule E

UNS Electric, Inc.
Comparative Balance Sheets
Test Year Ended December 31, 2008 and Prior Years Ended December 31, 2007 and 2006

Line No.	Description	December 31, 2008	Prior Years Ended December 31, 2007	2006	Line No.
	(a) Utility Plant				
1	Plant in Service	$446,913,556	$429,065,681	$395,359,290	1
2	Construction Work in Progress	18,758,596	14,395,484	16,047,165	2
3	Plant Held for Future Use	610,695	60,746	60,747	3
4	Plant Under Capital Leases	730,678	730,678	730,678	4
5	Citizens Acquisition Discount	(104,266,123)	(104,266,123)	(104,266,123)	5
6	Total Utility Plant	362,747,402	339,986,466	307,931,757	6
7	Accumulated Depreciation and Amortization	(193,348,359)	(180,251,316)	(166,926,687)	7
8	Accumulated Amortization - Capital Leases	(517,563)	(426,228)	(309,777)	8
9	Accumulated Amort. - Citizens Acquisition Discount	23,513,716	19,201,556	14,828,893	9
10	Total Utility Plant - Net	192,395,196	178,510,478	155,524,186	10
	Other Property and Investments				
11	Non-Utility Property	521,164	629,027	0	11
12	Long-Term Portion of Derivative Assets	1,517,124	7,779,094	3,015,217	12
13	Long-Term Portion of Derivative Assets - Hedges	0	0	378,490	13
14	Total Other Property and Investments	2,038,288	8,408,121	3,393,707	14
	Current Assets				
15	Cash and Cash Equivalents	4,635,779	1,563,904	4,827,673	15
16	Special Deposits & Working Funds	6,659,962	32,124	(3,371)	16
17	Temporary Cash Investments	4,170,669	1,102,702	0	17
18	Accounts Receivable - Retail Customers	10,890,931	10,843,445	9,742,734	18
19	Accounts Receivable - Other	957,753	421,379	48,320	19
20	Allowance for Doubtful Accounts	(1,378,758)	(848,012)	(138,952)	20
21	Accrued Unbilled Revenues	9,992,135	8,144,965	8,728,679	21
22	Intercompany Accounts Receivable	4,052,567	243,223	256,851	22
23	Material and Supplies	8,984,031	7,677,972	7,837,633	23
24	Prepayments	896,582	515,301	275,126	24
25	Derivative Instrument Assets	1,584,804	3,434,966	0	
25	Other	260,000	0	0	25
26	Total Current Assets	51,706,455	33,131,969	31,574,693	26
	Regulatory & Other Assets				
27	Other Regulatory Assets	26,602,011	1,803,770	1,408,517	27
28	Unamortized Debt Discount and Expense	727,761	190,745	394,605	28
29	Accumulated Deferred Income Taxes	8,929,175	10,532,742	9,304,705	29
30	Other	370,659	971,997	914,846	30
31	Total Deferred Debits	36,629,606	13,499,254	12,022,673	31
32	Total Assets	$282,769,545	$233,549,822	$202,515,259	32

Supporting Schedules	Recap Schedules
(a) E-5	A-4
E-9	

UNS Electric, Inc.
Comparative Balance Sheets
Test Year Ended December 31, 2008 and Prior Years Ended December 31, 2007 and 2006

Line No.	Description	December 31, 2008	Prior Years Ended December 31, 2007	2006	Line No.
	Capitalization				
1	Common Stock	$10	$10	$10	1
2	Additional Paid-In Capital	58,886,661	58,616,661	48,616,661	2
3	Accumulated Earnings	24,868,535	21,140,651	16,386,392	3
4	Accumulated Other Comprehensive Income	0	31,533	(66,503)	4
5	Total Common Stock Equity	83,755,206	79,788,855	64,936,560	5
6	Long-Term Debt	108,000,000	86,000,000	79,000,000	6
7	Total Capitalization	191,755,206	165,788,855	143,936,560	7
	Current Liabilities				
8	Accounts Payable - Net	11,057,084	13,438,389	13,972,847	8
9	Intercompany Payables - Net	6,782,852	3,396,262	4,618,400	9
10	Interest Accrued	2,870,339	1,889,587	1,770,280	10
11	Income Taxes Accrued	(107,696)	(787,205)	(14,981)	11
12	Other Taxes Accrued	1,705,497	1,615,280	1,597,695	12
13	Customer Deposits	4,082,476	3,732,151	3,875,064	13
14	Derivative Instrument Liabilities	18,156,030	733,099	0	14
15	Other	3,348,770	2,526,184	2,299,822	15
16	Total Current Liabilities	47,895,352	26,543,747	28,119,127	16
	Deferred Credits and Other Liabilities				
17	Customer Advances for Construction	12,605,744	12,102,773	11,025,375	17
18	Other Regulatory Liabilities	7,537,488	19,122,126	11,408,335	18
19	Accumulated Deferred Income Taxes	10,272,625	5,886,997	4,263,085	19
20	Other	12,703,130	4,105,324	3,762,777	20
21	Total Deferred Credits and Other Liabilities	43,118,987	41,217,220	30,459,572	21
22	Total Liabilities and Stockholders' Equity	$282,769,545	$233,549,822	$202,515,259	22

Supporting Schedules
E-9

Recap Schedules
A-3

UNS Electric, Inc.
Comparative Income Statements
Test Year Ended December 31, 2008 and Prior Years Ended December 31, 2007 and 2006

Line No.	Description	December 31, 2008	Prior Years Ended December 31, 2007	2006	Line No.
	(a) Operating Revenues				
1	Electric Retail Revenues	$181,638,915	$165,145,363	$157,836,347	1
2	Sales for Resale	10,168,115	234,273	244,910	2
3	Other Operating Revenue	3,103,658	3,579,133	1,685,143	3
4	Total Operating Revenues	194,910,688	168,958,769	159,766,400	4
	(a) Operating Expenses				
5	Fuel, Purchased Power & Transmission	143,362,723	118,202,312	113,298,260	5
6	Other Operations and Maintenance Expense	21,409,649	21,821,189	18,818,828	6
7	Depreciation and Amortization	14,429,415	14,058,503	11,209,910	7
8	Taxes Other than Income Taxes	3,680,634	3,405,522	3,305,592	8
9	Income Taxes	2,081,685	2,287,495	3,130,229	9
10	Total Operating Expenses	184,964,106	159,775,021	149,762,819	10
11	Operating Income	9,946,582	9,183,748	10,003,581	11
	Total Other Income and Deductions				
12	Allowance for Equity Funds	322,168	442,088	516,726	12
13	Other - Net	76,881	828,932	(175,904)	13
14	Total Other Income and Deductions	399,049	1,271,020	340,822	14
15	Income Before Interest Expense	10,345,631	10,454,768	10,344,403	15
	Interest Expense				
16	Interest on Long Term-Debt	6,546,248	6,272,775	5,482,185	16
17	Other Interest Expense	217,612	167,435	347,700	17
18	Allowance for Borrowed Funds	(181,815)	(739,701)	(590,441)	18
19	Total Interest Expense	6,582,045	5,700,509	5,239,444	19
20	Net Income Available for Common Stock	$3,763,586	$4,754,259	$5,104,959	20
21	Earnings Per Share of Average Common Stock Outstanding (1)	N/A	N/A	N/A	21

(1) UNS Electric, Inc. is a subsidiary of UniSource Energy Corporation and has no publicly traded stock; thus such information is not meaningful.

Supporting Schedules	Recap Schedules
(a) E-6	A-2
E-9	

UNS Electric, Inc.
Comparative Statements of Cash Flows
Test Year Ended December 31, 2008 and Prior Years Ended December 31, 2007 and 2006
(Thousands of Dollars)

Line No.	Description	December 31, 2008	Prior Years Ended December 31, 2007	2006	Line No.
	Cash Flows from Operating Activities				
1	Cash Receipts from Retail Customers	$196,541	$178,109	$167,412	1
2	Cash Receipts from Electric Wholesale Sales	9,410	0	0	2
3	Interest Received	179	288	15	3
4	Income Tax Refunds Received	487	0	0	4
5	Other Cash Receipts	1,953	1,231	1,397	5
6	Performance Deposit Receipts	24,250	0	0	6
7	Performance Deposit Payments	(30,870)	0	0	7
8	Fuel Costs Paid	(8,152)	0	(58)	8
9	Purchased Power Costs Paid	(125,975)	(107,621)	(103,813)	9
10	Wages Paid, Net of Amounts Capitalized	(5,549)	(4,859)	(4,869)	10
11	Payment of Other Operations and Maintenance Costs	(18,586)	(18,106)	(17,397)	11
12	Interest Paid, Net of Amounts Capitalized	(5,019)	(5,618)	(4,753)	12
13	Taxes Paid, Net of Amounts Capitalized	(17,789)	(16,403)	(15,433)	13
14	Income Taxes Paid	(1,200)	(4,769)	(8,274)	14
15	Reimbursement of Affiliate Charges	(5,171)	0	0	15
16	Other Cash Payments	(958)	(445)	(455)	16
17	Net Cash Flows from Operating Activities	13,551	21,807	13,772	17
	Cash Flows From Investing Activities				
18	Proceeds from Sale of Land and Buildings	80	1,376	0	18
19	Capital Expenditures	(29,664)	(37,582)	(38,947)	19
20	Net Cash Flows from Investing Activities	(29,584)	(36,206)	(38,947)	20
	Cash Flows from Financing Activities				
21	Proceeds from Borrowings under Revolver	26,000	14,000	30,000	21
22	Proceeds from Issuance of Long-Term Debt	100,000	0	0	22
23	Equity Investment in UNS Electric	270	10,000	10,000	23
24	Other Cash Receipts	1,326	2,835	4,723	24
25	Repayment of Borrowings under Revolver	(44,000)	(7,000)	(16,000)	25
26	Payments of Long-Term Debt	(60,000)	0	0	26
27	Payments on Capital Lease Obligations	(104)	(85)	(86)	27
28	Payment of Debt Issuance Costs	(602)	(7)	(81)	28
29	Intercompany Advances/Repayments	0	(6,586)	(5,248)	29
30	Other Cash Payments	(718)	(919)	(1,070)	30
31	Net Cash Flows from Financing Activities	22,172	12,238	22,238	31
32	Net Increase (Decrease) in Cash and Cash Equivalents	6,139	(2,161)	(2,937)	32
33	Cash and Cash Equivalents, Beginning of Period	2,667	4,828	7,765	33
34	Cash and Cash Equivalents, End of Period	$8,806	$2,667	$4,828	34

Supporting Schedules	Recap Schedules
N/A	A-5

UNS Electric, Inc.
Comparative Statements of Changes in Stockholders' Equity (Deficit)
Test Year Ended December 31, 2008 and Prior Years Ended December 31, 2007 and 2006
(Thousands of Dollars, except shares outstanding)

Line No.	Description	Common Stock Shares Outstanding	Common Stock Amount	Premium on Common Stock	Common Stock Expense	Accumulated Earnings or (Deficit)	Comprehensive Income	Total Common Stock Equity or (Deficit)	Line No.
1	Balance, December 31, 2005	1,000	$38,617	$0	$0	$11,281	$0	$49,898	1
2	Net Income for Year					5,105		5,105	2
3	Dividend Declared					0		0	3
4	Equity in Earnings					0		0	4
5	Minimum Pension Liability Adjustment						(66)	(66)	5
6	Equity Contribution from UniSource Energy Services		10,000					10,000	6
7	Other	0	0					0	7
8	Balance, December 31, 2006	1,000	48,617	0	0	16,386	(66)	64,937	8
9	Net Income for Year					4,754		4,754	9
10	Dividend Declared					0		0	10
11	Equity in Earnings					0		0	11
12	Minimum Pension Liability Adjustment						98	98	12
13	Equity Contribution from UniSource Energy Services		10,000					10,000	13
14	Other	0	0					0	14
15	Balance, December 31, 2007	1,000	58,617	0	0	21,140	32	79,789	15
16	Net Income for Year					3,764		3,764	16
17	Dividend Declared					0		0	17
18	Equity in Earnings							0	18
19	Pension Plan Measurement Date Change (FAS 158)					(36)		(36)	19
20	Minimum Pension Liability Adjustment						(32)	(32)	20
21	Equity Contribution from UniSource Energy Services		270					270	21
22	Balance, December 31, 2008	1,000	$58,887	$0	$0	$24,868	$0	$83,755	22

Supporting Schedules
N/A

Recap Schedules
N/A

UNS Electric, Inc.
Detail of Electric Utility Plant - Summary Statement
Test Year Ended December 31, 2008

Line No.	Description	December 31, 2008 (a)	Net Additions (a)	December 31, 2007 (a)	Line No.
	Utility Plant in Service				
1	Intangible Plant	$7,674,489	($3,059,845)	$10,734,334	1
2	Other Production Plant	26,588,575	124,716	26,463,859	2
3	Transmission Plant	56,687,630	601,401	56,086,229	3
4	Distribution Plant	333,221,584	20,379,337	312,842,247	4
5	General Plant	22,741,278	(197,734)	22,939,012	5
6	Gross Plant in Service	446,913,556	17,847,875	429,065,681	6
7	Construction Work in Progress	18,758,596	4,363,112	14,395,484	7
8	Plant Held for Future Use	610,695	549,949	60,746	8
9	Utility Plant Under Capital Leases	730,678	0	730,678	9
10	Citizens Acquisition Discount	(104,266,123)	0	(104,266,123)	10
11	Total Utility Plant	362,747,402	22,760,936	339,986,466	11
12	Accumulated Depreciation and Amortization	(193,348,359)	(13,097,043)	(180,251,316)	12
13	Accumulated Amortization - Capital Leases	(517,563)	(91,335)	(426,228)	13
14	Accumulated Amort. - Citizens Acquisition Discount	23,513,716	4,312,160	19,201,556	14
15	Total Accumulated Depreciation and Amortization	(170,352,206)	(8,876,218)	(161,475,988)	15
16	Total Net Utility Plant in Service	$192,395,196	$13,884,718	$178,510,478	16

Supporting Schedules
(a) E-5 (P2-4)

Recap Schedules
E-1

UNS Electric, Inc.
Detail of Electric Utility Plant
Test Year Ended December 31, 2008

Line No.	Acct. No.	Description	December 31, 2008	Net Additions	December 31, 2007	Line No.
		Utility Plant in Service				
		Intangible Plant				
1	302	Franchises & Consents	$0	($11,908)	$11,908	1
2	303	Miscellaneous Intangible Plant	7,674,489	(3,047,937)	10,722,426	2
3		Total Intangible Plant	7,674,489	(3,059,845)	10,734,334	3
		Other Production Plant				
4	340	Land & Rights	205,436	104,633	100,803	4
5	341	Structures & Improvements	1,969,407	0	1,969,407	5
6	342	Fuel Holders, Producers, & Accessories	847,308	0	847,308	6
7	343	Prime Movers	13,419,272	20,083	13,399,189	7
8	344	Generators	6,304,468	0	6,304,468	8
9	345	Accessory Electric Equipment	2,513,408	0	2,513,408	9
10	346	Misc. Power Plant Equipment	1,329,276	0	1,329,276	10
11		Total Other Production Plant	26,588,575	124,716	26,463,859	11
		Transmission Plant				
12	350	Land & Rights	1,431,088	175,205	1,255,883	12
13	352	Structures & Improvements	427,830	0	427,830	13
14	353	Station Equipment	18,912,564	(37,451)	18,950,015	14
15	354	Towers & Fixtures	521,825	0	521,825	15
16	355	Poles & Fixtures	20,666,171	5,455,521	15,210,650	16
17	356	Overhead Conductors & Devices	14,516,855	(4,991,874)	19,508,729	17
18	358	Underground Conductors & Devices	27,437	0	27,437	18
19	359	Roads & Trails	183,860	0	183,860	19
20		Total Transmission Plant	56,687,630	601,401	56,086,229	20
		Distribution Plant				
21	360	Land & Rights	1,354,701	20,341	1,334,360	21
22	361	Structures & Improvements	5,690,805	241,820	5,448,985	22
23	362	Station Equipment	39,478,232	4,519,778	34,958,454	23
24	364	Poles, Towers, & Fixtures	85,011,451	3,515,378	81,496,073	24
25	365	Overhead Conductors & Devices	58,977,790	2,297,391	56,680,399	25
26	366	Underground Conduit	16,265,133	1,110,611	15,154,522	26
27	367	Underground Conductors & Devices	37,799,476	3,102,358	34,697,118	27
28	368	Line Transformers	62,000,112	3,931,964	58,068,148	28
29	369	Services	13,400,906	2,150,002	11,250,904	29
30	370	Meters	9,135,761	(723,197)	9,858,958	30
31	373	Street Lights and Signal Systems	4,107,217	212,891	3,894,326	31
32		Total Distribution Plant	333,221,584	20,379,337	312,842,247	32

Supporting Schedules	Recap Schedules
N/A	E-5 (P1)

UNS Electric, Inc.
Detail of Electric Utility Plant
Test Year Ended December 31, 2008

Line No.	Acct. No.	Description	December 31, 2008	Net Additions	December 31, 2007	Line No.
		General Plant				
33	389	Land & Rights	45,767	(11,813)	57,580	33
34	390	Structures & Improvements	2,611,428	140,573	2,470,855	34
35	391	Office Furniture & Equipment	2,245,063	(879,393)	3,124,456	35
36	392	Transportation Equipment	9,443,355	1,313,260	8,130,095	36
37	393	Stores Equipment	118,860	(6,381)	125,241	37
38	394	Tools, Shop, & Garage Equipment	2,666,594	(66,958)	2,733,552	38
39	395	Laboratory Equipment	1,430,917	41,550	1,389,367	39
40	396	Power Operated Equipment	1,879,461	242,197	1,637,264	40
41	397	Communication Equipment	2,175,606	(945,858)	3,121,464	41
42	398	Miscellaneous Equipment	124,227	(24,911)	149,138	42
43		Total General Plant	22,741,278	(197,734)	22,939,012	43
44		Total Electric Plant in Service	$446,913,556	$17,847,875	$429,065,681	44

Supporting Schedules	Recap Schedules
N/A	E-5 (P1)

UNS Electric, Inc.
Detail of Electric Utility Plant
Test Year Ended December 31, 2008

Line No.	Acct. No.	Description	December 31, 2008	Net Additions	December 31, 2007	Line No.
		Citizens Acquisition Discount				
		Intangible Plant				
1	302	Franchises & Consents	($6,564)	$0	($6,564)	1
2	303	Miscellaneous Intangible Plant	(2,461,277)	0	(2,461,277)	2
3		Total Intangible Plant	(2,467,841)	0	(2,467,841)	3
		Other Production Plant				
4	340	Land & Rights	(422,116)	0	(422,116)	4
5	341	Structures & Improvements	(149,938)	0	(149,938)	5
6	342	Fuel Holders, Producers, & Accessories	(301,386)	0	(301,386)	6
7	343	Prime Movers	(3,600,013)	0	(3,600,013)	7
8	344	Generators	(1,152,606)	0	(1,152,606)	8
9	345	Accessory Electric Equipment	(729,249)	0	(729,249)	9
10	346	Misc. Power Plant Equipment	(244,813)	0	(244,813)	10
11		Total Other Production Plant	(6,600,121)	0	(6,600,121)	11
		Transmission Plant				
12	350	Land & Rights	(704,372)	0	(704,372)	12
13	352	Structures & Improvements	(33,630)	0	(33,630)	13
14	353	Station Equipment	(5,911,873)	0	(5,911,873)	14
15	354	Towers & Fixtures	(236,215)	0	(236,215)	15
16	355	Poles & Fixtures	(3,190,115)	0	(3,190,115)	16
17	356	Overhead Conductors & Devices	(3,718,428)	0	(3,718,428)	17
18	358	Underground Conductors & Devices	0	0	0	18
19	359	Roads & Trails	(65,832)	0	(65,832)	19
20		Total Transmission Plant	(13,860,465)	0	(13,860,465)	20
		Distribution Plant				
21	360	Land & Rights	(642,985)	0	(642,985)	21
22	361	Structures & Improvements	(1,561,939)	0	(1,561,939)	22
23	362	Station Equipment	(9,648,864)	0	(9,648,864)	23
24	364	Poles, Towers, & Fixtures	(22,655,802)	0	(22,655,802)	24
25	365	Overhead Conductors & Devices	(13,519,363)	0	(13,519,363)	25
26	366	Underground Conduit	(4,511,041)	0	(4,511,041)	26
27	367	Underground Conductors & Devices	(5,562,021)	0	(5,562,021)	27
28	368	Line Transformers	(10,741,931)	0	(10,741,931)	28
29	369	Services	(4,012,470)	0	(4,012,470)	29
30	370	Meters	(3,060,324)	0	(3,060,324)	30
31	373	Street Lights and Signal Systems	(1,198,936)	0	(1,198,936)	31
32		Total Distribution Plant	(77,115,676)	0	(77,115,676)	32

Supporting Schedules	Recap Schedules
N/A	E-5 (P1)

UNS Electric, Inc.
Detail of Electric Utility Plant
Test Year Ended December 31, 2008

Line No.	Acct. No.	Description	December 31, 2008	Net Additions	December 31, 2007	Line No.
		Citizens Acquisition Discount				
		General Plant				
33	389	Land & Rights	(31,735)	0	(31,735)	33
34	390	Structures & Improvements	(633,826)	0	(633,826)	34
35	391	Office Furniture & Equipment	(1,133,957)	0	(1,133,957)	35
36	392	Transportation Equipment	(522,769)	0	(522,769)	36
37	393	Stores Equipment	(40,540)	0	(40,540)	37
38	394	Tools, Shop, & Garage Equipment	(859,128)	0	(859,128)	38
39	395	Laboratory Equipment	(361,879)	0	(361,879)	39
40	396	Power Operated Equipment	(172,278)	0	(172,278)	40
41	397	Communication Equipment	(443,854)	0	(443,854)	41
42	398	Miscellaneous Equipment	(22,054)	0	(22,054)	42
43		Total General Plant	(4,222,020)	0	(4,222,020)	43
44		Total Electric Plant in Service	($104,266,123)	$0	($104,266,123)	44

Supporting Schedules	Recap Schedules
N/A	E-5 (P1)

UNS Electric, Inc.
Comparative Departmental Operating Income Statements
Test Year Ended December 31, 2008 and Prior Years Ended December 31, 2007 and 2006

Line No.	Description	December 31, 2008	Prior Years Ended December 31, 2007	2006	Line No.
	Operating Revenues				
1	Electric Retail Revenues				1
2	Residential	$92,231,621	$85,759,676	$80,963,265	2
3	Commercial	69,412,607	63,570,755	61,609,184	3
4	Industrial	19,626,605	15,431,353	14,790,709	4
5	Public Street & Highway Lighting	368,082	383,579	473,189	5
6	Total Retail Revenues	181,638,915	165,145,363	157,836,347	6
7	Sales for Resale	10,168,115	234,273	244,910	7
8	Other Operating Revenue	3,103,658	3,579,133	1,685,143	8
9	Total Operating Revenues	194,910,688	168,958,769	159,766,400	9
	Operating Expenses				
10	Fuel, Purchased Power & Transmission	143,362,723	118,202,312	113,298,260	10
11	Other Operations and Maintenance Expense	21,409,649	21,821,189	18,818,828	11
12	Depreciation and Amortization	14,429,415	14,058,503	11,209,910	12
13	Taxes Other than Income Taxes	3,680,634	3,405,522	3,305,592	13
14	Income Taxes	2,081,685	2,287,495	3,130,229	14
15	Total Operating Expenses	184,964,106	159,775,021	149,762,819	15
16	Operating Income	$9,946,582	$9,183,748	$10,003,581	16

Supporting Schedules	Recap Schedules
N/A	E-2

UNS Electric, Inc.
Electric Operating Statistics
Test Year Ended December 31, 2008 and Prior Years Ended December 31, 2007 and 2006

Line No.	Description	December 31, 2008	Prior Years Ended December 31, 2007	2006	Line No.
	kWh Sales				
1	Residential	821,890,198	853,498,581	803,354,009	1
2	Commercial	619,278,699	626,488,214	609,828,702	2
3	Industrial	219,002,990	198,728,216	191,171,477	3
4	Public Street & Highway Lighting	3,145,228	3,116,797	3,275,362	4
5	Total	1,663,317,115	1,681,831,808	1,607,629,550	5
	Average Number of Customers				
6	Residential	78,373	78,031	75,702	6
7	Commercial	9,815	9,467	8,640	7
8	Industrial	17	14	15	8
9	Public Street & Highway Lighting	1,781	1,960	2,528	9
10	Total	89,986	89,472	86,885	10
	Average Annual kWh Use				
11	Residential	10,487	10,938	10,612	11
12	Commercial	63,096	66,176	70,582	12
13	Industrial	12,695,826	14,194,873	12,744,765	13
14	Public Street & Highway Lighting	1,766	1,590	1,296	14
15	Total	18,484	18,797	18,503	15
16	Average Annual Revenue per Residential Customer	$1,024	$1,098	$1,068	16
	Direct Production Expenses				
17	Per Retail and Wholesale kWh Sold (cents) (Expenses are primarily purchased power)	7.53	6.75	6.66	17
	Direct Transmission Expenses				
18	Per Retail and Wholesale kWh Sold (cents) (Expenses are primarily transmission of electricity by others)	0.46	0.46	0.46	18

Supporting Schedules	Recap Schedules
N/A	N/A

UNS Electric, Inc.
Taxes Charged to Operations
Test Year Ended December 31, 2008 and Prior Years Ended December 31, 2007 and 2006

Line No.	Description	December 31, 2008	Prior Years Ended December 31, 2007	2006	Line No.
	Federal Taxes				
1	Income	($3,812,582)	$1,817,863	$4,999,172	1
2	Unemployment	5,619	5,350	5,207	2
3	FICA	398,755	355,213	339,566	3
4	Deferred Income Taxes	5,191,492	46,564	(2,436,520)	4
5	Total	1,783,284	2,224,990	2,907,425	5
	State Taxes				
6	Income	(139,010)	318,033	891,361	6
7	Unemployment	6,428	7,196	7,735	7
8	Deferred Income Taxes	841,785	105,036	(323,783)	8
9	Total	709,203	430,265	575,313	9
	Local Taxes				
10	Real and Personal Property	3,186,420	3,033,234	2,950,175	10
11	Other	83,413	4,529	2,908	11
12	Total	3,269,833	3,037,763	2,953,083	12
13	Total Taxes Charged to Operating Expenses	$5,762,320	$5,693,018	$6,435,821	13

Note: Taxes and assessments related to sales of energy are not included in revenues or other tax expense categories.

Supporting Schedules	Recap Schedules
N/A	E-2

UNS Electric, Inc.
Test Year Ended December 31, 2008
Notes to Financial Statements

See the attached FERC Form 1 as of December 31, 2008.

Supporting Schedules	Recap Schedules
N/A	N/A

THIS FILING IS	
Item 1: [X] An Initial (Original) Submission	OR [ ] Resubmission No. ____

Form 1 Approved
OMB No. 1902-0021
(Expires 12/31/2011)
Form 1-F Approved
OMB No. 1902-0029
(Expires 12/31/2011)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 1/31/2012)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
UNS Electric, Inc.	End of 2008/Q4

FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER

IDENTIFICATION

01 Exact Legal Name of Respondent UNS Electric, Inc.	02 Year/Period of Report End of 2008/Q4
03 Previous Name and Date of Change *(if name changed during year)* / /	
04 Address of Principal Office at End of Period *(Street, City, State, Zip Code)* One South Church Avenue, Suite 100 Tucson, Arizona 85701	
05 Name of Contact Person Karen G. Kissinger	06 Title of Contact Person Vice President and Controller
07 Address of Contact Person *(Street, City, State, Zip Code)* 3950 E Irvington Road Tucson, Arizona 85714	

08 Telephone of Contact Person, *Including Area Code* (520) 571-4000	09 This Report Is (1) [X] An Original (2) [ ] A Resubmission	10 Date of Report *(Mo, Da, Yr)* 04/18/2009

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name Kevin P. Larson	03 Signature	04 Date Signed *(Mo, Da, Yr)*
02 Title Vice President and Treasurer	Kevin P. Larson	04/18/2009

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

LIST OF SCHEDULES (Electric Utility)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
1	General Information	101	
2	Control Over Respondent	102	
3	Corporations Controlled by Respondent	103	N/A
4	Officers	104	
5	Directors	105	
6	Important Changes During the Year	108-109	
7	Comparative Balance Sheet	110-113	
8	Statement of Income for the Year	114-117	
9	Statement of Retained Earnings for the Year	118-119	
10	Statement of Cash Flows	120-121	
11	Notes to Financial Statements	122-123	
12	Statement of Accum Comp Income, Comp Income, and Hedging Activities	122(a)(b)	
13	Summary of Utility Plant & Accumulated Provisions for Dep, Amort & Dep	200-201	
14	Nuclear Fuel Materials	202-203	N/A
15	Electric Plant in Service	204-207	
16	Electric Plant Leased to Others	213	N/A
17	Electric Plant Held for Future Use	214	
18	Construction Work in Progress-Electric	216	
19	Accumulated Provision for Depreciation of Electric Utility Plant	219	
20	Investment of Subsidiary Companies	224-225	N/A
21	Materials and Supplies	227	
22	Allowances	228-229	N/A
23	Extraordinary Property Losses	230	N/A
24	Unrecovered Plant and Regulatory Study Costs	230	N/A
25	Transmission Service and Generation Interconnection Study Costs	231	
26	Other Regulatory Assets	232	
27	Miscellaneous Deferred Debits	233	
28	Accumulated Deferred Income Taxes	234	
29	Capital Stock	250-251	
30	Other Paid-in Capital	253	
31	Capital Stock Expense	254	N/A
32	Long-Term Debt	256-257	
33	Reconciliation of Reported Net Income with Taxable Inc for Fed Inc Tax	261	
34	Taxes Accrued, Prepaid and Charged During the Year	262-263	
35	Accumulated Deferred Investment Tax Credits	266-267	N/A
36	Other Deferred Credits	269	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

LIST OF SCHEDULES (Electric Utility) (continued)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
37	Accumulated Deferred Income Taxes-Accelerated Amortization Property	272-273	N/A
38	Accumulated Deferred Income Taxes-Other Property	274-275	
39	Accumulated Deferred Income Taxes-Other	276-277	
40	Other Regulatory Liabilities	278	
41	Electric Operating Revenues	300-301	
42	Sales of Electricity by Rate Schedules	304	
43	Sales for Resale	310-311	
44	Electric Operation and Maintenance Expenses	320-323	
45	Purchased Power	326-327	
46	Transmission of Electricity for Others	328-330	
47	Transmission of Electricity by ISO/RTOs	331	N/A
48	Transmission of Electricity by Others	332	
49	Miscellaneous General Expenses-Electric	335	
50	Depreciation and Amortization of Electric Plant	336-337	
51	Regulatory Commission Expenses	350-351	
52	Research, Development and Demonstration Activities	352-353	N/A
53	Distribution of Salaries and Wages	354-355	
54	Common Utility Plant and Expenses	356	N/A
55	Amounts included in ISO/RTO Settlement Statements	397	N/A
56	Purchase and Sale of Ancillary Services	398	
57	Monthly Transmission System Peak Load	400	
58	Monthly ISO/RTO Transmission System Peak Load	400a	N/A
59	Electric Energy Account	401	
60	Monthly Peaks and Output	401	
61	Steam Electric Generating Plant Statistics	402-403	
62	Hydroelectric Generating Plant Statistics	406-407	N/A
63	Pumped Storage Generating Plant Statistics	408-409	N/A
64	Generating Plant Statistics Pages	410-411	N/A
65	Transmission Line Statistics Pages	422-423	
66	Transmission Lines Added During the Year	424-425	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

LIST OF SCHEDULES (Electric Utility) (continued)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
67	Substations	426-427	
68	Footnote Data	450	
	Stockholders' Reports Check appropriate box: [ ] Four copies will be submitted [X] No annual report to stockholders is prepared		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Karen Kissinger, Vice President and Controller
3950 E. Irvington Road
Tucson, Arizona 85714

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Arizona, January 14, 2003

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not Applicable.

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

Electric Utility Service within the State of Arizona.

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) [ ] Yes...Enter the date when such independent accountant was initially engaged:
(2) [X] No

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

CONTROL OVER RESPONDENT

1. If any corporation, business trust, or similar organization or a combination of such organizations jointly held control over the repondent at the end of the year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiearies for whom trust was maintained, and purpose of the trust.

As of December 31, 2008, UNS Electric, Inc. was 100% owned by Unisource Energy Services, Inc. which is 100% owned by UniSource Energy Corporation.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is $50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions.
2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and the date the change in incumbency was made.

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	President	James S. Pignatelli*	726,000
2	Vice President and Secretary	Raymond S. Heyman	316,000
3	Vice President and Treasurer	Kevin P. Larson	316,000
4	Vice President and Controller	Karen G. Kissinger	249,000
5	Vice President and General Manager	Thomas J. Ferry*	
6	Vice President	Thomas A. McKenna	193,000
7	Vice President	David G. Hutchens	206,000
8	Vice President	Philip J. Dion*	175,000
9			
10	* See Footnote		
11			
12	The reported salaries are presented in total for each		
13	employee. Only a portion thereof is allocated to		
14	UNS Electric, Inc.		
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FOOTNOTE DATA

Schedule Page: 104 Line No.: 10 Column: a

Thomas J. Ferry, V.P. and GM retired effective February 1, 2008. Effective March 1, 2008, Philip Dion was elected Vice President. James S. Pignatelli retired effective December 2008. Paul J. Bonavia became President in January 2009.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.
2. Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.

Line No.	Name (and Title) of Director (a)	Principal Business Address (b)
1	James S. Pignatelli, President	Tucson, Arizona
2	Michael J. DeConcini, Sr. Vice President	Tucson, Arizona
3	Raymond S. Heyman, Vice President and Secretary	Tucson, Arizona
4		
5	See Footnote	
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FOOTNOTE DATA

Schedule Page: 105 Line No.: 5 Column: a

The UNS Electric Board does not have an Executive Committee. James S. Pignatelli retired effective December 2008. Paul J. Bonavia became President in January 2009.

Name of Respondent	This Report Is:	Date of Report	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

IMPORTANT CHANGES DURING THE QUARTER/YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none," "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other condition. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on Page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. (Reserved.)
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by Instructions 1 to 11 above, such notes may be included on this page.
13. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
14. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

PAGE 108 INTENTIONALLY LEFT BLANK
SEE PAGE 109 FOR REQUIRED INFORMATION.

IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)

1. None
2. None
3. None
4. None
5. UNS Electric completed construction of 9.03 miles (47,721 feet) of 69kV transmission line on single pole steel structures. The line was energized on Sept. 16, 2008. The line was constructed for the purpose of providing Mercator Mine with the additional load requirements needed for their phase I mining expansion. The mine will be ramping up from approx. 8MW to 20/25 MW at full Phase I expansion. No state territory was added or relinquished and there were no customers added or lost in association with this additional line.
6. On August 7, 2008, UNS Electric issued $100 million of senior unsecured debt; $50 million at 6.5%, due 2015 and $50 million at 7.1%, due 2023 (UNS Electric 2008 Long-Term Debt). The UNS Electric 2008 Long-Term Debt is guaranteed by UES. The debt was issued under ACC Decision No. 69395 dated March 22, 2007. See Note 6 Debt and Capital Lease Obligations.
7. None
8. Both union and non-union employees received an average wage increase of approximately 3% in January 2008.
9. There are no material pending legal or regulatory proceedings to which UNSE is a party, other than the following which are described in Note 2 Regulatory Matters or Note 4 Commitments:
    - 2008 Rate Order
    - Purchased Power and Fuel Adjustment Clause (PPFAC)
    - Purchased Power Agreement
    - Income Statement impact of applying FAS 71
    - Fuel and power transactions
10. None
11. N/A
12. See notes on pages 122 and 123.
13. Gail Boswell was elected Assistant Treasurer on May 2, 2008. Tom Ferry retired as Vice President and General Manager effective February 1 2008. James S. Pignatelli, President, retired effective December 31, 2008. Paul J. Bonavia was elected President effective January 1, 2009.
14. N/A

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200-201	448,254,929	429,857,106
3	Construction Work in Progress (107)	200-201	18,758,596	14,395,484
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		467,013,525	444,252,590
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	274,618,330	265,742,112
6	Net Utility Plant (Enter Total of line 4 less 5)		192,395,195	178,510,478
7	Nuclear Fuel in Process of Ref., Conv.,Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		192,395,195	178,510,478
15	Utility Plant Adjustments (116)	122	0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		521,164	629,027
19	(Less) Accum. Prov. for Depr. and Amort. (122)		0	0
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	0	0
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		0	0
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		0	0
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		1,517,124	7,779,094
31	Long-Term Portion of Derivative Assets – Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		2,038,288	8,408,121
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		4,635,779	1,563,904
36	Special Deposits (132-134)		6,631,340	11,340
37	Working Fund (135)		28,623	20,784
38	Temporary Cash Investments (136)		4,170,669	1,102,702
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		10,890,931	10,843,445
41	Other Accounts Receivable (143)		887,753	421,379
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		1,378,758	848,012
43	Notes Receivable from Associated Companies (145)		0	0
44	Accounts Receivable from Assoc. Companies (146)		4,052,567	243,223
45	Fuel Stock (151)	227	20,661	22,302
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	8,196,620	7,297,703
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	0	0

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UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	766,750	357,967
55	Gas Stored Underground - Current (164.1)		0	0
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
57	Prepayments (165)		896,582	515,301
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		70,000	0
60	Rents Receivable (172)		0	0
61	Accrued Utility Revenues (173)		9,992,135	8,144,965
62	Miscellaneous Current and Accrued Assets (174)		260,000	0
63	Derivative Instrument Assets (175)		3,101,928	11,214,060
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		1,517,124	7,779,094
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		51,706,456	33,131,969
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		727,761	190,745
70	Extraordinary Property Losses (182.1)	230	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230	0	0
72	Other Regulatory Assets (182.3)	232	26,602,011	1,803,770
73	Prelim. Survey and Investigation Charges (Electric) (183)		367,591	367,591
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		0	0
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	3,068	604,406
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0
81	Unamortized Loss on Reaquired Debt (189)		0	0
82	Accumulated Deferred Income Taxes (190)	234	8,929,175	10,532,742
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		36,629,606	13,499,254
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		282,769,545	233,549,822

Name of Respondent	This Report is:	Date of Report (mo, da, yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	end of 2008/Q4

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	10	10
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)	252	0	0
5	Stock Liability for Conversion (203, 206)	252	0	0
6	Premium on Capital Stock (207)	252	0	0
7	Other Paid-In Capital (208-211)	253	58,886,661	58,616,661
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	24,868,535	21,140,651
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	0	31,533
16	Total Proprietary Capital (lines 2 through 15)		83,755,206	79,788,855
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	0	0
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	0	0
21	Other Long-Term Debt (224)	256-257	108,000,000	86,000,000
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		0	0
24	Total Long-Term Debt (lines 18 through 23)		108,000,000	86,000,000
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		147,247	258,073
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		129,718	37,848
29	Accumulated Provision for Pensions and Benefits (228.3)		3,586,685	1,816,662
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		8,730,905	1,651,215
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		0	0
35	Total Other Noncurrent Liabilities (lines 26 through 34)		12,594,555	3,763,798
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		11,057,084	13,438,389
39	Notes Payable to Associated Companies (233)		0	0
40	Accounts Payable to Associated Companies (234)		6,782,852	3,396,262
41	Customer Deposits (235)		4,082,476	3,732,151
42	Taxes Accrued (236)	262-263	1,597,801	828,075
43	Interest Accrued (237)		2,870,339	1,889,587
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

Name of Respondent	This Report is:	Date of Report (mo, da, yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	end of 2008/Q4

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		2,381,342	1,722,523
48	Miscellaneous Current and Accrued Liabilities (242)		864,429	706,639
49	Obligations Under Capital Leases-Current (243)		102,999	97,022
50	Derivative Instrument Liabilities (244)		26,886,935	2,384,314
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		8,730,905	1,651,215
52	Derivative Instrument Liabilities - Hedges (245)		0	0
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		47,895,352	26,543,747
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		12,605,744	12,102,773
57	Accumulated Deferred Investment Tax Credits (255)	266-267	0	0
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	108,575	341,526
60	Other Regulatory Liabilities (254)	278	7,537,488	19,122,126
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		10,390,411	5,648,809
64	Accum. Deferred Income Taxes-Other (283)		-117,786	238,188
65	Total Deferred Credits (lines 56 through 64)		30,524,432	37,453,422
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		282,769,545	233,549,822

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

STATEMENT OF INCOME

Quarterly
1. Enter in column (d) the balance for the reporting quarter and in column (e) the balance for the same three month period for the prior year.
2. Report in column (f) the quarter to date amounts for electric utility function; in column (h) the quarter to date amounts for gas utility, and in (j) the quarter to date amounts for other utility function for the current year quarter.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in (k) the quarter to date amounts for other utility function for the prior year quarter.
4. If additional columns are needed place them in a footnote.

Annual or Quarterly if applicable
5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility columnin a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
8. Report data for lines 8, 10 and 11 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	194,910,688	168,958,769		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	162,097,302	135,881,877		
5	Maintenance Expenses (402)	320-323	2,616,736	4,141,624		
6	Depreciation Expense (403)	336-337	17,444,031	16,923,124		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337	1,217,115	1,422,650		
9	Amort. of Utility Plant Acq. Adj. (406)	336-337	-4,231,731	-4,287,271		
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)		58,333			
13	(Less) Regulatory Credits (407.4)					
14	Taxes Other Than Income Taxes (408.1)	262-263	3,680,634	3,405,522		
15	Income Taxes - Federal (409.1)	262-263	-3,812,582	1,817,863		
16	- Other (409.1)	262-263	-139,010	318,033		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	12,945,552	3,788,564		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	6,912,276	3,636,965		
19	Investment Tax Credit Adj. - Net (411.4)	266				
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)					
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		184,964,104	159,775,021		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		9,946,584	9,183,748		

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UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

STATEMENT OF INCOME FOR THE YEAR (Continued)

9. Use page 122 for important notes regarding the statement of income for any account thereof.
10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
11 Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purches, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stokholders are applicable to the Statement of Income, such notes may be included at page 122.
13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	
						1
194,910,688	168,958,769					2
						3
162,097,302	135,881,877					4
2,616,736	4,141,624					5
17,444,031	16,923,124					6
						7
1,217,115	1,422,650					8
-4,231,731	-4,287,271					9
						10
						11
58,333						12
						13
3,680,634	3,405,522					14
-3,812,582	1,817,863					15
-139,010	318,033					16
12,945,552	3,788,564					17
6,912,276	3,636,965					18
						19
						20
						21
						22
						23
						24
184,964,104	159,775,021					25
9,946,584	9,183,748					26

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

STATEMENT OF INCOME FOR THE YEAR (continued)

Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
27	Net Utility Operating Income (Carried forward from page 114)		9,946,584	9,183,748		
28	Other Income and Deductions					
29	Other Income					
30	Nonutilty Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)					
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)		651	-6,218		
33	Revenues From Nonutility Operations (417)		228,035	78,651		
34	(Less) Expenses of Nonutility Operations (417.1)		153,116	35,024		
35	Nonoperating Rental Income (418)					
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		207,301	289,104		
38	Allowance for Other Funds Used During Construction (419.1)		322,168	442,088		
39	Miscellaneous Nonoperating Income (421)					
40	Gain on Disposition of Property (421.1)		202,205	1,389,950		
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		805,942	2,170,987		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)	340				
45	Donations (426.1)	340	79,201	45,318		
46	Life Insurance (426.2)					
47	Penalties (426.3)					
48	Exp. for Certain Civic, Political & Related Activities (426.4)		751	7,199		
49	Other Deductions (426.5)			1,080		
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		79,952	53,597		
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263				
53	Income Taxes-Federal (409.2)	262-263	268,323	694,622		
54	Income Taxes-Other (409.2)	262-263	58,618	151,748		
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277				
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277				
57	Investment Tax Credit Adj.-Net (411.5)					
58	(Less) Investment Tax Credits (420)					
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		326,941	846,370		
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		399,049	1,271,020		
61	Interest Charges					
62	Interest on Long-Term Debt (427)		6,379,163	6,053,308		
63	Amort. of Debt Disc. and Expense (428)		167,085	219,467		
64	Amortization of Loss on Reaquired Debt (428.1)					
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)	340				
68	Other Interest Expense (431)	340	217,612	167,435		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		181,815	739,701		
70	Net Interest Charges (Total of lines 62 thru 69)		6,582,045	5,700,509		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		3,763,588	4,754,259		
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		3,763,588	4,754,259		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		21,140,651	16,386,392
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4				
5				
6				
7				
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)			
10	FAS 158 Pension Plan Change		-35,703	
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)		-35,703	
16	Balance Transferred from Income (Account 433 less Account 418.1)		3,763,587	4,754,259
17	Appropriations of Retained Earnings (Acct. 436)			
18				
19				
20				
21				
22	TOTAL Appropriations of Retained Earnings (Acct. 436)			
23	Dividends Declared-Preferred Stock (Account 437)			
24				
25				
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)			
30	Dividends Declared-Common Stock (Account 438)			
31				
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)			
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings			
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		24,868,535	21,140,651
	APPROPRIATED RETAINED EARNINGS (Account 215)			

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STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
39				
40				
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)			
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)			
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)			
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		24,868,535	21,140,651
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)			
50	Equity in Earnings for Year (Credit) (Account 418.1)			
51	(Less) Dividends Received (Debit)			
52				
53	Balance-End of Year (Total lines 49 thru 52)			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)	3,764,000	4,754,000
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	13,574,000	13,020,000
5	Amortization of Deferred Debt-Related Costs	154,000	219,000
6	Provision for Bad Debt	1,201,000	763,000
7	Other	-1,127,000	8,505,000
8	Deferred Income Taxes (Net)	6,034,000	152,000
9	Investment Tax Credit Adjustment (Net)		
10	Net (Increase) Decrease in Receivables	-6,232,000	-1,977,000
11	Net (Increase) Decrease in Inventory	-1,306,000	160,000
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	2,633,000	-1,209,000
14	Net (Increase) Decrease in Other Regulatory Assets	-25,058,000	-395,000
15	Net Increase (Decrease) in Other Regulatory Liabilities	-11,585,000	7,714,000
16	(Less) Allowance for Other Funds Used During Construction	322,000	442,000
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):	31,391,000	-9,270,000
19			
20			
21			
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	13,121,000	21,994,000
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-29,664,000	-37,582,000
27	Gross Additions to Nuclear Fuel		
28	Gross Additions to Common Utility Plant		
29	Gross Additions to Nonutility Plant	108,000	-629,000
30	(Less) Allowance for Other Funds Used During Construction	-322,000	-442,000
31	Other (provide details in footnote):		
32			
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-29,234,000	-37,769,000
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)		
38	Proceeds from Sale of Land	80,000	1,376,000
39	Investments in and Advances to Assoc. and Subsidiary Companies		
40	Contributions and Advances from Assoc. and Subsidiary Companies		
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies		
43			
44	Purchase of Investment Securities (a)		
45	Proceeds from Sales of Investment Securities (a)		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
46	Loans Made or Purchased		
47	Collections on Loans		
48			
49	Net (Increase) Decrease in Receivables		
50	Net (Increase) Decrease in Inventory		
51	Net (Increase) Decrease in Allowances Held for Speculation		
52	Net Increase (Decrease) in Payables and Accrued Expenses		
53	Other (provide details in footnote):		
54			
55			
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-29,154,000	-36,393,000
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)	100,000,000	
62	Preferred Stock		
63	Common Stock		
64	Other (provide details in footnote):		
65	Borrowings under Revolving Credit Facility	26,000,000	14,000,000
66	Net Increase in Short-Term Debt (c)		
67	Other	1,326,000	2,835,000
68	Equity Investment from UniSource Energy		10,000,000
69	Equity Investment in UNS Electric	270,000	
70	Cash Provided by Outside Sources (Total 61 thru 69)	127,596,000	26,835,000
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)	-60,000,000	
74	Preferred Stock		
75	Common Stock		
76	Other	-1,320,000	-7,512,000
77	Payment to Retire Capital Lease Obligation	-104,000	-85,000
78	Net Decrease in Short-Term Debt (c)		
79	Borrowings under Revolving Credit Facility	-44,000,000	-7,000,000
80	Dividends on Preferred Stock		
81	Dividends on Common Stock		
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	22,172,000	12,238,000
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	6,139,000	-2,161,000
87			
88	Cash and Cash Equivalents at Beginning of Period	2,667,000	4,828,000
89			
90	Cash and Cash Equivalents at End of period	8,806,000	2,667,000

FOOTNOTE DATA

Schedule Page: 120 Line No.: 18 Column: a

	2008	2007
Current Assets	$ 16,479,000	$
Current Liabilities	14,912,000	(9,270,000)
	$ 31,391,000	$ (9,270,000)

Name of Respondent	This Report Is:	Date of Report	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Commmission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.
7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

PAGE 122 INTENTIONALLY LEFT BLANK
SEE PAGE 123 FOR REQUIRED INFORMATION.

Cash and cash equivalents include cash on hand and highly liquid investments with original maturities of three months or less.

The "Cash and Cash Equivalents" on page 121 agrees to the Comparative Balance Sheet on page 110.

Cash (Account 131)	$ 4,635,779
Temporary Cash Investments (Account 136)	$ 4,170,669
Total Cash and Cash Equivalents at End of Period	$ 8,806,448

Page 120, Instruction 3:

Interest Paid (Net of Amounts Capitalized)	$ 4,998,000
Income Taxes Paid	$ 1,200,000

Page 122, Instruction 2:
See Note 7, Commitments and Contingencies in the Notes to the Financial Statements.

Page 122, Instruction 6:
Notes to the Financial Statements as follows:

NOTE 1. NATURE OF OPERATIONS

UNS Electric, Inc. (UNS Electric) is an electric transmission and distribution company serving approximately 90,000 retail customers in Mohave and Santa Cruz counties. UniSource Energy Services, Inc. (UES), an intermediate holding company, owns all of the common stock of UNS Electric and UNS Gas, Inc. UniSource Energy Corporation (UniSource Energy) owns all of the common stock of UES.

References to "we" and "our" are to UNS Electric.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

Our accounting policies conform to accounting principles generally accepted in the United States of America (GAAP), including the accounting principles for rate-regulated enterprises. These financial statements include UNS Electric's accounts which are prepared in accordance with the accounting requirements from the Federal Energy Regulatory Commission (FERC) as stated in its applicable Uniform System of Accounts and published accounting releases. The basis of accounting differs from financial statements under accounting principles generally accepted in the United States of America (GAAP) in significant respects. Following are the FERC to GAAP differences:

- **Statement of Cash Flows Difference**

The Statement of Cash Flows included in the financial statements differs from the GAAP presentation. The FERC requires the use of the indirect method to reconcile net income to cash provided by or used in operating activities while GAAP encourages the use of the direct method with a reconciliation of net income to net cash from the operating activities as a supplemental schedule.

- **Asset Retirement Obligation**

The accumulated net removal costs for UNS Electric's regulated plant assets that do not meet the definition of an asset retirement obligation under SFAS 143 are classified as a regulatory liability under GAAP and as accumulated depreciation under FERC.

- **Other Differences**

The FERC requires current maturities of long-term debt to be classified as long-term debt, while GAAP requires such maturities to be classified as a current liability. Accumulated deferred income taxes are classified as current and non-current for GAAP, while FERC classifies all accumulated deferred taxes as non-current. Accumulated deferred income tax assets may not be netted against accumulated deferred income tax liabilities.

ACCOUNTING FOR RATE REGULATION

The Arizona Corporation Commission (ACC) and the Federal Energy Regulatory Commission (FERC) regulate portions of UNS Electric's utility accounting practices and electric rates. The ACC has authority over certain rates charged to retail customers, the issuance of securities, and transactions with affiliated parties. The FERC regulates UNS Electric's rates for wholesale power sales and interstate transmission services.

UNS Electric generally uses the same accounting policies and practices used by unregulated companies for financial reporting under GAAP. However, sometimes these principles, such as the Financial Accounting Standards Board's (FASB) Statement of Financial Accounting Standards No. 71, *Accounting for the Effects of Certain Types of Regulation* (FAS 71), require special accounting treatment for regulated companies to show the effect of regulation. For example, in setting UNS Electric's retail rates, the ACC may not allow UNS Electric to currently charge our customers to recover certain expenses, but instead may require that these expenses be charged to customers in the future. In this situation, FAS 71 requires that UNS Electric defer these items and show them as regulatory assets on the balance sheet until we are allowed to charge our customers. UNS Electric then amortizes these items as expense to the income statement as those charges are recovered from customers. Similarly, certain revenue items may be deferred as regulatory liabilities, which are also eventually amortized to the income statement as rates to customers are reduced.

The conditions a regulated company must satisfy to apply the accounting policies and practices of FAS 71 include:

- an independent regulator sets rates;
- the regulator sets the rates to recover the specific costs of providing service; and
- the service territory lacks competitive pressures to reduce rates below the rates set by the regulator.

FAS 71 may, at some future date, be discontinued due to changes in the regulatory and competitive environments. If UNS Electric stopped applying FAS 71 to its regulated operations, it would write off the related balances of its regulatory assets as an expense and would write off its regulatory liabilities as income on its income statement. UNS Electric's cash flows would not be affected if it stopped applying FAS 71 unless a regulatory order limited its ability to recover the cost of its regulatory assets. We believe our electric operations continue to meet the criteria for FAS 71.See Note 3.

UTILITY PLANT

UNS Electric reports its utility plant at cost. Utility plant includes material and labor costs, contractor costs, construction overhead costs, and an allowance for funds used during construction (AFUDC). We charge maintenance and repairs to operating expense as incurred.

AFUDC represents the estimated cost of debt and equity funds that finance utility plant construction. We recover AFUDC in rates through depreciation expense over the useful life of the related asset. UNS Electric imputed the cost of capital on construction expenditures at an average rate of 8.84% for 2008 and 13.51% for 2007. The component of AFUDC attributable to borrowed funds is included as a reduction of Other Interest Expense on the income statement and totaled $0.2 million in 2008 and $0.7 million in 2007. The equity component is included in Interest Income and totaled $0.3 million in 2008 and $0.4 million in 2007.

We compute depreciation of utility plant on a straight-line basis over the service lives of the assets. The average annual depreciation rates for UNS Electric's utility plant were 4.47% in 2008 and 4.60% in 2007.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and highly liquid investments with original maturities of three months or less.

MATERIALS AND SUPPLIES

UNS Electric carries materials and supplies in inventory at the lower of average cost or market.

COMPUTER SOFTWARE COSTS

UNS Electric capitalizes all costs incurred to purchase computer software and amortizes those costs over the estimated economic life of the product. We would immediately expense capitalized computer software costs if the software were determined to be no longer useful.

DEBT

We defer costs related to the issuance of debt. These costs include underwriters' commissions, discounts or premiums, and other costs such as legal, accounting and regulatory fees and printing costs. We amortize these costs over the life of the debt using the straight-line method, which approximates the effective interest method. Unamortized debt issuance costs were $0.7 million at December 31, 2008 and $0.2 million at December 31, 2007. See Note 6.

UTILITY OPERATING REVENUES

UNS Electric records utility operating revenues when services are provided or commodities are delivered to customers. Operating revenues include unbilled revenues which are earned (service has been provided) but not billed by the end of an accounting period.

Amounts delivered are determined through systematic monthly readings of customer meters. At the end of the month, the usage since the last meter reading is estimated and the corresponding unbilled revenue is calculated. Unbilled revenue is calculated based on daily generation or purchased volumes, estimated customer usage by class, estimated line losses and estimated average customer rates. Accrued unbilled revenues are reversed the following month when actual billings occur. The accuracy of the unbilled revenue estimate is affected by factors that include fluctuations in energy demands, weather, line losses, and changes in the composition of customer classes.

UNS Electric has rate-adjustment mechanisms in place that allow for a revenue surcharge or surcredit (that adjusts the customer's base rate for delivered purchased power) to collect or return under- or over- recovery of costs. These rate-adjustment mechanisms are revised periodically and may increase or decrease the level of costs recovered through base rates for any difference between the total amount collected under the clauses and the recoverable costs incurred. See Note 3.

We record an allowance for our estimate of revenues billed for which collection is doubtful. UNSE establishes an allowance for doubtful accounts based on historical collection experience and any specific customer collection issues.

Other Revenues primarily consist of miscellaneous fees, including service connection and late fees, and rental revenue from pole attachments.

PURCHASED ENERGY COSTS

UNS Electric defers differences between purchased energy costs and the recovery of such costs in rates. UNS Electric adjusts future billings for such deferrals through the use of a Purchased Power and Fuel Adjustment Clause (PPFAC) approved by the ACC. The PPFAC allows for a revenue surcharge or surcredit (that adjusts the customers' base rate for delivered purchased power) to collect or return under or over recovery of costs.

RELATED PARTY TRANSACTIONS

UNS Electric receives certain corporate, operation and administrative support services from affiliates. These costs consist primarily of employee compensation and benefits. Tucson Electric Power Company (TEP), a regulated public utility serving retail electric customers in southern Arizona, is UniSource Energy's largest operating subsidiary. Services from TEP totaled $8 million in 2008 in 2007. Services from UNS Gas totaled $0.1 million in 2008 and in 2007. Southwest Energy Solutions, Inc., another UniSource Energy affiliate, charged UNS Electric $0.9 million in 2008 and $1 million in 2007 for meter reading services.

In 2008, TEP and UNS Electric began selling power to each other at prices based on the Dow Jones Four Corners Daily Index. TEP had wholesale power sales to UNS Electric of $24 million. UNS Electric had wholesale power sales of $9 million to TEP.

In 2008, TEP charged UNS Electric $2 million for control area services. No such services were provided in 2007.

In May 2008, UED began providing energy from its Black Mountain Generating Station (BMGS) to UNS Electric, through a power sale agreement. UED charged UNS Electric $7 million for this energy. UNS Gas charged UNS Electric $7 million for gas used by the BMGS facility.

INCOME TAXES

GAAP requires us to report some of our assets and liabilities differently for our financial statements than we do for income tax purposes. We reflect the tax effects of these differences as deferred income tax assets or liabilities in our balance sheets. We measure these deferred tax assets and liabilities using current income tax rates. Federal and state income tax credits are accounted for as a reduction of income tax expense in the year in which the credit arises.

UNS Electric is a member of the UniSource Energy consolidated income tax filing. UNS Electric is allocated income taxes based on its taxable income and deductions as reported in the UniSource Energy consolidated and/or combined tax return filings. The tax liability is allocated in accordance with the income tax regulations. As a result, the regular tax liability of UNS Electric is calculated on a stand alone basis and the liability is then owed to UniSource Energy through intercompany accounts. UniSource Energy has the ultimate responsibility for payment of consolidated tax liabilities to taxing authorities and maintaining intercompany tax accounts with its subsidiaries. The Alternative Minimum Tax (AMT) liability of UNS Electric is also computed in accordance with tax regulations. This method for allocating consolidated AMT among group members considers the contribution that one member's AMT attributes provide in offsetting the consolidated AMT liability that would otherwise result if the member were not included in the consolidated group.

TAXES OTHER THAN INCOME TAXES

UNS Electric acts as a conduit or collection agent for excise tax (sales tax) as well as franchise fees and regulatory assessments. UNS Electric records liabilities payable to governmental agencies when it charges its customers for these amounts. Neither the amounts charged nor payable are reflected in the income statement.

RENEWABLE ENERGY STANDARDS TARIFF (REST)

In June 2008, the ACC approved a REST surcharge for UNS Electric. The surcharge is intended to recover the cost of qualified renewable expenditures, such as payments to customers who have renewable energy resources or the incremental cost of renewable power generated or purchased by UNS Electric. To the extent that the surcharge matches qualified renewable expenditures, UNS Electric recognizes revenue that is reflected in the income statement as Other Revenue. Any surcharge collected in excess of qualified renewable expenditures will be reflected in the financial statements as a regulatory liability. Conversely, qualified renewable expenditures in excess of the REST surcharge will be reflected as a regulatory asset. See Note 3.

DERIVATIVE FINANCIAL INSTRUMENTS

UNS Electric is exposed to energy price risk associated with its purchased power requirements, volumetric risk associated with its seasonal load and operational risk associated with its power plants, transmission and transportation systems. This risk is mitigated through the PPFAC mechanism which provides an adjustment to UNS Electric's retail rates to recover the actual costs of purchased power, transmission and transportation. UNS Electric further reduces its risks through a variety of derivative and non-derivative instruments. See Note 4.
On the date the company enters into a contract that is considered a derivative instrument, we apply one of the following accounting treatments:

- **Cash Flow Hedges:** UNS Electric has no cash flow hedges.

- **Mark-to-Market** transactions: UNS Electric derivatives such as forward power purchases and gas swaps that did not qualify for cash flow hedge accounting treatment or did not qualify for the normal scope exception. In December 2006, UNS Electric received authorization from the ACC to defer the unrealized gains and losses on the balance sheet as a regulatory asset or a regulatory liability rather than a component of AOCI or in the income statement.

These mark-to-market contracts are subject to specified risk parameters established and monitored by UniSource Energy's Risk Management Committee.

- **Normal Purchase and Normal Sale** transactions are forward energy purchase and sales contracts entered into by UNS Electric to support the current load forecast and entered into with counterparty with load serving requirements or generating capacity. These contracts are not required to be marked-to-market and are accounted for on an accrual basis. On an ongoing basis we evaluate our counterparties for non-performance risk to ensure it does not impact our ability to obtain the normal scope exception.

We consider the effect of counterparty credit risk in determining the fair value of derivative instruments that are in a net asset position, after incorporating collateral posted by counterparties, and allocate the credit risk adjustment to individual contracts. We also incorporate the impact of our own credit risk, after considering collateral posted, on instruments that are in a net liability position and allocate the credit risk adjustment to all individual contracts.

We present cash collateral and derivative assets and liabilities, associated with the same counterparty, separately in our financial statements and we bifurcate all derivatives into their current and long-term portions on the balance sheet.

FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIRVALUE

The carrying amounts of our current assets and liabilities approximate fair value because of the short maturity of these instruments.

UNS Electric's senior unsecured notes of $100 million outstanding at December 31, 2008 and $60 million outstanding at December 31, 2007 have estimated fair value of $97 million and $60 million, respectively. UNS Electric used quoted market prices, where available, or calculated the present value of remaining cash flows at the balance sheet date using current market rates for bonds with similar characteristics with respect to credit rating and time-to-maturity. In 2008, we also incorporate the impact of our own credit risk using a credit default swap rate when determining the fair value of fixed rate long-term debt.

The use of different market assumptions and/or estimation methodologies may yield different estimated fair value amounts.

Borrowings under the revolving credit facility outstanding of $8 million at December 31, 2008 have an estimated fair value of $8 million. UNS Electric considers the principal amounts of variable rate debt to be a reasonable estimate of their fair value.

EVALUATION OF ASSETS FOR IMPAIRMENT

UNS Electric evaluates its Utility Plant and other long-lived assets for impairment whenever events or circumstances occur that may indicate the carrying value of the assets may be impaired. If the fair value of the asset, determined based on the undiscounted expected future cash flows, from the long-lived asset is less than the carrying value of the asset, impairment would be recorded.

ASSET RETIREMENT OBLIGATIONS

FASB Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations* (FAS 143) requires entities to record the fair value of a liability for a legal obligation to retire an asset in the period in which the liability is incurred. FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* (FIN 47), requires entities to record the fair value of a liability regarding a legal obligation to perform asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. We record a liability when we are able to reasonably estimate the fair value of any future obligation to retire as a result of an existing or enacted law, statute, ordinance or contract. We also record a liability for the fair value of a conditional asset retirement obligation if the fair value can be reasonably estimated. When the liability is initially recorded, we capitalize a cost by increasing the carrying amount of the related long-lived asset. Over time, we adjust the liability to its present value by recognizing accretion expense as an operating expense in the income statement each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, we either settle the obligation for its recorded amount or incur a gain or loss if the actual costs differ from the recorded liability amount.

UNS Electric records cost of removal for its transmission and distribution assets through depreciation rates and recovers those amounts in rates charged to its customers. There are no legal obligations associated with these assets. UNS Electric has recorded its obligation for estimated costs of removal as a component of accumulated depreciation.

RECENTLY ISSUED ACCOUNTING STANDARDS

UNS Electric adopted the following recently issued accounting standards:

- FAS 157, *Fair Value Measurement*, issued September 2006, defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. FAS 157 clarifies that the exchange price is the price in the principal market in which the reporting entity would transact for the asset or liability. See Note 10.

- FSP FAS 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active* – issued and effective October 2008, provides guidance clarifying how FAS 157 *Fair Value Measures* (FAS 157) should be applied in markets that are not active. The guidance reaffirms the notion of fair value as an exit price as of the measurement date. The FSP emphasizes that approaches other than the market value approach to determine fair value, such as the use of management's internal assumptions about future cash flows and appropriately risk-adjusted discount rates, may be appropriate. See Note 10.

The following recently issued accounting standards are not yet reflected in the UNS Electric financial statements:

- FAS 161, *Disclosures About Derivative Instruments and Hedging Activities* an amendment to FAS 133, *Accounting for Derivative Instruments and Hedging Activities,* issued March 2008, requires enhanced disclosures about an entity's derivative and hedging activity. The standard requires that the objectives for using derivative instruments be disclosed in terms of underlying risk so that the reader understands the purpose of derivative use in terms of the risks that the entity is intending to manage. The standard also requires disclosure of the location in the financial statements of derivative balances as well as the location of gains and losses incurred during the reporting period. The standard will be applicable for fiscal years or interim periods beginning on or after November 15, 2008 with early adoption encouraged. We will adopt the requirements of this pronouncement in the first quarter of 2009.

- FSP FAS 132(R)-1 *Employers' Disclosures about Postretirement Benefit Plan Assets* issued in December 2008, amends Statement 132(R)-1 to require more detailed disclosures about employers' plan assets, including employers' investment strategies, major categories of plan assets, concentrations of risk within plan assets, and valuation techniques used to measure the fair value of plan assets. We will adopt the requirements of this pronouncement in our December 31, 2009 year-end financial statements.

USE OF ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3. REGULATORY MATTERS

2008 UNS Electric Rate Order

In the May 2008 rate order, the ACC approved a rate increase of 2.5% ($4 million) effective in June 2008. As a result of the May 2008 rate order limiting recovery of deferred rate case costs, UNS Electric expensed $0.3 million of the $0.6 million deferred costs in May 2008.

Purchased Power and Fuel Adjustment Clause (PPFAC)

UNS Electric's retail rates include a PPFAC, which allows for a separate surcharge or surcredit to the base rate for delivered purchased power to collect or return under- or over-recovery of costs. Allowable PPFAC costs include fuel, purchased power (less proceeds from most wholesale sales) and transmission costs.

As part of the May 2008 ACC rate order, a new PPFAC rate of approximately $0.087 per kWh took effect on June 1, 2008. The PPFAC mechanism has a forward component and a true-up component. The forward component of the PPFAC rate is based on forecasted fuel and purchased power costs. The true-up component reconciles actual fuel and purchased power costs with the amounts collected in the preceding PPFAC year and any amounts to be refunded/collected from customers in the coming year's PPFAC rate. The true-up component is updated on June 1 of each year, beginning June 1, 2009. The retail rates prior to June 2008 included a charge for fuel and purchased power of approximately $0.07 per kWh (base rate recovery of $0.052 per kWh and a transmission surcharge of $0.018).

The following table shows the balance of over-recovered purchased power costs:

	December 31,	
	2008	**2007**
	- Thousands of Dollars -	
Under (Over) Recovered Purchased Power Costs – Regulatory Basis as Billed to Customers	**$ 308**	$ (4,025)
Estimated Purchased Power Costs Recovered through Accrued Unbilled Revenues	**(6,768)**	(5,262)
(Over) Recovered Purchased Power Costs (PPFAC)	**$ (6,460)**	$ (9,287)

At December 31, 2008 and 2007, the PPFAC balance is reported as Regulatory Liabilities – Over-Recovered Purchased Energy Costs.

Purchased Power Agreement

In June 2008, UED and UNS Electric entered into a 5-year Power Purchase Agreement (PPA) under which UED sells all the output of BMGS to UNS Electric. The PPA is a tolling arrangement in which UNS Electric takes operational control of

BMGS and assumes all risk of operation and maintenance costs, including fuel. UNS Electric accounts for the PPA as an operating lease. The costs associated with the PPA are recoverable through UNS Electric's PPFAC.

Other Regulatory Assets and Liabilities

UNS Electric's regulatory assets and liabilities were as follows:

	December 31,	
	2008	**2007**
	- Thousands of Dollars -	
Regulatory Assets		
Derivatives Instruments (Acct. 182.3)	**23,785**	1,006
Pensions and Other Post Retirement Benefits (Acct. 182.3)	**2,575**	665
Self-Insured Medical and Short-Term Disability Assets (Acct. 174)	**260**	-
Rate Case Costs (Acct. 182.3)	**241**	600
Deferred Environmental Portfolio Costs (Acct. 182.3)	-	132
Regulatory Liabilities		
Net Cost of Removal for Interim Retirements (Acct. 108)	**(10,548)**	(2,067)
Renewable Energy Standards Tariff REST (Acct. 254)	**(871)**	-
Demand-Side Management (Acct. 254)	**(207)**	-
Derivative Instruments (Acct. 254)	-	(9,836)

Regulatory assets are either being collected in rates or are expected to be collected through rates in a future period, as described below:

- Derivative instruments represent the unrealized gains or losses on contracts entered into to hedge the variability of purchased energy costs that are expected to be recovered through the PPFAC. UNS Electric does not earn a return on these costs.
- Pensions and Other Post Retirement Benefits represent the unfunded status of UNS Electric's share of the UES pension and other postretirement benefit plans that it expects, based on past regulatory actions, to recover through rates. UNS Electric does not earn a return on these costs.
- Self-Insured Medical and Short-Term Disability assets are recorded based on historical ratemaking treatment allowing UNS Electric to recover self-insured medical costs and short-term disability costs on a pay-as-you-go or cash basis. While these assets do not earn a return, they are fully recovered in rates over an approximate one-year period.
- In May 2008, the ACC approved recovery of $300K of rate case costs, over 3 years. UNS Electric does not earn a return on the regulatory asset balance.

Regulatory liabilities represent items that UNS Electric expects to pay to customers through billing reductions in future periods or use for the purpose for which they were collected from customers, as described below:

- Net Cost of Removal for Interim Retirements represents an estimate of the cost of future asset retirement obligations. These are amounts collected through revenue for the net cost of removal of interim retirements for which removal costs have not yet been expended.
- Renewable Energy Standards Tariff (REST) represents the REST surcharge collected in excess of qualified renewable expenditures. The ACC approved a REST surcharge for UNS Electric, effective June 1, 2008, to allow UNS Electric to recover the cost of qualified renewable expenditures, such as payments to customers who have renewable energy resources or the incremental cost of renewable power generated or purchased by UNS Electric. Any surcharge collected in excess of qualified renewable expenditures will be reflected in the financial statements as a regulatory liability. Conversely, qualified renewable expenditures in excess of the REST surcharge will be reflected as a regulatory asset. The REST plan includes an adjustor mechanism which allows UNS Electric to file an application with the ACC to apply any shortage or surplus in the prior year's program expenses to the subsequent year's REST surcharge.

- In May 2008, the ACC approved a Demand-Side Management (DSM) surcharge which is intended to cover UNS Electric's DSM programs such as Low Income Weatherization. Any surcharge collected in excess of qualified DSM expenditures will be reflected in the financial statements as a regulatory liability. Conversely, qualified DSM expenditures in excess of the surcharge will be reflected as a regulatory asset.

INCOME STATEMENT IMPACT OF APPLYING FAS 71

If UNS Electric had not applied FAS 71, net income would have been $15 million lower in 2008 as UNS Electric would have recognized under-recovered purchased energy and unrealized losses on its commodity derivative instruments as an expense to its income statement, rather than as regulatory assets or a reduction to its regulatory liabilities. If UNS Electric had not applied FAS 71, net income would have been $1 million higher in 2007 as UNS Electric would have been able to recognize over-recovered purchased power costs as a credit to the income statement rather than record an increase to regulatory liabilities.

FUTURE IMPLICATIONS OF DISCONTINUING APPLICATION OF FAS 71

UNS Electric regularly assesses whether it can continue to apply FAS 71 to its operations. If UNS Electric stopped applying FAS 71 to its regulated operations, it would write-off the related balances of its regulatory assets as an expense and would write-off its regulatory liabilities as income on its income statement. Based on the regulatory asset and liability balances, if UNS Electric had stopped applying FAS 71 to its regulated operations, it would have recorded an extraordinary after-tax loss of $4 million and an after-tax loss in AOCI of $1 million at December 31, 2008. Discontinuing application of FAS 71 would not affect UNS Electric's cash flows.

NOTE 4. ACCOUNTING FOR DERIVATIVE INSTRUMENTS, TRADING ACTIVITIES AND HEDGING ACTIVITIES

FUEL AND POWER TRANSACTIONS

UNS Electric enters into forward contracts to purchase a specified amount of capacity or energy at a specified price over a given period of time, within established limits, to take advantage of favorable market opportunities and reduce exposure to energy price risk associated with their gas and purchased power requirements, volumetric risk associated with their seasonal load and operational risk associated with their power plants and transmission systems. UNS Electric also has natural gas supply agreements under which it purchases all of its gas requirements at spot market prices. In an effort to minimize price risk on these purchases, UNS Electric enters into gas price swap agreements under which they purchase gas at fixed prices and simultaneously sell gas at spot market prices. All of the contracts and agreements referred to in this paragraph are considered derivative instruments.
UNS Electric has recorded its commodity contract gains and losses to be recovered through the PPFAC as regulatory assets since 2006. See Note 3.

The following table discloses unrealized gains and losses on energy contracts that are reported on the balance sheet as a regulatory asset or a regulatory liability rather than as a component of AOCI or in the income statement.

Mark-to-Market Transactions – (Increase) Decrease Recorded in Regulatory Accounts on the Balance Sheet	**2008**	**2007**
	- Thousands of Dollars -	
Recorded in Regulatory Assets – Derivatives:		
Gas Swaps	**$ 7,013**	$1,006
Forward Power Purchases	**15,766**	-
Recorded in Regulatory Liabilities – Derivatives:		
Forward Power Purchases	**9,836**	(6,620)
Total (Increase) Decrease	**$32,615**	$ (5,614)

The fair value of derivative assets and liabilities were as follows:

	December 31, 2008			December 31, 2007		
	Mark-to-Market Contracts	Cash Flow Hedges	Total	Mark-to-Market Contracts	Cash Flow Hedges	Total
			-Thousands of Dollars-			
Current Assets	**$ 1,585**	**$ -**	**$ 1,585**	$ 3,435	$ -	$ 3,435
Current Liabilities	**(18,156)**	**-**	**(18,156)**	(733)	-	(733)
Net Current Assets (Liabilities)	**$(16,571)**	**$ -**	**$ (16,571)**	$ 2,702	$ -	$ 2,702
Noncurrent Assets	**$ 1,517**	**$ -**	**$ 1,517**	$ 7,779	$ -	$ 7,779
Noncurrent Liabilities	**(8,731)**		**(8,731)**	(1,651)	-	(1,651)
Net Noncurrent Assets (Liabilities)	**$ (7,214)**	**$ -**	**$ (7,214)**	$ 6,128	$ -	$ 6,128

As cash collateral is disclosed separately in the balance sheet, the above balances exclude any cash collateral posted with counterparties.

At December 31, 2008, UNS Electric had contracts that will settle through the fourth quarter of 2013. Amounts presented, above, as Net Current Assets (Liabilities), are expected to be reclassified into earnings within the next twelve months.

Credit Risk Adjustment

When the fair value of our derivative contracts are reflected as an asset, the counterparty owes us and this creates credit risk. We minimize our credit risk by (1) entering into transactions with high-quality counterparties, (2) limiting our exposure to each counterparty, (3) monitoring the financial condition of the counterparties and (4) requiring collateral in accordance with the counterparty master agreements. Using a combination of market credit default swap data and historical recovery rates for subordinated bonds, we consider the impact of counterparty credit worthiness in determining the fair value of our derivatives as well as its possible effect on continued qualification for cash flow hedge accounting. At December 31, 2008, the impact of counterparty credit risk on the fair value of derivative asset contracts was less than $0.5 million.

We also consider the impact of our own credit risk on instruments that are in a net liability position, after deducting collateral posted, using market credit default swap data and allocate the credit risk adjustment to all individual contracts in a net liability position. The impact of our own credit risk was less than $0.5 million.

Concentration of Credit Risk

The use of contractual arrangements to manage the risks associated with changes in energy commodity prices creates credit risk exposure resulting from the possibility of nonperformance by counterparties pursuant to the terms of their contractual obligations. UNS Electric enters into contracts for the physical delivery of energy which contain remedies in the event of non-performance by the supply counterparties. In addition, volatile energy prices can create significant credit exposure from energy market receivables and mark-to-market valuations.

As of December 31, 2008, UNS Electric had no credit exposure to other counterparties.

To provide credit enhancements for forward energy purchase contracts and hedging activities, UNS Electric posted cash collateral of $7 million and letters of credit of $7 million.

NOTE 5. UTILITY PLANT

The following table shows Utility Plant in Service and depreciable lives by major class at December 31:

	2008	2007	Depreciable Lives
	- Thousands of Dollars -		
Plant in Service:			
Electric Generation Plant	**$ 26,589**	$ 26,464	38 – 49 years
Electric Distribution Plant	**333,222**	312,842	23 – 50 years
Electric Transmission Plant	**56,688**	56,086	20 – 50 years
General Plant	**22,741**	22,939	5 – 40 years
Intangible Plant	**7,674**	10,734	5 – 32 years
Total Plant in Service	**$446,914**	$ 429,065	
Utility Plant under Capital Leases	**$ 731**	$ 731	

Intangible Plant primarily represents transmission access and computer software costs.

NOTE 6. DEBT AND CAPITAL LEASE OBLIGATIONS

SENIOR UNSECURED NOTES

In August 2008, UNS Electric issued $100 million of senior unsecured debt: $50 million at 6.5%, due 2015 and $50 million at 7.1%, due 2023 (UNS Electric 2008 Long-Term Debt). The UNS Electric Long-Term Debt is guaranteed by UES. The notes may be prepaid with a make-whole call premium reflecting a discount rate equal to an equivalent maturity U.S. Treasury security yield plus 50 basis points.

UNS Electric used $60 million of the proceeds to repay its 7.61% senior unsecured notes that matured on August 11, 2008. The remaining proceeds were used to repay UNS Electric's outstanding borrowings under the UNS Gas/UNS Electric Revolver and for general corporate purposes. UNS Electric capitalized $1 million of costs related to the issuance of the debt and will amortize these costs over the life of the debt.

The UNS Electric Long-Term Debt contains certain restrictive covenants, including restrictions on transactions with affiliates, mergers, liens to secure indebtedness, restricted payments and incurrence of indebtedness. As of December 31, 2008, UNS Electric was in compliance with the covenants.

The incurrence of indebtedness covenant requires UNS Electric to meet certain tests before additional indebtedness may be incurred. These tests include:

- A ratio of Consolidated Long-Term Debt to Consolidated Total Capitalization of no greater than 65%.
- An Interest Coverage Ratio (a measure of cash flow to cover interest expense) of at least 2.50 to 1.00.

However, UNS Electric may, without meeting these tests, refinance indebtedness and incur short-term debt in an amount not to exceed $5 million. UNS Electric may not declare or make distributions or dividends (restricted payments) on its common stock unless (a) immediately after giving effect to such action no default or event of default would exist under its senior unsecured note agreement and (b) immediately after giving effect to such action, it would be permitted to incur an additional dollar of indebtedness under the debt incurrence test. As of December 31, 2008, UNS Electric was in compliance with the terms of the senior unsecured note agreement.

The senior unsecured notes may be accelerated upon the occurrence and continuance of an event of default under the senior unsecured note agreement. Events of default include failure to make payments required thereunder, certain events of bankruptcy or commencement of similar liquidation or reorganization proceedings or a change of control of UES or UNS Electric. In addition, an event of default may occur if UNS Electric, UES or UNS Gas default on any payments required in respect of certain indebtedness that is outstanding in an aggregate principal amount of at least $4 million or if any such indebtedness becomes due or capable of being called for payment prior to its scheduled payment date or if there is a default in the performance or compliance with the other terms of such indebtedness and, as a result of such default, such indebtedness has become, or has been declared, due and payable, prior to its scheduled payment date.

CAPITAL LEASE OBLIGATIONS

UNS Electric has two trucks under capital lease with an initial term to 2011. Both leases may be continued with the same rental terms until either party gives 90 days notice and provide for the purchase of the leased asset at fair market value at the end of the lease.

The following provides future payments on UNS Electric's capital lease obligations at December 31, 2008:

	Capital Lease Obligations
	- Thousands of Dollars -
2009	$ 115
2010	115
2011	38
2012	-
2013	-
Total 2009-2013	268
Thereafter	-
Imputed Interest	(18)
Total	$ 250

REVOLVING CREDIT AGREEMENT

The UNS Gas/UNS Electric Revolver is a $60 million revolving credit facility which matures in August 2011. Either UNS Gas or UNS Electric may borrow up to a maximum of $45 million, so long as the combined amount borrowed does not exceed $60 million. UNS Gas is only liable for UNS Gas's borrowings, and similarly, UNS Electric is only liable for UNS Electric's borrowings under the UNS Gas/UNS Electric Revolver. UES guarantees the obligations of both UNS Gas and UNS Electric.

UNS Electric has the option of paying interest at LIBOR plus 1.0% or the greater of the federal funds rate plus 0.5% or the agent bank's reference rate.

The UNS Gas/UNS Electric Revolver contains restrictions on additional indebtedness, liens, mergers and sales of assets. The UNS Gas/UNS Electric Revolver also contains a maximum leverage ratio and a minimum cash flow to interest coverage ratio for each borrower. As of December 31, 2008, UNS Electric was in compliance with the terms of the UNS Gas/UNS Electric Revolver.

The borrowings by UNS Electric under the UNS Gas/Electric Revolver were as follows:

	- Thousands of Dollars -	
	December 31, 2008	December 31, 2007
Balance on the Revolver	**$ 8,000**	$ 26,000
Weighted Average Interest Rate	**1.5%**	5.89%
Outstanding Letters of Credit	**$ 6,500**	$ -

At December 31, 2008 and December 31, 2007, UNS Electric's borrowings under the UNS Gas/UNS Electric Revolver were excluded from Current Liabilities and presented as Long-Term Debt, as UNS Electric has the ability and the intent to keep the borrowings outstanding under the UNS Gas/UNS Electric Revolver for the next twelve months. The outstanding letters of credit support power and gas purchases and hedges and are off-balance sheet obligations UNS Electric.

UNS Electric repaid $4 million in February 2009, and repaid the remaining $4 million in March 2009 under the UNS Gas/UNS Electric Revolver.

NOTE 7. COMMITMENTS AND CONTINGENCIES

We record liabilities for loss contingencies, including environmental remediation costs, arising from claims, assessments, litigation, fines and penalties and other sources when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

PURCHASE AND TRANSPORTATION COMMITMENTS

At December 31, 2008, UNS Electric had various unrecognized firm non-cancelable purchase commitments as described in the table below.

	2009	2010	2011	2012	2013	There after	Total
			- Thousands of Dollars -				
Fuel (including Transportation)	$ 20,258	$ 8,761	$ 1,804	$ 22	$ -	$ -	$ 30,845
Purchased Power	41,091	29,644	12,771	7,607	7,588	-	98,701
Transmission	2,592	1,764	882	-	-	-	5,238
Total Unrecognized Firm Commitments	$ 63,941	$ 40,169	$15,457	$ 7,629	$ 7,588	$ -	$ 134,784

Since UNS Electric's all-requirements purchased power contract expired in May 2008, UNS Electric has entered into agreements with various energy suppliers for purchased power at market prices to meet energy requirements. In general, these contracts provide for capacity payments and energy payments based on actual power taken under the contracts. These contracts expire in various years through 2013. Certain of these contracts are at a fixed price per MW and others are indexed to natural gas prices. The commitment amounts included in the table above are based on market prices as of December 31, 2008. UNS Electric paid $53 million in 2008 for purchased power under these contracts.

UNS Electric imports the power it purchases over the Western Area Power Administration's (WAPA) transmission lines. UNS Electric's transmission capacity agreements with WAPA provide for annual rate adjustments and expire in 2011 and 2017. However, the effects of both purchased power and transmission cost adjustments are mitigated through a purchased power rate-adjustment mechanism. UNS Electric paid $7 million in 2008 and in 2007 for transmission under committed contracts.

OPERATING LEASES

UNS Electric has entered into operating leases, primarily for office facilities and office equipment, with varying terms, provisions, and expiration dates.

UNS Electric's estimated future minimum payments under non-cancelable operating leases at December 31, 2008 were:

	Operating Leases
	- Thousands of Dollars -
2009	$ 309
2010	269
2011	269
2012	78
2013	60
Total 2009-2013	985
Thereafter	24
Total	$ 1009

UNS Electric's operating lease expense was $0.4 million in 2008 and $0.4 million in 2007.

ENVIRONMENTAL CONTINGENCIES

UNS Electric owns and operates the Valencia Power Plant (Valencia), located in Nogales, Arizona. The Valencia plant consists of three gas and diesel-fueled combustion turbine units, with a fourth unit that commenced operations in June 2006. UNS Electric has continued efforts initiated by the site's previous owner to remediate the soil and groundwater contamination at its Valencia facility. The initial estimate for the cost of remediation was $0.6 million. The ultimate cost, however, will depend on the extent of contamination found as the project progresses and when final remediation occurs. Under the purchase agreement for Valencia, UNS Electric's obligation is limited to $1.5 million. At December 31, 2008, UNS Electric had a liability of $0.5 million included in Other Deferred Credits and Other Liabilities on the balance sheet.

NOTE 8. INCOME AND OTHER TAXES

INCOME TAXES

We record deferred tax liabilities for amounts that will increase income taxes on future tax returns. We record deferred tax assets for amounts that could be used to reduce income taxes on future tax returns. UNS Electric determined that a valuation allowance on the deferred income tax assets for the years ended December 31, 2008 and December 31, 2007 was not necessary. We reached this conclusion based on our interpretation of tax rules, tax planning strategies, scheduled reversals of temporary differences, and projected future taxable income.

UniSource Energy includes UNS Electric's taxable income in its consolidated federal income tax return. Deferred tax assets (liabilities) consist of the following:

	2008	2007
	- Thousands of Dollars -	
Gross Deferred Income Tax Liabilities		
Plant	**$(10,391)**	$ (5,648)
Other	**118**	(238)
Gross Deferred Income Tax Liabilities	**(10,273)**	(5,886)
Gross Deferred Income Tax Assets		
Alternative Minimum Tax Credit (AMT)	**860**	374
Customer Advances	**5,005**	4,516
Contributions in Aid of Construction	**2,002**	1,287
Purchased Power and Fuel Adjustment Clause	**-**	3,644
Compensation and Benefits	**758**	455
Other	**304**	256
Gross Deferred Income Tax Assets	**8,929**	10,532
Net Deferred Income Tax Assets (Liabilities)	**$ (1,344)**	$ 4,646

Income tax expense (benefit) included in the income statement includes amounts both payable currently and deferred for payment in future periods as indicated below:

	2008	2007
	-Thousand of Dollars-	
Current Tax Expense (Benefit)		
Federal	**$ (3,544)**	$ 2,512
State	**(80)**	470
Deferred Tax Expense (Benefit)		
Federal	**5,190**	47
State	**842**	105
Total Federal and State Income Tax Expense	**$ 2,408**	$ 3,134

The following reconciles the provision for income taxes at the federal statutory rate of 35% to the effective rate:

	2008	2007
	- Thousands of Dollars -	
Federal Income Tax Expense at Statutory Rate	**$ 2,159**	$ 2,760
State Income Tax Expense, Net of Federal Deduction	**285**	364
Other	**(36)**	10
Total Federal and State Income Tax Expense	**$ 2,408**	$ 3,134

UNS Electric incurred a $9 million net operating loss in 2008 that will be carried back to generate $3.2 million in tax refunds. The receivable is included in intercompany accounts receivable on the balance sheet.

Uncertain Tax Positions

UNS Electric adopted Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109 (FIN 48) as of January 1, 2007. FIN 48 requires us to determine whether it is "more likely than not" that we will sustain a tax position under examination. Each tax position is measured to determine the amount of benefit to recognize in the financial statements.

At the end of 2008, UNS Electric had no uncertain tax positions.

OTHER TAX MATTERS

On its 2003 and 2004 tax returns, UNS Electric elected to utilize an accounting method relating to the capitalization of indirect costs to production activities and self-constructed assets.

In 2005, the Internal Revenue Service (IRS) issued a ruling limiting the ability of electric and gas utilities to use the new accounting method. Based on settlement guidelines issued by the IRS in March 2007, this issue has been settled with the IRS. In 2008, UNS Electric received a $0.3 million refund of taxes and interest. The refunds have no income statement impact to UNS Electric in 2008.

NOTE 9. PENSION AND POSTRETIREMENT BENEFIT PLANS

UNS Electric does not maintain a separate pension plan or other postretirement benefit plan for its employees. All regular employees are eligible to participate in the pension plan maintained by our parent, UES. A small group of active employees are also eligible to participate in a postretirement medical benefit plan. UES allocates net periodic benefit cost based on service cost for participating employees.

PENSION PLAN

The noncontributory, defined benefit pension plan provides benefits based on years of service and the employee's average compensation. We recognize the underfunded status of our defined benefit pension plans as a liability on our consolidated balance sheets. The underfunded status is measured as the difference between the fair value of the plans assets and the projected benefit obligation for pension plans. We recognize a regulatory asset to the extent these future costs are probable of recovery in rates.

Pension Contributions

The Pension Protection Act of 2006 (The Pension Act) establishes minimum funding targets for pension plans beginning in 2008. A plan's funding target is the present value of all benefits accrued or earned as of the beginning of the plan year. While the annual targets are not legally required, if a plan does not meet the annual funding targets, the plan's benefit payment options are limited and a funding deficiency notice must be sent to all plan participants. All UNS Electric plans are in compliance with The Act.

In 2009, to meet the funding requirements of The Pension Act, UNS Electric expects to contribute $0.8 million to the pension plan.

OTHER POSTRETIREMENT BENEFIT PLAN

UNS Electric assumed a $1.3 million liability for postretirement medical benefits for current retirees and a small group of active employees at the acquisition of the Arizona electric system assets. The selected active employees participate in a Postretirement Benefit Plan covering employees of UniSource Energy. In the 2008 TEP Rate Order, the ACC authorized accrual basis recovery of other postretirement benefit plan costs based on a commitment to fund the plan. UNS Electric now records changes in its other postretirement obligation, not yet reflected in net periodic benefit cost, as a regulatory asset, as such amounts are probable of future recovery in rates. Amounts previously recorded in AOCI have been reclassified to a regulatory asset.

The pension and other postretirement benefit related amounts (excluding tax balances) included in UNS Electric's balance sheet are:

	Pension Benefits		Other Postretirement Benefits	
	Years Ended December 31,			
	2008	2007	2008	2007
	- Thousands of Dollars -			
Regulatory Pension Asset included in Regulatory Assets	**$2,478**	$ 663	**$ -**	$ -
Accrued Benefit Liability included in Accrued Employee Expenses	**-**	-	**(77)**	(75)
Accrued Benefit Liability included in Deferred Employee Benefits	**(3,015)**	(1,180)	**(572)**	(584)
Accumulated Other Comprehensive (Gain) Loss	**-**	-	**-**	(52)
Net Amount Recognized	**$ (537)**	$ (517)	**$ (649)**	$ (711)

OBLIGATIONS AND FUNDED STATUS

In accordance with FAS 158, we measured the actuarial present values of all pension benefit obligations and other postretirement benefit plans at December 31, 2008. In 2007, the measurement date was December 1. As a result of the change in the measurement date, we recorded a loss of less than $0.1 million to retained earnings.

The tables below reflect UES' plan information as a whole. The change in projected benefit obligation and plan assets and reconciliation of the funded status are as follows:

	Pension Benefits		Other Postretirement Benefits	
	Years Ended December 31,			
	2008	2007	2008	2007
	- Thousands of Dollars -			
Change in Projected Benefit Obligation				
Benefit Obligation at Beginning of Year	**$ 7,352**	$ 7,461	**$ 1,154**	$ 1,658
Actuarial (Gain) Loss	**1,833**	(1,417)	**277**	(275)
Interest Cost	**501**	440	**77**	91
Service Cost	**917**	1,017	**-**	-
Measurement Date Change	**118**	-	**-**	-
Benefits Paid	**(236)**	(149)	**(314)**	(320)
Projected Benefit Obligation at End of Year	**10,485**	7,352	**1,194**	1,154
Change in Plan Assets				
Fair Value of Plan Assets at Beginning of Year	**4,889**	3,865	**-**	-
Actual Return on Plan Assets	**(1,951)**	173	**-**	-
Benefits Paid	**(236)**	(149)	**(362)**	(363)
Employer Contributions	**1,200**	1,000	**314**	320
Participant Contributions	**-**	-	**48**	43
Measurement Date Change	**35**	-	**-**	-
Fair Value of Plan Assets at End of Year	**3,937**	4,889	**-**	-
Funded Status at End of Year	**$ (6,548)**	$ (2,463)	**$ (1,194)**	$ (1,154)

At December 31, 2008, UNS Electric's proportionate share of the pension plan's funded status is approximately 46%.

The following table provides the components of UES' regulatory assets that have not been recognized as components of periodic benefit cost as of December 31, 2008:

	Pension Benefits	Other Postretirement Benefits
	- Thousands of Dollars -	
Net Loss	$ 3,259	$ 214
Prior Service Cost (Benefit)	2,002	(36)

The accumulated benefit obligation for the UES defined benefit pension plan was $6.8 million at December 31, 2008 and $4.5 million at December 31, 2007. Changes in actuarial assumptions including an increase in the discount rate impacted the accumulated benefit obligation. At December 31, 2008 the UES defined benefit pension plan had accumulated benefit obligations in excess of plan assets.

	December 31, 2008	2007
	- Thousands of Dollars -	
Projected Benefit Obligation at End of Year	$ 10,485	$ 7,352
Accumulated Benefit Obligation at End of Year	6,760	4,501
Fair Value of Plan Assets at End of Year	3,937	4,889

The components of net periodic benefit costs and other amounts recognized in income are as follows:

	Pension Benefits		Other Postretirement Benefits	
	2008	2007	2008	2007
	- Thousands of Dollars -			
Components of Net Periodic Cost				
Service Cost	$ 917	$ 1,017	$ -	$ -
Interest Cost	501	440	71	90
Expected Return on Plan Assets	(430)	(318)	-	-
Prior Service Cost Amortization	258	258	(3)	(3)
Recognized Actuarial (Gain) Loss	(19)	-	-	4
Net Periodic Benefits Cost	$ 1,227	$ 1,397	$ 68	$ 91

A portion of the net periodic benefit cost was capitalized as a cost of construction and the remainder was included in Other Operating and Maintenance costs.

In 2008, UNS Electric recognized 47% of total net periodic pension benefit costs and 53% of other postretirement benefit costs based on relative employee participation.

The amounts recognized in Accumulated Other Comprehensive Income (AOCI) or as regulatory assets are as follows:

	Pension Benefits	
	2008	2007
	- Thousands of Dollars -	
Changes in Plan Assets and Benefit Obligations Recognized as Regulatory Asset		
Current Year Actuarial (Gain) Loss	**$ 4,214**	$ (1,271)
Amortization of Actuarial Gain (Loss)	**19**	-
Prior Service (Cost) Amortization	**(258)**	(258)
Measurement Plan Change	**(20)**	-
Change in Additional Minimum Liability	-	-
Total Recognized as Regulatory Asset	**$ 3,955**	$ (1,529)

	Other Postretirement Benefits		
	Regulatory Asset 2008	AOCI	AOCI 2007
Changes in Benefit Obligation Recognized in AOCI or as Regulatory Assets			
Current Year Actuarial (Gain) Loss	**$ 277**	-	$ (274)
Amortization of Actuarial Gain (Loss)	-	-	(4)
Prior Service (Cost) Amortization	-	**3**	3
Reclassification from AOCI to Regulatory Asset	**(99)**	**99**	-
Total Recognized in AOCI or as Regulatory Assets	**$ 178**	**102**	$ (275)

UNS Electric recognized changes in benefit obligations in AOCI of less than $0.1 million both before tax and net of tax.

For the pension plan, we amortize prior service costs on a straight-line basis over the average remaining service period of employees expected to receive benefits under the plan. UES will amortize $0.3 million of prior service cost and $0.2 million of net loss from regulatory assets into net periodic benefit cost in 2009. The estimated net loss and prior service benefit for the defined benefit postretirement plans that will be amortized from regulatory assets into net periodic benefit cost in 2009 are less than $0.1 million, respectively.

Weighted-Average Assumptions Used to Determine Benefit Obligations as of the Measurement Date,	Pension Benefits		Other Postretirement Benefits	
	2008	2007	2008	2007
Discount Rate	**6.30%**	6.80%	**6.50%**	6.50%
Rate of Compensations Increase	**3.00-4.00%**	3.00-4.00%	-	-

Weighted-Average Assumptions Used to Determine Net Periodic Benefit Costs for Period Ended December 31,	Pension Benefits		Other Postretirement Benefits	
	2008	2007	2008	2007
Discount Rate	**6.80%**	5.90%	**6.50%**	5.60%
Rate of Compensations Increase	**3.00-4.00%**	3.00-4.00%	-	-
Expected Return on Plan Assets	**7.75%**	8.30%	-	-

Net periodic benefit cost is subject to various assumptions and determinations, such as the discount rate, the rate of compensation increase, and the expected return on plan assets. We estimated the expected return on plan assets based on a review of the plans' asset allocations. We also consulted with a third-party investment consultant and the plans' actuary who consider factors such as:

- market and economic indicators
- historical market returns

- correlations and volatility
- central banks' and government treasury departments' forecasts and objectives, and
- recent professional or academic research.

Changes that may arise over time with regard to these assumptions and determinations will change amounts recorded in the future as net periodic benefit cost.

	December 31, 2008	2007
Assumed Health Care Cost Trend Rates		
Health Care Cost Trend Rate Assumed for Next Year (Pre-65)	**7.5%**	8%
Health Care Cost Trend Rate Assumed for Next Year (Post-65)	**7.5%**	10%
Ultimate Health Care Cost Trend Rate Assumed	**5%**	5%
Year that the Rate Reaches the Ultimate Trend Rate	**2017**	2013

A one-percentage-point change in assumed health care cost trend rates would have an impact of less than $0.1 million on UES' benefit obligation on the December 31, 2008 amounts reported.

Pension Plan Assets

UES calculates the market-related value of plan assets using the fair value of plan assets on the measurement date. The pension plan asset allocations by asset category are as follows:

	Plan Assets December 31, 2008	2007
Asset Category		
Equity Securities	**67%**	66%
Debt Securities	**31%**	33%
Cash	**2%**	1%
Total	**100%**	100%

The policy for the UES pension plan is to provide exposures to equity and debt securities by investing in a balanced fund. The fund will hold no more than 75% of its total assets in stocks.

Estimated Future Benefit Payments

The following benefit payments, which reflect future service, as appropriate, are expected to be paid by UES:

	Pension Benefits	Other Postretirement Benefits
	- Thousands of Dollars -	
2009	$ 299	$ 127
2010	403	126
2011	650	124
2012	915	122
2013	833	119
Years 2014-2018	6,253	532

DEFINED CONTRIBUTION PLANS

UNS Electric offers a defined contribution savings plan to all eligible employees. The Internal Revenue Code identifies the plan as a qualified 401(k) plan. Participants direct the investment of contributions to certain funds in their account. UNS

Electric matches part of a participant's contributions to the plan. UNS Electric made matching contributions of less than $0.3 million in each of 2008 and 2007.

NOTE 10. FAIR VALUE MEASUREMENTS

Effective January 1, 2008, we adopted FAS 157, *Fair Value Measurements* (FAS 157), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. As defined in FAS 157, fair value is the exit price that would be received to sell an asset or paid to transfer a liability between market participants at the measurement date. FAS 157 clarifies that the exchange price is the price in the principal market in which the reporting entity would transact for the asset or liability. With limited exceptions, the provisions of FAS 157 are applied prospectively. There was no transition adjustment as a result of adopting FAS 157.

As permitted by FSP FAS 157-2, we have elected to defer the adoption of the nonrecurring fair value measurement disclosures of non-financial assets and liabilities, such as asset retirement obligations, until January 1, 2009.

FSP FAS 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active,* issued October 2008, provides guidance clarifying how FAS 157 should be applied in markets that are not active. The guidance reaffirms the notion of fair value as an exit price as of the measurement date. The FSP emphasizes that approaches other than the market value approach to determine fair value, such as the use of management's internal assumptions about future cash flows and risk-adjusted discount rates, may be appropriate. The FSP, which is effective upon issuance and applicable to prior periods for which financial statements have not yet been issued, did not have a material impact on our financial statements.

In accordance with FAS 157, we have categorized our financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy defined by FAS 157 are as follows:

Level 1. Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market (examples include active exchange-traded equity securities and listed derivatives).

Level 2. Financial assets and liabilities whose values are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate bonds, which trade infrequently), pricing models whose inputs are observable for substantially the full term of the asset or liabilities (examples include most non-exchange-traded derivatives, including interest rate swaps), and pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

Level 3. Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability (examples include long-dated or complex derivatives including certain long-dated options on gas and power).

The following tables set forth, by level within the fair value hierarchy, UNS Electric's financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2008. As required by FAS 157, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	December 31, 2008 - Thousands of Dollars -			
Assets				
Cash Equivalents (1)	$ 4,171	$ -	$ -	$ 4,171
Collateral Posted (2)	-	6,620	-	6,620
Energy Contracts (3)	-	96	3,006	3,102
Total Assets	4,171	6,716	3,006	13,893
Liabilities				
Energy Contracts (3)	-	(8,115)	(18,772)	(26,887)
Total Liabilities	-	(8,115)	(18,772)	(26,887)
Net Total Assets and (Liabilities)	$ 4,171	$ (1,399)	$ (15,766)	$ (12,994)

(1) Cash Equivalents are based on observable market prices and are comprised of the fair value of Money Market Funds.
(2) Collateral provided for energy contracts with counterparties to reduce credit risk exposure.
(3) Energy contracts include gas swap agreements (Level 2), forward power purchase contracts (Level 3), and forward power purchase contracts indexed to gas (Level 3), entered into to take advantage of favorable market conditions and reduce exposure to energy price risk. The valuation techniques are described below.

Energy Contracts

UNS Electric primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information. Where observable inputs are available for substantially the full terms of the asset or liability, such as gas swap derivatives valued using New York Mercantile Exchange (NYMEX) pricing, adjusted for basin differences, the instrument is categorized in Level 2.

Derivatives valued using an aggregate pricing service or published prices that represent a consensus reporting of multiple brokers are categorized in Level 3. For both power and gas prices, UNS Electric obtains quotes from brokers, major market participants, exchanges or industry publications as well as its own price experience from active transactions in the market. UNS Electric primarily uses one set of quotations each for power and for gas, and then uses the other sources as validation of those prices. The broker providing quotes for power prices states that the market information provided is indicative only, but believes it to be reflective of market conditions as of the time and date indicated. In addition, energy derivatives include contracts where published prices are not readily available. These include contracts for delivery periods during non-standard time blocks, contracts for delivery during only a few months of a given year when prices are quoted only for the annual average, or contracts for delivery at illiquid delivery points. In these cases, UNS Electric applies certain management assumptions to value such contracts. These assumptions include applying historical price curve relationships to calendar year quotes, applying percentage multipliers to value non-standard time blocks, including the impact of counterparty credit risk, using current and historical default and recovery rates, our own credit risk, using credit default swap data, and including adjustments for transmission and line losses to value contracts at illiquid delivery points. UNS Electric reviews these assumptions on a quarterly basis.

UNS Electric's assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The following tables set forth a reconciliation of changes in the fair value of forward power purchase contracts classified as Level 3 in the fair value hierarchy for the year ended:

	December 31, 2008 - Thousands of Dollars -
Balance, beginning of year	$ 9,836
Gains and (Losses) (Realized/Unrealized) Recorded to Regulatory Assets/Liabilities	(25,602)
Balance, end of year	$ (15,766)

Losses on mark-to-market contracts include the reclassification of realized gains and losses on the settlement of derivative contracts. All of the Level 3 unrealized gains and losses are attributable to the change in fair value of Level 3 assets and liabilities held at the reporting date.

There were no transfers in or out of Level 3 derivatives.

NOTE 11. COMMON STOCK EQUITY

DIVIDEND RESTRICTIONS

Restrictions placed on UNS Electric limit UES' ability to pay dividends. The 2003 UES Settlement Agreement limits UNS Electric's ability to pay dividends of no more than 100% of its earnings to UniSource Energy. Additionally, the terms of the senior unsecured note agreements contain dividend restrictions. See Note 6.

CAPITAL CONTRIBUTION

UES made capital contributions to UNS Electric of less than $0.5 million in 2008.
UniSource Energy made no capital contributions to UNS Electric in 2008 and $10 million in 2007.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

1. Report in columns (b),(c),(d) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate.

2. Report in columns (f) and (g) the amounts of other categories of other cash flow hedges.

3. For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.

Line No.	Item (a)	Unrealized Gains and Losses on Available-for-Sale Securities (b)	Minimum Pension Liability adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceding Year				(66,503)
2	Preceding Qtr/Yr to Date Reclassifications from Acct 219 to Net Income				
3	Preceding Quarter/Year to Date Changes in Fair Value				98,036
4	Total (lines 2 and 3)				98,036
5	Balance of Account 219 at End of Preceding Quarter/Year				31,533
6	Balance of Account 219 at Beginning of Current Year				31,533
7	Current Qtr/Yr to Date Reclassifications from Acct 219 to Net Income				
8	Current Quarter/Year to Date Changes in Fair Value				(31,533)
9	Total (lines 7 and 8)				(31,533)
10	Balance of Account 219 at End of Current Quarter/Year				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

Line No.	Other Cash Flow Hedges Interest Rate Swaps (f)	Other Cash Flow Hedges [Specify] (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 117, Line 78) (i)	Total Comprehensive Income (j)
1			(66,503)		
2					
3			98,036		
4			98,036	4,754,259	4,852,295
5			31,533		
6			31,533		
7					
8			(31,533)		
9			(31,533)	3,763,587	3,732,054
10					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION, AMORTIZATION AND DEPLETION

Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (f) common function.

Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)
1	Utility Plant		
2	In Service		
3	Plant in Service (Classified)	443,068,716	443,068,716
4	Property Under Capital Leases	730,678	730,678
5	Plant Purchased or Sold		
6	Completed Construction not Classified	3,844,840	3,844,840
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	447,644,234	447,644,234
9	Leased to Others		
10	Held for Future Use	610,695	610,695
11	Construction Work in Progress	18,758,596	18,758,596
12	Acquisition Adjustments		
13	Total Utility Plant (8 thru 12)	467,013,525	467,013,525
14	Accum Prov for Depr, Amort, & Depl	274,618,330	274,618,330
15	Net Utility Plant (13 less 14)	192,395,195	192,395,195
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	271,469,120	271,469,120
19	Amort & Depl of Producing Nat Gas Land/Land Right		
20	Amort of Underground Storage Land/Land Rights		
21	Amort of Other Utility Plant	3,149,210	3,149,210
22	Total In Service (18 thru 21)	274,618,330	274,618,330
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	Total Leased to Others (24 & 25)		
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	Total Held for Future Use (28 & 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort of Plant Acquisition Adj		
33	Total Accum Prov (equals 14) (22,26,30,31,32)	274,618,330	274,618,330

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
					3
					4
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					31
					32
					33

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)

1. Report below the original cost of electric plant in service according to the prescribed accounts.
2. In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.
5. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
6. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents	11,908	
4	(303) Miscellaneous Intangible Plant	10,722,426	191,777
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)	10,734,334	191,777
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights		
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	(317) Asset Retirement Costs for Steam Production		
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)		
17	B. Nuclear Production Plant		
18	(320) Land and Land Rights		
19	(321) Structures and Improvements		
20	(322) Reactor Plant Equipment		
21	(323) Turbogenerator Units		
22	(324) Accessory Electric Equipment		
23	(325) Misc. Power Plant Equipment		
24	(326) Asset Retirement Costs for Nuclear Production		
25	TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24)		
26	C. Hydraulic Production Plant		
27	(330) Land and Land Rights		
28	(331) Structures and Improvements		
29	(332) Reservoirs, Dams, and Waterways		
30	(333) Water Wheels, Turbines, and Generators		
31	(334) Accessory Electric Equipment		
32	(335) Misc. Power PLant Equipment		
33	(336) Roads, Railroads, and Bridges		
34	(337) Asset Retirement Costs for Hydraulic Production		
35	TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34)		
36	D. Other Production Plant		
37	(340) Land and Land Rights	100,803	-560,438
38	(341) Structures and Improvements	1,969,407	
39	(342) Fuel Holders, Products, and Accessories	847,308	
40	(343) Prime Movers	13,399,188	20,084
41	(344) Generators	6,304,469	
42	(345) Accessory Electric Equipment	2,513,408	
43	(346) Misc. Power Plant Equipment	1,329,275	
44	(347) Asset Retirement Costs for Other Production		
45	TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44)	26,463,858	-540,354
46	TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45)	26,463,858	-540,354

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

7. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

8. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.

9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					1
					2
11,908					3
3,239,714			7,674,489		4
3,251,622			7,674,489		5
					6
					7
					8
					9
					10
					11
					12
					13
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					32
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					34
					35
					36
		665,071	205,436		37
			1,969,407		38
			847,308		39
			13,419,272		40
			6,304,469		41
			2,513,408		42
			1,329,275		43
					44
		665,071	26,588,575		45
		665,071	26,588,575		46

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
47	3. TRANSMISSION PLANT		
48	(350) Land and Land Rights	1,255,883	153,097
49	(352) Structures and Improvements	427,830	
50	(353) Station Equipment	18,950,014	
51	(354) Towers and Fixtures	521,825	
52	(355) Poles and Fixtures	15,210,651	5,455,522
53	(356) Overhead Conductors and Devices	19,508,729	-4,991,875
54	(357) Underground Conduit		
55	(358) Underground Conductors and Devices	27,438	
56	(359) Roads and Trails	183,860	
57	(359.1) Asset Retirement Costs for Transmission Plant		
58	TOTAL Transmission Plant (Enter Total of lines 48 thru 57)	56,086,230	616,744
59	4. DISTRIBUTION PLANT		
60	(360) Land and Land Rights	1,334,360	20,341
61	(361) Structures and Improvements	5,448,986	241,819
62	(362) Station Equipment	34,958,455	4,853,842
63	(363) Storage Battery Equipment		
64	(364) Poles, Towers, and Fixtures	81,496,074	3,361,601
65	(365) Overhead Conductors and Devices	56,680,399	2,445,325
66	(366) Underground Conduit	15,154,521	1,108,193
67	(367) Underground Conductors and Devices	34,697,120	3,092,807
68	(368) Line Transformers	58,068,149	4,042,275
69	(369) Services	11,250,903	2,150,331
70	(370) Meters	9,858,959	392,222
71	(371) Installations on Customer Premises		
72	(372) Leased Property on Customer Premises		
73	(373) Street Lighting and Signal Systems	3,894,325	212,410
74	(374) Asset Retirement Costs for Distribution Plant		
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)	312,842,251	21,921,166
76	5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT		
77	(380) Land and Land Rights		
78	(381) Structures and Improvements		
79	(382) Computer Hardware		
80	(383) Computer Software		
81	(384) Communication Equipment		
82	(385) Miscellaneous Regional Transmission and Market Operation Plant		
83	(386) Asset Retirement Costs for Regional Transmission and Market Oper		
84	TOTAL Transmission and Market Operation Plant (Total lines 77 thru 83)		
85	6. GENERAL PLANT		
86	(389) Land and Land Rights	57,580	
87	(390) Structures and Improvements	2,470,854	132,614
88	(391) Office Furniture and Equipment	-1,163,241	149,794
89	(392) Transportation Equipment	12,417,793	1,438,494
90	(393) Stores Equipment	125,240	
91	(394) Tools, Shop and Garage Equipment	2,733,551	68,098
92	(395) Laboratory Equipment	1,389,367	42,656
93	(396) Power Operated Equipment	1,637,263	263,393
94	(397) Communication Equipment	3,121,463	-866,294
95	(398) Miscellaneous Equipment	149,138	560
96	SUBTOTAL (Enter Total of lines 86 thru 95)	22,939,008	1,229,315
97	(399) Other Tangible Property		
98	(399.1) Asset Retirement Costs for General Plant		
99	TOTAL General Plant (Enter Total of lines 96, 97 and 98)	22,939,008	1,229,315
100	TOTAL (Accounts 101 and 106)	429,065,681	23,418,648
101	(102) Electric Plant Purchased (See Instr. 8)		
102	(Less) (102) Electric Plant Sold (See Instr. 8)		
103	(103) Experimental Plant Unclassified		
104	TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103)	429,065,681	23,418,648

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					47
		22,107	1,431,087		48
			427,830		49
-6,310		-43,761	18,912,563		50
			521,825		51
			20,666,173		52
			14,516,854		53
					54
			27,438		55
			183,860		56
					57
-6,310		-21,654	56,687,630		58
					59
			1,354,701		60
			5,690,805		61
377,826		43,761	39,478,232		62
					63
-153,776			85,011,451		64
147,934			58,977,790		65
-2,419			16,265,133		66
-9,549			37,799,476		67
110,311			62,000,113		68
328			13,400,906		69
1,115,420			9,135,761		70
					71
					72
-481			4,107,216		73
					74
1,585,594		43,761	333,221,584		75
					76
					77
					78
					79
					80
					81
					82
					83
					84
					85
		-11,813	45,767		86
-7,960			2,611,428		87
1,029,188		4,287,698	2,245,063		88
125,234		-4,287,698	9,443,355		89
6,380			118,860		90
135,055			2,666,594		91
1,106			1,430,917		92
21,195			1,879,461		93
79,563			2,175,606		94
25,471			124,227		95
1,415,232		-11,813	22,741,278		96
					97
					98
1,415,232		-11,813	22,741,278		99
6,246,138		675,365	446,913,556		100
					101
					102
					103
6,246,138		675,365	446,913,556		104

FOOTNOTE DATA

Schedule Page: 204 Line No.: 88 Column: f

Plant Asset retirement costs of $4,287,698 were erroneously entered on the wrong lines of the 2007 FERC Form 1 (page 207). As a result, the balance at end of year for FERC Plant Account 391 was understated and the balance at end of year for Plant FERC Account 392 was overstated by this amount. To correct the error in the reported balances from 2007, the $4,287,698 is shown as a "transfer" between these two Plant FERC accounts on the 2008 FERC Form 1 (page 207 - Column f).

Schedule Page: 204 Line No.: 89 Column: f

Plant Asset retirement costs of $4,287,698 were erroneously entered on the wrong lines of the 2007 FERC Form 1 (page 207). As a result, the balance at end of year for FERC Plant Account 391 was understated and the balance at end of year for Plant FERC Account 392 was overstated by this amount. To correct the error in the reported balances from 2007, the $4,287,698 is shown as a "transfer" between these two Plant FERC accounts on the 2008 FERC Form 1 (page 207 - Column f).

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ELECTRIC PLANT HELD FOR FUTURE USE (Account 105)

1. Report separately each property held for future use at end of the year having an original cost of $250,000 or more. Group other items of property held for future use.
2. For property having an original cost of $250,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

Line No.	Description and Location Of Property (a)	Date Originally Included in This Account (b)	Date Expected to be used in Utility Service (c)	Balance at End of Year (d)
1	Land and Rights:			
2	Cheyenne Substation	10/06/2006	Unknown	60,746
3	Class Code: Vacant & Land			
4	Parcel Size: 5.87 Acres			
5	Township, Range, and Section: 21N, 16W, 28			
6				
7				
8	Future 230kv Transmission Line from	09/01/2008	Unknown	549,949
9	Franconia Substation to North Havasu Substation			
10	Class Code: Land Easement			
11	Township, Range, and Section: Various			
12				
13				
14				
15				
16				
17				
18				
19				
20				
21	Other Property:			
22				
23				
24				
25				
26				
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33				
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35				
36				
37				
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41				
42				
43				
44				
45				
46				
47	Total			610,695

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

CONSTRUCTION WORK IN PROGRESS - - ELECTRIC (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)
3. Minor projects (5% of the Balance End of the Year for Account 107 or $100,000, whichever is less) may be grouped.

Line No.	Description of Project (a)	Construction work in progress - Electric (Account 107) (b)
1	392064S Vail to Valencia 138KVLn-L&E	2,739,188
2	369062S Clrwtr 69/13.2kv T2 ad 33MVA	2,190,336
3	333062A Line Extensions > $50k LH	1,381,980
4	368061S Eastern Transf T1 Repl King	1,174,288
5	343061S N. Stockton Hill 69kv Trans Ln King	907,653
6	311761S Mercator 69kv Line (King)	784,797
7	373061S White Hills Sub King	715,104
8	312061A Construction Eq - New (King)	625,734
9	371062S Kiowa T2 repl.. 25MVA-47MVA LH	600,046
10	394062S N Havasu Sub T3 Addition LH	580,064
11	363061S Gold Val Fdr 8002 Recon King	562,329
12	331062B Distr. System Repl LH	531,823
13	333061A Line Extentions > $50K King	494,516
14	330062A Line Extentions < $50K LH	447,284
15	311261S Jagerson Tie 4th CRCT FDR 5031	431,206
16	330061A Line Extensions < $50K King	424,650
17	331061B Distr. System Repl King	360,079
18	331764B Preventative Maint OH Dist. (Nog)	291,942
19	394064A Valencia Sub Brk Replace IV	283,721
20	331664B Priority A UG Dist (Nog)	281,651
21	332061S SCADA Sys Kingman & Havasu	265,408
22	312062A Construction Eq - New (LH)	255,404
23	383064S 115kv Trans Line Repl (Nog)	252,757
24	363062S Clearwater Fdr Add LH	206,176
25	332064A Distribution Fdrs & Ties Nog	203,646
26	320264S Resid New Bus Ln Ext (Nog)	155,743
27	312062S Operations Center LH	146,111
28	397062S Circuit 6008 Reconductor (LH)	127,348
29	311861S UNSE Integr Balancing Auth (Kg)	121,296
30	331061A Distr. System Bettr. King	111,888
31	331564B Priority A OH Dist (Nog)	107,462
32	353062S Replace Kiowa Bus Tie Switch	100,825
33		
34		
35	Minor Projects less than $100,000	896,141
36		
37		
38		
39		
40		
41		
42		
43	TOTAL	18,758,596

FOOTNOTE DATA

Schedule Page: 216 Line No.: 35 Column: b

There were no projects related to research, development, and demonstrating in 2008. Research, development, and demonstrating work is classified separately as preliminary engineering.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	262,571,712	262,571,712		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	17,444,031	17,444,031		
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Exp. of Elec. Plt. Leas. to Others				
6	Transportation Expenses-Clearing	1,367,716	1,367,716		
7	Other Clearing Accounts	-167,516	-167,516		
8	Other Accounts (Specify, details in footnote):	-4,231,731	-4,231,731		
9	Reserve Re-Allocations	-2,667,728	-2,667,728		
10	TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 9)	11,744,772	11,744,772		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	2,994,517	2,994,517		
13	Cost of Removal	29,130	29,130		
14	Salvage (Credit)	176,283	176,283		
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	2,847,364	2,847,364		
16	Other Debit or Cr. Items (Describe, details in footnote):				
17					
18	Book Cost or Asset Retirement Costs Retired				
19	Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18)	271,469,120	271,469,120		
	Section B. Balances at End of Year According to Functional Classification				
20	Steam Production				
21	Nuclear Production				
22	Hydraulic Production-Conventional				
23	Hydraulic Production-Pumped Storage				
24	Other Production	11,621,441	11,621,441		
25	Transmission	33,369,111	33,369,111		
26	Distribution	213,339,814	213,339,814		
27	Regional Transmission and Market Operation				
28	General	13,138,754	13,138,754		
29	TOTAL (Enter Total of lines 20 thru 28)	271,469,120	271,469,120		

FOOTNOTE DATA

Schedule Page: 219 Line No.: 7 Column: c

The credit of ($167,516) represents 2008 CC&B, Call Center and "Common Systems" depreciation allocations made to UNS Electric, Inc.

Schedule Page: 219 Line No.: 8 Column: c

The ($4,231,731) represents the 2008 amortization (credited to FERC Acct. No. 406) of the electric plant acquisition discount credited to accumulated depreciation in connection with the 2003 acquisition of the electric plant assets of Citizens Communications.

Schedule Page: 219 Line No.: 9 Column: c

The credit of ($2,667,728) represents the June 2008 Reserve re-allocation made between FERC Acct. No. 0403 and FERC Acct. No. 0404 as it related to the 2008 UNS Electric Rate Order.

Schedule Page: 219 Line No.: 19 Column: c

	Per "Plant in Service and Accumulated Provision for Depreciation by
(271,469,120.00)	Function" (Schedule Page: 219, Line No: 19, Column: C)
(1,732,985.00)	FERC 0111 Accumulated Provision for Amortization of Electric Plant
(492,446.00)	FERC 1111 Accumulated Provision for Amortization of Capital Leases
	FERC 1112 Accumulated Provision for Amortization of Electric Plant
(898,662.00)	- Citizen's Historical
	FERC 1113 Accumulated Provision for Amortization of Capital Leases
(25,117.00)	- Citizen's Historical
(274,618,330.00)	Per "Comparative Balance Sheet" (Schedule Page: 110, Line No: 5, Column: C)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

MATERIALS AND SUPPLIES

1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material.
2. Give an explanation of important inventory adjustments during the year (in a footnote) showing general classes of material and supplies and the various accounts (operating expenses, clearing accounts, plant, etc.) affected debited or credited. Show separately debit or credits to stores expense clearing, if applicable.

Line No.	Account (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Department or Departments which Use Material (d)
1	Fuel Stock (Account 151)	22,302	20,661	Electric
2	Fuel Stock Expenses Undistributed (Account 152)			
3	Residuals and Extracted Products (Account 153)			
4	Plant Materials and Operating Supplies (Account 154)			
5	Assigned to - Construction (Estimated)	7,234,996	8,089,538	Electric
6	Assigned to - Operations and Maintenance			
7	Production Plant (Estimated)		1,044	Electric
8	Transmission Plant (Estimated)	2,084		Electric
9	Distribution Plant (Estimated)	60,623	106,038	Electric
10	Regional Transmission and Market Operation Plant (Estimated)			
11	Assigned to - Other (provide details in footnote)			
12	TOTAL Account 154 (Enter Total of lines 5 thru 11)	7,297,703	8,196,620	Electric
13	Merchandise (Account 155)			
14	Other Materials and Supplies (Account 156)			
15	Nuclear Materials Held for Sale (Account 157) (Not applic to Gas Util)			
16	Stores Expense Undistributed (Account 163)	357,967	766,750	Electric
17				
18				
19				
20	TOTAL Materials and Supplies (Per Balance Sheet)	7,677,972	8,984,031	Electric

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

Transmission Service and Generation Interconnection Study Costs

1. Report the particulars (details) called for concerning the costs incurred and the reimbursements received for performing transmission service and generator interconnection studies.
2. List each study separately.
3. In column (a) provide the name of the study.
4. In column (b) report the cost incurred to perform the study at the end of period.
5. In column (c) report the account charged with the cost of the study.
6. In column (d) report the amounts received for reimbursement of the study costs at end of period.
7. In column (e) report the account credited with the reimbursement received for performing the study.

Line No.	Description (a)	Costs Incurred During Period (b)	Account Charged (c)	Reimbursements Received During the Period (d)	Account Credited With Reimbursement (e)
1	**Transmission Studies**				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21	**Generation Studies**				
22	Edison Mission W Golden Valley	4,186	566 and Var O&M		
23					
24	Edison Mission Industrial Sub	2,004	566 and Var O&M		
25					
26	Edison Mission Boriana Junction	4,066	566 and Var O&M		
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

OTHER REGULATORY ASSETS (Account 182.3)

1. Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than $50,000 which ever is less), may be grouped by classes.
3. For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets	Balance at Beginning of Current Quarter/Year	Debits	CREDITS		Balance at end of Current Quarter/Year
				Written off During the Quarter/Year Account Charged	Written off During the Period Amount	
	(a)	(b)	(c)	(d)	(e)	(f)
1	Pension Regulatory Asset	663,448	2,044,662	228.3	229,681	2,478,429
2	ACC Decision # 59951					
3	Issued January 1997					
4						
5	Unrealized Loss on Derivatives	1,005,826	27,195,083	176/245	4,415,902	23,785,007
6	ACC Decision # 69202					
7	Issued December 2006					
8						
9	Rate Case Expenses		600,000	407.3	358,333	241,667
10	ACC Decision # 70360					
11	Issued May 27, 2008					
12						
13	UBOC Credit Agreement	1,895		428.0	1,895	
14	ACC Decision # 66174					
15	Issued August 2006					
16						
17	Purchase of Landfill Gas	132,601	11,680	254.0	144,281	
18	Per AAC R14-2-1618					
19						
20	Acc Provision - Post Retirement Benefits		110,100		13,191	96,909
21	December 2008					
22						
23	DSM Adjuster		41,994		41,994	
24	ACC Decision # 70360					
25	Issued May 27, 2008					
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44	TOTAL	1,803,770	30,003,519		5,205,277	26,602,012

FOOTNOTE DATA

Schedule Page: 232 Line No.: 1 Column: a

As a result of the adoption of FAS 158, Employer's Accounting for Deferred Benefit Pension and other Post Retirement Plans, a liability for the under funded pension liability at December 31, 2006 was recorded. Because the ACC has historically permitted the recovery of pension costs in rates under the accrual method, a corresponding regulatory asset was also recorded. Current service rates were authorized in ACC Decision No. 59951 issued in January 1997.

Schedule Page: 232 Line No.: 20 Column: a

Accrued post retirement benefits deferred pursuant to guidelines issued by ACC in December 2008.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

MISCELLANEOUS DEFFERED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a)
3. Minor item (1% of the Balance at End of Year for Account 186 or amounts less than $50,000, whichever is less) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS Account Charged (d)	CREDITS Amount (e)	Balance at End of Year (f)
1	Blanket Purchase Orders	11		921	11	
2						
3						
4	Customer Information Clearing	4,395	8,403,572	VAR	8,404,899	3,068
5						
6						
7	Other		7,264	VAR	7,264	
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
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46						
47	Misc. Work in Progress					
48	Deferred Regulatory Comm. Expenses (See pages 350 - 351)	600,000		VAR	600,000	
49	TOTAL	604,406				3,068

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Description and Location (a)	Balance of Begining of Year (b)	Balance at End of Year (c)
1	Electric		
2	Alternative Minimum Tax Credit	374,399	859,863
3	Tax Operating Loss Carryforwards		143,373
4			
5	Deferred Income Tax Assets (See Note 1)	10,158,343	7,925,939
6			
7	Other		
8	TOTAL Electric (Enter Total of lines 2 thru 7)	10,532,742	8,929,175
9	Gas		
10			
11			
12			
13			
14			
15	Other		
16	TOTAL Gas (Enter Total of lines 10 thru 15		
17	Other (Specify)		
18	TOTAL (Acct 190) (Total of lines 8, 16 and 17)	10,532,742	8,929,175

Notes

FOOTNOTE DATA

Schedule Page: 234 Line No.: 5 Column: b

Contributions in Aid of Construction	1,287,350
Customer Advances	4,515,853
Purchased Power Fuel Adjustment Clause	3,643,810
Deferred Compensation	365,244
Bad Debt	335,813
Other	10,273
	10,158,343

Schedule Page: 234 Line No.: 5 Column: c

Contributions in Aid of Construction	2,001,865
Customer Advances	5,005,279
Purchased Power Fuel Adjustment Clause	-
Deferred Compensation	491,411
Bad Debt	371,180
Other	56,204
	7,925,939

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Description and Location (a)	Balance of Begining of Year (b)	Balance at End of Year (c)
1	Electric		
2	Alternative Minimum Tax Credit	374,399	859,863
3	Tax Operating Loss Carryforwards		143,373
4			
5	Deferred Income Tax Assets (See Note 1)	10,158,343	7,925,939
6			
7	Other		
8	TOTAL Electric (Enter Total of lines 2 thru 7)	10,532,742	8,929,175
9	Gas		
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14			
15	Other		
16	TOTAL Gas (Enter Total of lines 10 thru 15		
17	Other (Specify)		
18	TOTAL (Acct 190) (Total of lines 8, 16 and 17)	10,532,742	8,929,175

Notes

FOOTNOTE DATA

Schedule Page: 234 Line No.: 5 Column: b

Contributions in Aid of Construction	1,287,350
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Other	10,273
	10,158,343

Schedule Page: 234 Line No.: 5 Column: c

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Customer Advances	5,005,279
Purchased Power Fuel Adjustment Clause	-
Deferred Compensation	491,411
Bad Debt	371,180
Other	56,204
	7,925,939

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

CAPITAL STOCKS (Account 201 and 204)

1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.

Line No.	Class and Series of Stock and Name of Stock Series (a)	Number of shares Authorized by Charter (b)	Par or Stated Value per share (c)	Call Price at End of Year (d)
1	Common Stock			
2	Account 201	1,000		
3				
4				
5				
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

CAPITAL STOCKS (Account 201 and 204) (Continued)

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.
4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or non-cumulative.
5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.
Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purposes of pledge.

OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent)		HELD BY RESPONDENT				Line No.
		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	
						1
1,000	10					2
						3
						4
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

OTHER PAID-IN CAPITAL (Accounts 208-211, inc.)

Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, Page 112. Add more columns for any account if deemed necessary. Explain changes made in any account during the year and give the accounting entries effecting such change.

(a) Donations Received from Stockholders (Account 208)-State amount and give brief explanation of the origin and purpose of each donation.

(b) Reduction in Par or Stated value of Capital Stock (Account 209): State amount and give brief explanation of the capital change which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.

(c) Gain on Resale or Cancellation of Reacquired Capital Stock (Account 210): Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.

(d) Miscellaneous Paid-in Capital (Account 211)-Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	Account 208 - Donations Received from stockholders	
2	- Paid-In Capital from UniSource Energy Services, Inc.	58,906,477
3		
4	Account 209 - Reduction in Par of Stated Value of Capital Stock	
5		
6	Account 210 - Gain on Resale or Cancellation of Reacquired Capital Stk	
7		
8	Account 211 - Miscellaneous Paid-in Capital	
9	- Adjust Acquistion Adjustment for Direct Costs	-19,816
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40	TOTAL	58,886,661

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

LONG-TERM DEBT (Account 221, 222, 223 and 224)

1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other long-Term Debt.
2. In column (a), for new issues, give Commission authorization numbers and dates.
3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
5. For receivers, certificates, show in column (a) the name of the court -and date of court order under which such certificates were issued.
6. In column (b) show the principal amount of bonds or other long-term debt originally issued.
7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.
9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give commission Authorization numbers and dates) (a)	Principal Amount Of Debt issued (b)	Total expense, Premium or Discount (c)
1	7.61% UNS Electric Note	60,000,000	792,795
2			
3	UNS Electric Revolving Credit Facility	45,000,000	89,233
4			
5	6.5% 2015 Senior Unsecured Notes	50,000,000	341,137
6	7.1% 2023 Guaranteed Notes Series B	50,000,000	341,137
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33	TOTAL	205,000,000	1,564,302

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

LONG-TERM DEBT (Account 221, 222, 223 and 224) (Continued)

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than debited to Account 428, Amortization and Expense, or credited to Account 429, Premium on Debt - Credit.
12. In a footnote, give explanatory (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principle repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD Date From (f)	AMORTIZATION PERIOD Date To (g)	Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
08/11/2003	08/11/2008	08/11/2003	08/11/2008		2,803,017	1
						2
08/11/2006	08/11/2011	08/11/2006	08/11/2011	8,000,000	837,258	3
						4
08/07/2008	08/07/2015	08/07/2008	08/07/2015	50,000,000	1,309,028	5
08/07/2008	08/07/2023	08/07/2008	08/07/2023	50,000,000	1,429,861	6
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				108,000,000	6,379,164	33

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.
2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be field, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group member, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.
3. A substitute page, designed to meet a particular need of a company, may be used as Long as the data is consistent and meets the requirements of the above instructions. For electronic reporting purposes complete Line 27 and provide the substitute Page in the context of a footnote.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 117)	3,763,587
2	Reconciling Items for the Year:	
3		
4	Taxable Income Not Reported on Books	
5	Customer Advances	1,235,924
6	CIAC	1,981,339
7		
8		
9	Deductions Recorded on Books Not Deducted for Return	
10	Federal and State Income Tax Expense	2,408,627
11	Other	1,950,894
12		
13		
14	Income Recorded on Books Not Included in Return	
15	Accrued Interest	3,283
16	AFUDC Equity	322,167
17		
18		
19	Deductions on Return Not Charged Against Book Income	
20	State Income Taxes	
21	PPFAC	9,286,554
22	Tax Depreciation in Excess of Book Depreciation	3,043,632
23	Repairs Capitalized	5,226,714
24	Deductible Service Costs	365,851
25	Other	73,383
26		
27	Federal Tax Net Income	-6,981,213
28	Show Computation of Tax:	
29	Federal Income Tax at 35%	-2,443,425
30		
31	*Affiliated Group Information	
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FOOTNOTE DATA

Schedule Page: 261 Line No.: 11 Column: b

Bad Debt Expense for Books in Excess of Tax	530,646
Contributions Carryover	79,201
Deferred Expenses - EPS	132,602
Dividends Equivalents	21,743
FAS 112	91,869
Incentive Comp - PEP	264,317
Rate Case Expenses	358,333
Restricted Stock - Directors	63,129
SERP	102,142
Stock Options	160,102
Pension	66,778
Meals & Entertainment	20,555
Vacation	59,477
	1,950,894

Schedule Page: 261 Line No.: 25 Column: b

Rabbi Trust	52,416
Restricted Stock	20,967
	73,383

Schedule Page: 261 Line No.: 31 Column: a

Affiliated Group Members	Percentage Owned	Federal Income Tax Assigned
UniSource Energy Corporation		(2,349,240)
Advanced Energy Technologies, Inc.	100%	(436,440)
Escavada Leasing Company	100%	2,851
MEH Equities Management Company	100%	(18,344)
Millennium Energy Holdings, Inc.	100%	137,275
Millennium Environmental Group, Inc.	100%	(63,021)
Nations Energy Corporation	100%	(482)
San Carlos Resources, Inc.	100%	-
Southwest Energy Solutions, Inc.	100%	253,869
Tucson Electric Power Company	100%	(13,318,102)
Tucsonel, Inc.	100%	-
UniSource Energy Development Company	100%	362,325
UniSource Energy Services, Inc.	100%	891
UNS Gas, Inc.	100%	1,193,964
UNS Electric, Inc.	100%	(1,324,752)
Total		(15,559,206)

The Affiliated Group files a consolidated federal income tax return. The tax liability of the group is first allocated to members in accordance with section 1.1552-1(a)(2) of the Income Tax Regulations. The Group has elected 100% as the fixed percentage to be used to allocate additional amounts to members in accordance with section 1.1502-33(d)(3) of the regulations.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual, or estimated amounts of such taxes are know, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes.) Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b)amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See instruction 5) (a)	BALANCE AT BEGINNING OF YEAR Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjust-ments (f)
1	Federal					
2	Income	-623,330		-2,502,758	-3,183,383	
3	FICA	10,979		788,355	789,466	
4	Unemployment	437		10,139	10,399	
5						
6	Subtotal	-611,914		-1,704,264	-2,383,518	
7						
8	State & Local - Arizona					
9	Income	-163,875		-359,583	-358,466	
10	Prepaid Tax - ACC			196,416	305,150	
11	Real & Personal Prop Tax	1,603,192		3,392,421	3,300,418	
12	Unemployment	672		12,894	13,308	
13	Other Taxes					
14						
15						
16						
17	Subtotal	1,439,989		3,242,148	3,260,410	
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41	TOTAL	828,075		1,537,884	876,892	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes)- covers more then one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a foot- note. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Report in columns (i) through (l) how the taxes were distributed. Report in column (l) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
(Taxes accrued Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustments to Ret. Earnings (Account 439) (k)	Other (l)	
						1
57,295		-3,812,583			1,309,825	2
9,868		392,942			395,413	3
177		10,139				4
						5
67,340		-3,409,502			1,705,238	6
						7
						8
-164,992		-139,010			-220,573	9
	108,734				196,416	10
1,695,195		3,186,420			206,001	11
258		12,894				12
		78,240			-78,240	13
						14
						15
						16
1,530,461	108,734	3,138,544			103,604	17
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1,597,801	108,734	-270,958			1,808,842	41

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

OTHER DEFFERED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (5% of the Balance End of Year for Account 253 or amounts less than $10,000, whichever is greater) may be grouped by classes.

Line No.	Description and Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS Contra Account (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Year (f)
1	Deferred Reclamation Costs	327,921	VAR	227,968		99,953
2	Other Deferred Credits	13,605	925	15,103	10,120	8,622
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47	TOTAL	341,526		243,071	10,120	108,575

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER PROPERTY (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes rating to property not subject to accelerated amortization
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric	5,648,809	4,741,602	
3	Gas			
4				
5	TOTAL (Enter Total of lines 2 thru 4)	5,648,809	4,741,602	
6				
7				
8				
9	TOTAL Account 282 (Enter Total of lines 5 thru	5,648,809	4,741,602	
10	Classification of TOTAL			
11	Federal Income Tax	4,931,822	4,034,328	-10,924
12	State Income Tax	716,987	707,274	10,924
13	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282) (Continued)

3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year	Line No.
		Debits		Credits			
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	(k)	
							1
						10,390,411	2
							3
							4
						10,390,411	5
							6
							7
							8
						10,390,411	9
							10
						8,977,074	11
						1,413,337	12
							13

NOTES (Continued)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3				
4	Other	238,188	108,274	464,248
5				
6				
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	238,188	108,274	464,248
10	Gas			
11				
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)			
18				
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	238,188	108,274	464,248
20	Classification of TOTAL			
21	Federal Income Tax	195,487	88,861	381,012
22	State Income Tax	42,701	19,413	83,236
23	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year	Line No.
		Debits		Credits			
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	(k)	
							1
							2
							3
						-117,786	4
							5
							6
							7
							8
						-117,786	9
							10
							11
							12
							13
							14
							15
							16
							17
							18
						-117,786	19
							20
						-96,664	21
						-21,122	22
							23

NOTES (Continued)

FOOTNOTE DATA

Schedule Page: 276 Line No.: 4 Column: k

The Other balance at the end of the year is comprised of the following amounts:

Rate Case Expenses	95,700
Pension	(10,695)
SERP	(202,792)
Total	(117,787)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

OTHER REGULATORY LIABILITIES (Account 254)

1. Report below the particulars (details) called for concerning other regulatory liabilities, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 254 at end of period, or amounts less than $50,000 which ever is less), may be grouped by classes.
3. For Regulatory Liabilities being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Begining of Current Quarter/Year (b)	DEBITS Account Credited (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Current Quarter/Year (f)
1	Purchased Power Fuel Adjustment Clause	9,286,554	555/565	189,464,437	186,637,334	6,459,451
2	ACC Decision # 66028					
3	Issued July 2003					
4						
5	DSM Program		456	221,563	428,417	206,854
6	ACC Decision # 70360					
7	Issued May 2008					
8						
9	Renewable Energy Standard Tariff Plan		416	457,749	1,328,931	871,182
10	ACC Decision # 70315					
11	Issued April 2008					
12						
13	Unrealized Gains on Derivative	9,835,572	175/176/244	44,069,141	34,233,569	
14	ACC Decision # 69202					
15	Issued December, 2006					
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL	19,122,126		234,212,890	222,628,251	7,537,487

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ELECTRIC OPERATING REVENUES (Account 400)

1. The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
2. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month.
4. If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales	92,231,621	85,759,676
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	69,412,607	63,570,755
5	Large (or Ind.) (See Instr. 4)	19,626,605	15,431,353
6	(444) Public Street and Highway Lighting	368,082	383,579
7	(445) Other Sales to Public Authorities		
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	181,638,915	165,145,363
11	(447) Sales for Resale	10,168,115	234,273
12	TOTAL Sales of Electricity	191,807,030	165,379,636
13	(Less) (449.1) Provision for Rate Refunds		
14	TOTAL Revenues Net of Prov. for Refunds	191,807,030	165,379,636
15	Other Operating Revenues		
16	(450) Forfeited Discounts		
17	(451) Miscellaneous Service Revenues	1,220,716	887,998
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	428,014	314,545
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	1,445,274	2,376,590
22	(456.1) Revenues from Transmission of Electricity of Others	9,654	
23	(457.1) Regional Control Service Revenues		
24	(457.2) Miscellaneous Revenues		
25			
26	TOTAL Other Operating Revenues	3,103,658	3,579,133
27	TOTAL Electric Operating Revenues	194,910,688	168,958,769

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ELECTRIC OPERATING REVENUES (Account 400)

5. Commercial and industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)
6. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.
7. For Lines 2,4,5,and 6, see Page 304 for amounts relating to unbilled revenue by accounts.
8. Include unmetered sales. Provide details of such Sales in a footnote.

MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line No.
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	
				1
822,497	854,119	79,378	79,044	2
				3
619,581	626,738	10,334	10,161	4
219,003	198,728	18	14	5
2,237	2,247	257	252	6
				7
				8
				9
1,663,318	1,681,832	89,987	89,471	10
152,947	2,548	2	1	11
1,816,265	1,684,380	89,989	89,472	12
				13
1,816,265	1,684,380	89,989	89,472	14

Line 12, column (b) includes $ 9,215,518 of unbilled revenues.

Line 12, column (d) includes 80,972 MWH relating to unbilled revenues

FOOTNOTE DATA

Schedule Page: 300 Line No.: 12 Column: b

Includes Unbilled Revenues:

Customer Class-	
Residetial	4,120,694
Commercial	3,270,861
Industrial	1,792,235
Public Street Lighting	19,145
Sales for Resale	12,583
	9,215,518

Schedule Page: 300 Line No.: 12 Column: d

Includes Unbilled Sales (MWH):

Customer Class-	
Residetial	27,406
Commercial	115
Industrial	130
Public Street Lighting	18,577
Sales for Resale	34,744
	80,972

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Account 440 - Residential					
2	Santa Cruz Residential	126,701	14,246,965	14,848	8,533	0.1124
3	Santa Cruz Residential CARES					
4	Mohave Residential	701,762	77,950,493	63,525	11,047	0.1111
5	RES-01-TOU	8	942	1	8,000	0.1178
6	Dusk to Dawn Lighting Service	615	108,410	1,005	612	0.1763
7	Residential Unbilled	-6,590	-75,190			0.0114
8	Duplicate Customers					
9	Total Account 440	822,496	92,231,620	79,379	10,362	0.1121
10						
11	Account 442 - Commercial					
12	Santa Cruz Small General Serv.	23,505	3,155,345	2,019	11,642	0.1342
13	Mohave Small General Service	69,136	8,320,330	5,645	12,247	0.1203
14	Large General Service	501,596	54,909,894	2,063	243,139	0.1095
15	Large General Service TOU	3,068	331,612	11	278,909	0.1081
16	Interruptible Power Service	24,639	2,267,449	25	985,560	0.0920
17	Dusk to Dawn Lighing	1,687	311,918	571	2,954	0.1849
18	Billed Commercial Adjustment					
19	Commercial Unbilled Revenue	-3,977	116,057			-0.0292
20	Duplicate Customers					
21	Total Account 442 - Commercial	619,654	69,412,605	10,334	59,963	0.1120
22						
23	Account 442 - Industrial					
24	Large Power Serv - Distribution	54,154	5,612,848	10	5,415,400	0.1036
25	Large Power Serv - Trans TOU	148,383	12,414,767	8	18,547,875	0.0837
26	Billed Industrial Adjustment	-2,111	-193,244			0.0915
27	Industrial Unbilled Revenue	18,504	1,792,235			0.0969
28	Total Account 442 - Industrial	218,930	19,626,606	18	12,162,778	0.0896
29	Acct 444 - Public Street Lighting					
30	Santa Cruz Samll General Serv	752	101,123	33	22,788	0.1345
31	Mohave Small General Service	395	43,717	14	28,214	0.1107
32	Large General Service	216	23,610	5	43,200	0.1093
33	Dusk to Dawn Lighting	841	192,986	205	4,102	0.2295
34	Public Street Lighting Unbilled	33	6,646			0.2014
35	Total Account 444	2,237	368,082	257	8,704	0.1645
36						
37						
38						
39						
40						
41	TOTAL Billed	1,655,274	179,799,167	89,988	18,394	0.1086
42	Total Unbilled Rev.(See Instr. 6)	8,043	1,839,748	0	0	0.2287
43	TOTAL	1,663,317	181,638,915	89,988	18,484	0.1092

FOOTNOTE DATA

Schedule Page: 304 Line No.: 3 Column: a

Due to a change in accounting the CARES revenues are included in the other residential revenue amounts.

Schedule Page: 304 Line No.: 7 Column: b

The amount represents the net change in unbilled sales during the year. Unbilled sales at year-end are reported on page 301.

Schedule Page: 304 Line No.: 7 Column: c

The amount represents the net change in unbilled revenues during the year. Unbilled revenues at year-end are reported on page 301.

Schedule Page: 304 Line No.: 19 Column: b

The amount represents the net change in unbilled sales during the year. Unbilled sales at year-end are reported on page 301.

Schedule Page: 304 Line No.: 19 Column: c

The amount represents the net change in unbilled revenues during the year. Unbilled revenues at year-end are reported on page 301.

Schedule Page: 304 Line No.: 27 Column: b

The amount represents the net change in unbilled sales during the year. Unbilled sales at year-end are reported on page 301.

Schedule Page: 304 Line No.: 27 Column: c

The amount represents the net change in unbilled revenues during the year. Unbilled revenues at year-end are reported on page 301.

Schedule Page: 304 Line No.: 34 Column: b

The amount represents the net change in unbilled sales during the year. Unbilled sales at year-end are reported on page 301.

Schedule Page: 304 Line No.: 34 Column: c

The amount represents the net change in unbilled revenues during the year. Unbilled revenues at year-end are reported on page 301.

Schedule Page: 304 Line No.: 42 Column: b

The amount represents the net change in unbilled sales during the year. Unbilled sales at year-end are reported on page 301.

Schedule Page: 304 Line No.: 42 Column: c

The amount represents the net change in unbilled revenues during the year. Unbilled revenues at year-end are reported on page 301.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).
2. Enter the name of the purchaser in column (a). Do note abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:
RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.
LF - for tong-term service. "Long-term" means five years or Longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for Long-term firm service which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or setter can unilaterally get out of the contract.
IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Less than five years.
SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service is one year or less.
LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of designated unit.
IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW) Average Monthly NCP Demand (e)	Actual Demand (MW) Average Monthly CP Demand (f)
1	Comision Federal de Electricidad	LF				
2						
3	Barclays	SF	WSPP			
4	Constellation Commodities Group	SF	WSPP			
5	Conoco-Phillips Energy	SF	WSPP			
6	Credit Suisse Energy Marketing	SF	WSPP			
7	Morgan Stanley Commodities Group	SF	WSPP			
8	Pacificorp	SF	WSPP			
9	Powerex	SF	WSPP			
10	Tucson Electric Power	SF	ER07-964-001			
11	Inadvertant					
12						
13						
14						
	Subtotal RQ			0	0	0
	Subtotal non-RQ			0	0	0
	Total			**0**	**0**	**0**

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.
AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.
4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)
5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.
6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)
demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.
8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.
9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401,line 24.
10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE Demand Charges ($) (h)	Energy Charges ($) (i)	Other Charges ($) (j)	Total ($) (h+i+j) (k)	Line No.
2,519		256,401		256,401	1
					2
2,122		187,084		187,084	3
415		42,660		42,660	4
125		10,375		10,375	5
2,540		258,923		258,923	6
45		8,280		8,280	7
59		2,350		2,350	8
1,296		134,318		134,318	9
143,857		9,267,724		9,267,724	10
-31					11
					12
					13
					14
0	0	0	0	0	
152,947	0	10,168,115	0	10,168,115	
152,947	**0**	**10,168,115**	**0**	**10,168,115**	

FOOTNOTE DATA

Schedule Page: 310 Line No.: 1 Column: a

This customer is located outside of the United States, in Sonora, Mexico. Service is allowed by U.S. Department of Energy, Presidential Permit.

Schedule Page: 310 Line No.: 1 Column: b

Service may be terminated by UNS-Electric upon 60 days notice to customer.

Schedule Page: 310 Line No.: 10 Column: a

UNS Electric Inc. and Tucson Electric Power are affiliated, wholly owned subsidiaries of Unisource Energy Inc.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering		
5	(501) Fuel		
6	(502) Steam Expenses		
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses		
10	(506) Miscellaneous Steam Power Expenses		
11	(507) Rents		
12	(509) Allowances		
13	TOTAL Operation (Enter Total of Lines 4 thru 12)		
14	Maintenance		
15	(510) Maintenance Supervision and Engineering		
16	(511) Maintenance of Structures		
17	(512) Maintenance of Boiler Plant		
18	(513) Maintenance of Electric Plant		
19	(514) Maintenance of Miscellaneous Steam Plant		
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)		
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)		
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering		
25	(518) Fuel		
26	(519) Coolants and Water		
27	(520) Steam Expenses		
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses		
31	(524) Miscellaneous Nuclear Power Expenses		
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)		
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)		
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)		
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering		
45	(536) Water for Power		
46	(537) Hydraulic Expenses		
47	(538) Electric Expenses		
48	(539) Miscellaneous Hydraulic Power Generation Expenses		
49	(540) Rents		
50	TOTAL Operation (Enter Total of Lines 44 thru 49)		
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering		
54	(542) Maintenance of Structures		
55	(543) Maintenance of Reservoirs, Dams, and Waterways		
56	(544) Maintenance of Electric Plant		
57	(545) Maintenance of Miscellaneous Hydraulic Plant		
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)		
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering	62,406	82,756
63	(547) Fuel	7,621,714	
64	(548) Generation Expenses	35,931	62,999
65	(549) Miscellaneous Other Power Generation Expenses	806,947	307,723
66	(550) Rents		
67	TOTAL Operation (Enter Total of lines 62 thru 66)	8,526,998	453,478
68	Maintenance		
69	(551) Maintenance Supervision and Engineering		21,724
70	(552) Maintenance of Structures		2,607
71	(553) Maintenance of Generating and Electric Plant	125,323	219,644
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	64,400	109,230
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	189,723	353,205
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	8,716,721	806,683
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	127,658,012	110,870,490
77	(556) System Control and Load Dispatching	3,220	
78	(557) Other Expenses	356,999	2,078,960
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	128,018,231	112,949,450
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	136,734,952	113,756,133
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering		
84	(561) Load Dispatching	6,095	6,200
85	(561.1) Load Dispatch-Reliability		
86	(561.2) Load Dispatch-Monitor and Operate Transmission System	33,027	55,132
87	(561.3) Load Dispatch-Transmission Service and Scheduling		
88	(561.4) Scheduling, System Control and Dispatch Services		
89	(561.5) Reliability, Planning and Standards Development		
90	(561.6) Transmission Service Studies		
91	(561.7) Generation Interconnection Studies		
92	(561.8) Reliability, Planning and Standards Development Services		
93	(562) Station Expenses	25,627	93,171
94	(563) Overhead Lines Expenses	14,932	4,010
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others	8,082,997	7,331,822
97	(566) Miscellaneous Transmission Expenses	99,300	102,710
98	(567) Rents	27,940	77,943
99	TOTAL Operation (Enter Total of lines 83 thru 98)	8,289,918	7,670,988
100	Maintenance		
101	(568) Maintenance Supervision and Engineering		
102	(569) Maintenance of Structures		
103	(569.1) Maintenance of Computer Hardware		
104	(569.2) Maintenance of Computer Software		
105	(569.3) Maintenance of Communication Equipment		
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	22,699	2,762
108	(571) Maintenance of Overhead Lines	36,134	27,654
109	(572) Maintenance of Underground Lines		
110	(573) Maintenance of Miscellaneous Transmission Plant	23	
111	TOTAL Maintenance (Total of lines 101 thru 110)	58,856	30,416
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	8,348,774	7,701,404

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services		
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)		
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)		
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	422,245	501,131
135	(581) Load Dispatching	562,134	465,108
136	(582) Station Expenses	74,547	106,192
137	(583) Overhead Line Expenses	491,139	606,870
138	(584) Underground Line Expenses	475,089	543,861
139	(585) Street Lighting and Signal System Expenses	1,886	365
140	(586) Meter Expenses	759,850	760,552
141	(587) Customer Installations Expenses	34,743	14,214
142	(588) Miscellaneous Expenses	1,103,802	1,047,091
143	(589) Rents	83,088	79,529
144	TOTAL Operation (Enter Total of lines 134 thru 143)	4,008,523	4,124,913
145	Maintenance		
146	(590) Maintenance Supervision and Engineering		20,901
147	(591) Maintenance of Structures		
148	(592) Maintenance of Station Equipment	720,102	628,660
149	(593) Maintenance of Overhead Lines	735,820	785,206
150	(594) Maintenance of Underground Lines	104,656	121,272
151	(595) Maintenance of Line Transformers	104,293	76,937
152	(596) Maintenance of Street Lighting and Signal Systems	310,098	31,334
153	(597) Maintenance of Meters	608	7,933
154	(598) Maintenance of Miscellaneous Distribution Plant	15,555	6,801
155	TOTAL Maintenance (Total of lines 146 thru 154)	1,991,132	1,679,044
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	5,999,655	5,803,957
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	255,122	229,152
160	(902) Meter Reading Expenses	912,257	679,936
161	(903) Customer Records and Collection Expenses	3,015,145	3,331,155
162	(904) Uncollectible Accounts	1,200,504	762,728
163	(905) Miscellaneous Customer Accounts Expenses	38,596	32,648
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	5,421,624	5,035,619

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision		
168	(908) Customer Assistance Expenses	546,006	201,042
169	(909) Informational and Instructional Expenses	192,157	125,950
170	(910) Miscellaneous Customer Service and Informational Expenses	31,040	7,215
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	769,203	334,207
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision		
175	(912) Demonstrating and Selling Expenses		
176	(913) Advertising Expenses	85	
177	(916) Miscellaneous Sales Expenses		
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	85	
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	3,295,964	2,748,106
182	(921) Office Supplies and Expenses	1,074,369	1,012,429
183	(Less) (922) Administrative Expenses Transferred-Credit	1,004,502	534,685
184	(923) Outside Services Employed	1,351,096	923,395
185	(924) Property Insurance	81,780	74,183
186	(925) Injuries and Damages	623,802	581,234
187	(926) Employee Pensions and Benefits	1,689,643	1,515,139
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses		
190	(929) (Less) Duplicate Charges-Cr.	86,769	102,087
191	(930.1) General Advertising Expenses	51,398	23,808
192	(930.2) Miscellaneous General Expenses	288,697	1,058,236
193	(931) Rents	54,240	92,700
194	TOTAL Operation (Enter Total of lines 181 thru 193)	7,419,718	7,392,458
195	Maintenance		
196	(935) Maintenance of General Plant	20,026	-277
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	7,439,744	7,392,181
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	164,714,037	140,023,501

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

PURCHASED POWER (Account 555)
(Including power exchanges)

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW) Average Monthly NCP Demand (e)	Actual Demand (MW) Average Monthly CP Demand (f)
1	Pinnacle West Capital	RQ	Rate Sched 4		293	270
2	Barclays	SF	WSPP			
3	Constellation Commodities Group	SF	WSPP			
4	Credit Suisse Energy Marketing	SF	WSPP			
5	Morgan Stanley Commodities Group	SF	WSPP			
6	Pacificorp	SF	WSPP			
7	Powerex	SF	WSPP			
8	Salt River Project	SF	WSPP			
9	Tucson Electric Power	SF	ER07-964			
10						
11	Unisource Energy Development	LF	ER08-662			
12	Purchased Power Fuel Adjustor Clause					
13						
14						
	Total					

PURCHASED POWER(Account 555) (Continued)
(Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monnthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges ($) (j)	Energy Charges ($) (k)	Other Charges ($) (l)	Total (j+k+l) of Settlement ($) (m)	
665,490				39,124,157		39,124,157	1
186,595				12,912,022		12,912,022	2
51,705				4,105,377		4,105,377	3
544,105				36,398,672		36,398,672	4
							5
22,075				845,575		845,575	6
							7
23,190				970,100		970,100	8
338,772				23,454,590		23,454,590	9
							10
98,987			5,985,000	819,175		6,804,175	11
					3,043,344	3,043,344	12
							13
							14
1,930,919			5,985,000	118,629,668	3,043,344	127,658,012	

FOOTNOTE DATA

Schedule Page: 326 Line No.: 9 Column: a

UNS Electric Inc. and Tucson Electric Power are affiliated, wholly owned subsidiaries of Unisource Energy Inc.

Schedule Page: 326 Line No.: 11 Column: a

Unisource Energy Development, Inc., UNS Electric Inc., and Tucson Electric Power are affiliated, wholly owned subsidiaries of Unisource Energy Inc. Unisource Energy Development delivers energy to UNS-Electric from its Black Mountain Generating Station. Black Mountain delivers up to 90 MW of energy.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456.1)
(Including transactions referred to as 'wheeling')

1. Report all transmission of electricity, i.e., wheeling, provided for other electric utilities, cooperatives, other public authorities, qualifying facilities, non-traditional utility suppliers and ultimate customers for the quarter.
2. Use a separate line of data for each distinct type of transmission service involving the entities listed in column (a), (b) and (c).
3. Report in column (a) the company or public authority that paid for the transmission service. Report in column (b) the company or public authority that the energy was received from and in column (c) the company or public authority that the energy was delivered to. Provide the full name of each company or public authority. Do not abbreviate or truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation the respondent has with the entities listed in columns (a), (b) or (c)
4. In column (d) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO - Firm Network Service for Others, FNS - Firm Network Transmission Service for Self, LFP - "Long-Term Firm Point to Point Transmission Service, OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point to Point Transmission Reservation, NF - non-firm transmission service, OS - Other Transmission Service and AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.

Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistical Classification (d)
1	Aha Macav Power Service	Western Area Power Admin	Aha Macav Power Service	NF
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
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22				
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25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
	TOTAL			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)(Continued)
(Including transactions reffered to as 'wheeling')

5. In column (e), identify the FERC Rate Schedule or Tariff Number, On separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (d), is provided.
6. Report receipt and delivery locations for all single contract path, "point to point" transmission service. In column (f), report the designation for the substation, or other appropriate identification for where energy was received as specified in the contract. In column (g) report the designation for the substation, or other appropriate identification for where energy was delivered as specified in the contract.
7. Report in column (h) the number of megawatts of billing demand that is specified in the firm transmission service contract. Demand reported in column (h) must be in megawatts. Footnote any demand not stated on a megawatts basis and explain.
8. Report in column (i) and (j) the total megawatthours received and delivered.

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Subsatation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY		Line No.
				MegaWatt Hours Received (i)	MegaWatt Hours Delivered (j)	
ER03-1064	Griffith, AZ	Boundry Cone, AZ	8	5,298	5,298	1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
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						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
			8	5,298	5,298	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456) (Continued)
(Including transactions reffered to as 'wheeling')

9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
10. The total amounts in columns (i) and (j) must be reported as Transmission Received and Transmission Delivered for annual report purposes only on Page 401, Lines 16 and 17, respectively.
11. Footnote entries and provide explanations following all required data.

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

Demand Charges ($) (k)	Energy Charges ($) (l)	(Other Charges) ($) (m)	Total Revenues ($) (k+l+m) (n)	Line No.
9,654			9,654	1
				2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12
				13
				14
				15
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				24
				25
				26
				27
				28
				29
				30
				31
				32
				33
				34
9,654	0	0	9,654	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

TRANSMISSION OF ELECTRICITY BY OTHERS (Account 565)
(Including transactions referred to as "wheeling")

1. Report all transmission, i.e. wheeling or electricity provided by other electric utilities, cooperatives, municipalities, other public authorities, qualifying facilities, and others for the quarter.
2. In column (a) report each company or public authority that provided transmission service. Provide the full name of the company, abbreviate if necessary, but do not truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation with the transmission service provider. Use additional columns as necessary to report all companies or public authorities that provided transmission service for the quarter reported.
3. In column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNS - Firm Network Transmission Service for Self, LFP - Long-Term Firm Point-to-Point Transmission Reservations. OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point-to- Point Transmission Reservations, NF - Non-Firm Transmission Service, and OS - Other Transmission Service. See General Instructions for definitions of statistical classifications.
4. Report in column (c) and (d) the total megawatt hours received and delivered by the provider of the transmission service.
5. Report in column (e), (f) and (g) expenses as shown on bills or vouchers rendered to the respondent. In column (e) report the demand charges and in column (f) energy charges related to the amount of energy transferred. On column (g) report the total of all other charges on bills or vouchers rendered to the respondent, including any out of period adjustments. Explain in a footnote all components of the amount shown in column (g). Report in column (h) the total charge shown on bills rendered to the respondent. If no monetary settlement was made, enter zero in column (h). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
6. Enter "TOTAL" in column (a) as the last line.
7. Footnote entries and provide explanations following all required data.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	TRANSFER OF ENERGY		EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS			
			Magawatt-hours Received (c)	Magawatt-hours Delivered (d)	Demand Charges ($) (e)	Energy Charges ($) (f)	Other Charges ($) (g)	Total Cost of Transmission ($) (h)
1	Received Power From:							
2	Arizona Public Service	SFP	116,729	116,729		875,144		875,144
3	Southwest Trans Coop	NF	925	925		8,297		8,297
4	Western Area Power Admn	FNS	1,124,262	1,124,262	1,681,001			1,681,001
5	Western Area Power Admn	NF	281,755	281,755		801,559		801,559
6	Western Area Power Admn	LFP	3,163,400	3,163,400	4,659,935			4,659,935
7	Western Area Power Admn	SFP	1,341	1,341		2,323		2,323
8	Tucson Electric Power		16,496	22,405				
9	Purchased Powr Fuel Adj	OS					54,738	54,738
10								
11								
12								
13								
14								
15								
16								
	TOTAL		4,704,908	4,710,817	6,340,936	1,687,323	54,738	8,082,997

FOOTNOTE DATA

Schedule Page: 332 Line No.: 4 Column: a

Network Service

Schedule Page: 332 Line No.: 7 Column: a

OASIS Short Term Firm

Schedule Page: 332 Line No.: 8 Column: a

UNS Electric Inc. and Tucson Electric Power are affiliated, wholly owned subsidiaries of Unisource Energy Inc.

Schedule Page: 332 Line No.: 8 Column: c

Network Imbalance Energy Received

Schedule Page: 332 Line No.: 8 Column: d

Network Imbalance Energy Delivered

Schedule Page: 332 Line No.: 9 Column: a

Purchased Power Fuel Adjustor Clause

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	81,699
2	Nuclear Power Research Expenses	
3	Other Experimental and General Research Expenses	
4	Pub & Dist Info to Stkhldrs...expn servicing outstanding Securities	12,636
5	Oth Expn >=5,000 show purpose, recipient, amount. Group if < $5,000	
6	Directors Fees	108,512
7	Wages	24,959
8	Allocated Internal Expenses	21,301
9	Materials & Supplies	12,754
10	Training	12,388
11	Travel	6,198
12	Facilities Rental & Building Usage	5,395
13	Other	2,855
14		
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46	TOTAL	288,697

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Account 403, 404, 405)
(Except amortization of aquisition adjustments)

1. Report in section A for the year the amounts for.: (b) Depreciation Expense (Account 403; (c) Depreciation Expense for Asset Retirement Costs (Account 403.1; (d) Amortization of Limited-Term Electric Plant (Account 404); and (e) Amortization of Other Electric Plant (Account 405).
2. Report in Section 8 the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute charges and whether any changes have been made in the basis or rates used from the preceding report year.
3. Report all available information called for in Section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.
Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of Section C the type of plant included in any sub-account used.
In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional Classifications and showing composite total. Indicate at the bottom of section C the manner in which column balances are obtained. If average balances, state the method of averaging used.
For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification Listed in column (a). If plant mortality studies are prepared to assist in estimating average service Lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant. If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.
4. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.

A. Summary of Depreciation and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Depreciation Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization of Limited Term Electric Plant (Account 404) (d)	Amortization of Other Electric Plant (Acc 405) (e)	Total (f)
1	Intangible Plant			1,213,651		1,213,651
2	Steam Production Plant					
3	Nuclear Production Plant					
4	Hydraulic Production Plant-Conventional					
5	Hydraulic Production Plant-Pumped Storage					
6	Other Production Plant	576,999				576,999
7	Transmission Plant	2,037,026				2,037,026
8	Distribution Plant	14,140,711		3,464		14,144,175
9	Regional Transmission and Market Operation					
10	General Plant	689,295				689,295
11	Common Plant-Electric					
12	TOTAL	17,444,031		1,217,115		18,661,146

B. Basis for Amortization Charges

Amortization charges to account 404 primarily consist of amortization of software and capital obligations for certain transmission property construction funding by UNS Electric in accordance with the current transmission agreement between the Company and WAPA. Software is amortized over its estimated economic life. The capital obligations are amortized over the economic life of the transmission property constructed.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)

C. Factors Used in Estimating Depreciation Charges

Line No.	Account No. (a)	Depreciable Plant Base (In Thousands) (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. rates (Percent) (e)	Mortality Curve Type (f)	Average Remaining Life (g)
12	Other Production	26,381					
13	341	1,969	49.00		2.07	S6	29.50
14	342	847	40.00		2.51	S4	32.63
15	343	13,419	40.00		2.53	R3	26.17
16	344	6,304	43.00		2.33	SO	36.15
17	345	2,513	43.00		2.35	S6	29.39
18	346	1,329	38.00		2.64	R1	33.34
19	Transmission	55,575					
20	350-Rights	346	50.00		2.02	SQ	31.35
21	352	428	33.00		3.13	R3	12.75
22	353	18,912	32.00		3.15	R1	21.72
23	354	522	20.00		5.03	L0	15.92
24	355	20,666	25.00	-10.00	4.48	S5	12.68
25	356	14,517	38.00		2.66	L3	23.85
26	358	27	50.00	-5.00	4.36	R4	10.50
27	359	184	50.00		2.02	SQ	35.18
28	Distribution	331,999					
29	360-Rights	133	50.00		2.03	SQ	27.71
30	361	5,691	34.00		2.96	R4	25.54
31	362	39,478	25.00		4.09	S4	11.54
32	364	85,011	27.00	-10.00	4.14	S4	14.83
33	365	58,978	27.00	-10.00	4.13	S3	15.16
34	366	16,265	28.00	-5.00	3.79	S2	18.66
35	367	37,799	23.00		4.40	S3	14.20
36	368	62,000	23.00	-5.00	4.63	S4	13.46
37	369-Overhead	8,524	27.00		3.77	R5	14.43
38	369-Underground	4,877	27.00		3.75	R5	16.26
39	370	9,136	34.00	-5.00	3.11	R3	24.14
40	373	4,107	25.00		4.04	S4	16.64
41	General	22,696					
42	390	2,611	38.00		2.65	R2	29.03
43	391-Office F&E	1,575	21.00		4.76	SQ	13.37
44	391-Computer Eq	670	5.00		20.00	SQ	1.13
45	392-Class 1	148	8.00		12.75	L1.5	4.00
46	392-Class 2	1,261	6.00		16.99	L2	3.02
47	392-Class 3	1,057	5.00		20.21	S5	3.28
48	392-Class 4	1,834	8.00		13.47	S4	1.63
49	392-Class 5	5,144	8.00		12.55	S4	6.58
50	393	119	33.00		3.03	SQ	14.67

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
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DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)

C. Factors Used in Estimating Depreciation Charges

Line No.	Account No. (a)	Depreciable Plant Base (In Thousands) (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. rates (Percent) (e)	Mortality Curve Type (f)	Average Remaining Life (g)
12	394	2,667	29.00		3.45	SQ	16.32
13	395	1,431	40.00		2.50	SQ	25.85
14	396	1,879	15.00		6.92	S5	5.16
15	397	2,176	23.00		4.35	SQ	19.07
16	398	124	18.00		5.56	SQ	5.19
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

REGULATORY COMMISSION EXPENSES

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to format cases before a regulatory body, or cases in which such a body was a party.
2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.

Line No.	Description (Furnish name of regulatory commission or body the docket or case number and a description of the case) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expense for Current Year (b) + (c) (d)	Deferred in Account 182.3 at Beginning of Year (e)
1	Misc. expenses pertaining to Rate Case Filing				
2	to the Arizona Corporation Commission for the		537,757	537,757	
3	test year ended June 30, 2006. Commission				
4	approved $300,000 of rate case expenses to be				
5	amortized over a 3 year period starting Jun-08				
6	ACC Decision 70360				
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46	TOTAL		537,757	537,757	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

REGULATORY COMMISSION EXPENSES (Continued)

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.
4. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.
5. Minor items (less than $25,000) may be grouped.

EXPENSES INCURRED DURING YEAR				AMORTIZED DURING YEAR			
CURRENTLY CHARGED TO			Deferred to Account 182.3	Contra Account	Amount	Deferred in Account 182.3 End of Year	Line No.
Department (f)	Account No. (g)	Amount (h)	(i)	(j)	(k)	(l)	
	186	-300,000	300,000	407	58,333	241,667	1
	920	195,005					2
	923	206,359					3
	Various	78,060					4
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		179,424	300,000		58,333	241,667	46

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	57,028		
4	Transmission	46,604		
5	Regional Market			
6	Distribution	1,335,736		
7	Customer Accounts	850,435		
8	Customer Service and Informational	114,123		
9	Sales			
10	Administrative and General	735,616		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	3,139,542		
12	Maintenance			
13	Production	58,595		
14	Transmission	27,898		
15	Regional Market			
16	Distribution	975,429		
17	Administrative and General			
18	TOTAL Maintenance (Total of lines 13 thru 17)	1,061,922		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	115,623		
21	Transmission (Enter Total of lines 4 and 14)	74,502		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	2,311,165		
24	Customer Accounts (Transcribe from line 7)	850,435		
25	Customer Service and Informational (Transcribe from line 8)	114,123		
26	Sales (Transcribe from line 9)			
27	Administrative and General (Enter Total of lines 10 and 17)	735,616		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	4,201,464	601,480	4,802,944
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	4,201,464	601,480	4,802,944
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	4,083,251	902,413	4,985,664
69	Gas Plant			
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	4,083,251	902,413	4,985,664
72	Plant Removal (By Utility Departments)			
73	Electric Plant	63,083	2,872	65,955
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	63,083	2,872	65,955
77	Other Accounts (Specify, provide details in footnote):			
78				
79				
80				
81				
82				
83	163 - Stores Expense	306,971	-306,971	
84				
85	184 - Clearing Accounts	1,205,029	-1,205,029	
86				
87	416 - Merchandising Expense		21	21
88	417 - Nonutility Income and Expense	10,789	5,214	16,003
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	1,522,789	-1,506,765	16,024
96	TOTAL SALARIES AND WAGES	9,870,587		9,870,587

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
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PURCHASES AND SALES OF ANCILLARY SERVICES

Report the amounts for each type of ancillary service shown in column (a) for the year as specified in Order No. 888 and defined in the respondents Open Access Transmission Tariff.

In columns for usage, report usage-related billing determinant and the unit of measure.

(1) On line 1 columns (b), (c), (d), (e), (f) and (g) report the amount of ancillary services purchased and sold during the year.

(2) On line 2 columns (b) (c), (d), (e), (f), and (g) report the amount of reactive supply and voltage control services purchased and sold during the year.

(3) On line 3 columns (b) (c), (d), (e), (f), and (g) report the amount of regulation and frequency response services purchased and sold during the year.

(4) On line 4 columns (b), (c), (d), (e), (f), and (g) report the amount of energy imbalance services purchased and sold during the year.

(5) On lines 5 and 6, columns (b), (c), (d), (e), (f), and (g) report the amount of operating reserve spinning and supplement services purchased and sold during the period.

(6) On line 7 columns (b), (c), (d), (e), (f), and (g) report the total amount of all other types ancillary services purchased or sold during the year. Include in a footnote and specify the amount for each type of other ancillary service provided.

		Amount Purchased for the Year			Amount Sold for the Year		
		Usage - Related Billing Determinant			Usage - Related Billing Determinant		
Line No.	Type of Ancillary Service (a)	Number of Units (b)	Unit of Measure (c)	Dollars (d)	Number of Units (e)	Unit of Measure (f)	Dollars (g)
1	Scheduling, System Control and Dispatch	1,805,266	MWH	105,782		MW	
2	Reactive Supply and Voltage	4,097,287	MWH	511,089		MWh	
3	Regulation and Frequency Response	14,470	MWH	238,195		KW	
4	Energy Imbalance	16,496	MWH	761,128	22,405	MWh	396,603
5	Operating Reserve - Spinning	45,412	MWH	871,452		MW	
6	Operating Reserve - Supplement						
7	Other	5,077	MWH	325,131			
8	Total (Lines 1 thru 7)	5,984,008		2,812,777	22,405		396,603

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UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

MONTHLY TRANSMISSION SYSTEM PEAK LOAD

(1) Report the monthly peak load on the respondent's transmission system. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.
(2) Report on Column (b) by month the transmission system's peak load.
(3) Report on Columns (c) and (d) the specified information for each monthly transmission - system peak load reported on Column (b).
(4) Report on Columns (e) through (j) by month the system' monthly maximum megawatt load by statistical classifications. See General Instruction for the definition of each statistical classification.

NAME OF SYSTEM:

Line No.	Month (a)	Monthly Peak MW - Total (b)	Day of Monthly Peak (c)	Hour of Monthly Peak (d)	Firm Network Service for Self (e)	Firm Network Service for Others (f)	Long-Term Firm Point-to-point Reservations (g)	Other Long-Term Firm Service (h)	Short-Term Firm Point-to-point Reservation (i)	Other Service (j)
1	January	278	17	800	278					
2	February	271	6	800	271					
3	March	224	4	800	224					
4	Total for Quarter 1	773			773					
5	April	245	29	1700	245					
6	May	367	19	1700	367					
7	June	400	17	1600	400					
8	Total for Quarter 2	1,012			1,012					
9	July	409	2	1600	409					
10	August	408	1	1600	408					
11	September	354	5	1600	354					
12	Total for Quarter 3	1,171			1,171					
13	October	307	1	1600	307					
14	November	217	1	1600	217					
15	December	266	17	1900	266					
16	Total for Quarter 4	790			790					
17	Total Year to Date/Year	3,746			3,746					

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ELECTRIC ENERGY ACCOUNT

Report below the information called for concerning the disposition of electric energy generated, purchased, exchanged and wheeled during the year.

Line No.	Item (a)	MegaWatt Hours (b)	Line No.	Item (a)	MegaWatt Hours (b)
1	SOURCES OF ENERGY		21	DISPOSITION OF ENERGY	
2	Generation (Excluding Station Use):		22	Sales to Ultimate Consumers (Including Interdepartmental Sales)	1,663,318
3	Steam		23	Requirements Sales for Resale (See instruction 4, page 311.)	
4	Nuclear		24	Non-Requirements Sales for Resale (See instruction 4, page 311.)	152,947
5	Hydro-Conventional		25	Energy Furnished Without Charge	
6	Hydro-Pumped Storage		26	Energy Used by the Company (Electric Dept Only, Excluding Station Use)	1,293
7	Other	15,157	27	Total Energy Losses	122,609
8	Less Energy for Pumping		28	TOTAL (Enter Total of Lines 22 Through 27) (MUST EQUAL LINE 20)	1,940,167
9	Net Generation (Enter Total of lines 3 through 8)	15,157			
10	Purchases	1,930,919			
11	Power Exchanges:				
12	Received				
13	Delivered				
14	Net Exchanges (Line 12 minus line 13)				
15	Transmission For Other (Wheeling)				
16	Received	5,298			
17	Delivered	5,298			
18	Net Transmission for Other (Line 16 minus line 17)				
19	Transmission By Others Losses	-5,909			
20	TOTAL (Enter Total of lines 9, 10, 14, 18 and 19)	1,940,167			

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UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

MONTHLY PEAKS AND OUTPUT

(1) Report the monthly peak load and energy output. If the respondent has two or more power which are not physically integrated, furnish the required information for each non- integrated system.
(2) Report on line 2 by month the system's output in Megawatt hours for each month.
(3) Report on line 3 by month the non-requirements sales for resale. Include in the monthly amounts any energy losses associated with the sales.
(4) Report on line 4 by month the system's monthly maximum megawatt load (60 minute integration) associated with the system.
(5) Report on lines 5 and 6 the specified information for each monthly peak load reported on line 4.

NAME OF SYSTEM:

Line No.	Month (a)	Total Monthly Energy (b)	Monthly Non-Requirments Sales for Resale & Associated Losses (c)	MONTHLY PEAK Megawatts (See Instr. 4) (d)	Day of Month (e)	Hour (f)
29	January	146,984	240	278	17	800
30	February	128,698	189	271	6	800
31	March	127,861	212	224	4	800
32	April	123,459	258	245	29	1700
33	May	138,488	219	367	19	1700
34	June	204,460	28,927	400	17	1600
35	July	222,837	23,464	409	2	1600
36	August	218,068	19,550	408	1	1600
37	September	197,387	35,480	354	5	1600
38	October	157,474	30,675	307	1	1600
39	November	123,392	10,264	217	1	1600
40	December	151,059	13,376	266	17	1900
41	TOTAL	1,940,167	162,854			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants)

1. Report data for plant in Service only. 2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this page gas-turbine and internal combustion plants of 10,000 Kw or more, and nuclear plants. 3. Indicate by a footnote any plant leased or operated as a joint facility. 4. If net peak demand for 60 minutes is not available, give data which is available, specifying period. 5. If any employees attend more than one plant, report on line 11 the approximate average number of employees assignable to each plant. 6. If gas is used and purchased on a therm basis report the Btu content or the gas and the quantity of fuel burned converted to Mct. 7. Quantities of fuel burned (Line 38) and average cost per unit of fuel burned (Line 41) must be consistent with charges to expense accounts 501 and 547 (Line 42) as show on Line 20. 8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.

Line No.	Item (a)	Plant Name: *Valencia* (b)			Plant Name: (c)		
1	Kind of Plant (Internal Comb, Gas Turb, Nuclear	Gas Turbine					
2	Type of Constr (Conventional, Outdoor, Boiler, etc)	Outdoor					
3	Year Originally Constructed	1989					
4	Year Last Unit was Installed	2006					
5	Total Installed Cap (Max Gen Name Plate Ratings-MW)	61.00			0.00		
6	Net Peak Demand on Plant - MW (60 minutes)	59			0		
7	Plant Hours Connected to Load	923			0		
8	Net Continuous Plant Capability (Megawatts)	61			0		
9	When Not Limited by Condenser Water	61			0		
10	When Limited by Condenser Water	61			0		
11	Average Number of Employees	1			0		
12	Net Generation, Exclusive of Plant Use - KWh	3174000			0		
13	Cost of Plant: Land and Land Rights	97573			0		
14	Structures and Improvements	1969407			0		
15	Equipment Costs	24413732			0		
16	Asset Retirement Costs	0			0		
17	Total Cost	26480712			0		
18	Cost per KW of Installed Capacity (line 17/5) Including	434.1100			0.0000		
19	Production Expenses: Oper, Supv, & Engr	905284			0		
20	Fuel	1320109			0		
21	Coolants and Water (Nuclear Plants Only)	0			0		
22	Steam Expenses	0			0		
23	Steam From Other Sources	0			0		
24	Steam Transferred (Cr)	0			0		
25	Electric Expenses	0			0		
26	Misc Steam (or Nuclear) Power Expenses	0			0		
27	Rents	0			0		
28	Allowances	0			0		
29	Maintenance Supervision and Engineering	0			0		
30	Maintenance of Structures	64400			0		
31	Maintenance of Boiler (or reactor) Plant	0			0		
32	Maintenance of Electric Plant	125323			0		
33	Maintenance of Misc Steam (or Nuclear) Plant	0			0		
34	Total Production Expenses	2415116			0		
35	Expenses per Net KWh	0.7609			0.0000		
36	Fuel: Kind (Coal, Gas, Oil, or Nuclear)	Gas					
37	Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate)	MCF					
38	Quantity (Units) of Fuel Burned	75255	0	0	0	0	0
39	Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	1015	0	0	0	0	0
40	Avg Cost of Fuel/unit, as Delvd f.o.b. during year	17.542	0.000	0.000	0.000	0.000	0.000
41	Average Cost of Fuel per Unit Burned	17.542	0.000	0.000	0.000	0.000	0.000
42	Average Cost of Fuel Burned per Million BTU	17.283	0.000	0.000	0.000	0.000	0.000
43	Average Cost of Fuel Burned per KWh Net Gen	0.416	0.000	0.000	0.000	0.000	0.000
44	Average BTU per KWh Net Generation	24065.477	0.000	0.000	0.000	0.000	0.000

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants)*(Continued)*

9. Items under Cost of Plant are based on U. S. of A. Accounts. Production expenses do not include Purchased Power, System Control and Load Dispatching, and Other Expenses Classified as Other Power Supply Expenses. 10. For IC and GT plants, report Operating Expenses, Account Nos. 547 and 549 on Line 25 "Electric Expenses," and Maintenance Account Nos. 553 and 554 on Line 32, "Maintenance of Electric Plant." Indicate plants designed for peak load service. Designate automatically operated plants. 11. For a plant equipped with combinations of fossil fuel steam, nuclear steam, hydro, internal combustion or gas-turbine equipment, report each as a separate plant. However, if a gas-turbine unit functions in a combined cycle operation with a conventional steam unit, include the gas-turbine with the steam plant. 12. If a nuclear power generating plant, briefly explain by footnote (a) accounting method for cost of power generated including any excess costs attributed to research and development; (b) types of cost units used for the various components of fuel cost; and (c) any other informative data concerning plant type fuel used, fuel enrichment type and quantity for the report period and other physical and operating characteristics of plant.

Plant Name: (d)	Plant Name: (e)	Plant Name: (f)	Line No.
			1
			2
			3
			4
0.00	0.00	0.00	5
0	0	0	6
0	0	0	7
0	0	0	8
0	0	0	9
0	0	0	10
0	0	0	11
0	0	0	12
0	0	0	13
0	0	0	14
0	0	0	15
0	0	0	16
0	0	0	17
0.0000	0.0000	0.0000	18
0	0	0	19
0	0	0	20
0	0	0	21
0	0	0	22
0	0	0	23
0	0	0	24
0	0	0	25
0	0	0	26
0	0	0	27
0	0	0	28
0	0	0	29
0	0	0	30
0	0	0	31
0	0	0	32
0	0	0	33
0	0	0	34
0.0000	0.0000	0.0000	35

									36
									37
0	0	0	0	0	0	0	0	0	38
0	0	0	0	0	0	0	0	0	39
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	40
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	41
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	42
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	43
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	44

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

TRANSMISSION LINE STATISTICS

1. Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below these voltages in group totals only for each voltage.
2. Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
3. Report data by individual lines for all voltages if so required by a State commission.
4. Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
5. Indicate whether the type of supporting structure reported in column (e) is: (1) single pole wood or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
6. Report in columns (f) and (g) the total pole miles of each transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

Line No.	DESIGNATION		VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase)		Type of Supporting Structure	LENGTH (Pole miles) (In the case of underground lines report circuit miles)		Number Of Circuits
	From (a)	To (b)	Operating (c)	Designed (d)	(e)	On Structure of Line Designated (f)	On Structures of Another Line (g)	(h)
1	Transmission-Northern Ariz	Havasu / Kingman		69.00	SP-W	225.78		
2				69.00	SP-S	1.00		2
3				69.00	SP-S	9.00		1
4				69.00	SP-S	14.29		1
5				69.00	SP-S	1.30		1
6				69.00	SP-S	12.00		1
7				69.00	SP-S	0.30		2
8	Transmission-Santa Cruz		115.00		SP-S	55.75		
9					HF-W			
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32								
33								
34								
35								
36					TOTAL	319.42		8

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of Lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the Line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.
9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

Size of Conductor and Material (i)	COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way)			EXPENSES, EXCEPT DEPRECIATION AND TAXES				Line No.
	Land (j)	Construction and Other Costs (k)	Total Cost (l)	Operation Expenses (m)	Maintenance Expenses (n)	Rents (o)	Total Expenses (p)	
1/0 Copper	1,047,291	25,993,205	27,040,496	113,807	48,376	27,940	190,123	1
927 AAAC/795								2
927 AAAC/795								3
559AAAC								4
1/0 ACSR								5
954 ACSR								6
4/0 ACSR								7
559.5 AAAC	383,797	9,922,943	10,306,740	65,174	10,456		75,630	8
								9
								10
								11
								12
								13
								14
								15
								16
								17
								18
								19
								20
								21
								22
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								33
								34
								35
	1,431,088	35,916,148	37,347,236	178,981	58,832	27,940	265,753	36

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

TRANSMISSION LINES ADDED DURING YEAR

1. Report below the information called for concerning Transmission lines added or altered during the year. It is not necessary to report minor revisions of lines.
2. Provide separate subheadings for overhead and under- ground construction and show each transmission line separately. If actual costs of competed construction are not readily available for reporting columns (l) to (o), it is permissible to report in these columns the

Line No.	LINE DESIGNATION		Line Length in Miles	SUPPORTING STRUCTURE		CIRCUITS PER STRUCTURE	
	From (a)	To (b)	(c)	Type (d)	Average Number per Miles (e)	Present (f)	Ultimate (g)
1	West Golden Valley	Mineral Park	12.00	SP-S	15.00	1	1
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
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35							
36							
37							
38							
39							
40							
41							
42							
43							
44	TOTAL		12.00		15.00	1	1

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

TRANSMISSION LINES ADDED DURING YEAR (Continued)

costs. Designate, however, if estimated amounts are reported. Include costs of Clearing Land and Rights-of-Way, and Roads and Trails, in column (l) with appropriate footnote, and costs of Underground Conduit in column (m).

3. If design voltage differs from operating voltage, indicate such fact by footnote; also where line is other than 60 cycle, 3 phase, indicate such other characteristic.

CONDUCTORS			Voltage	LINE COST					Line
Size (h)	Specification (i)	Configuration and Spacing (j)	KV (Operating) (k)	Land and Land Rights (l)	Poles, Towers and Fixtures (m)	Conductors and Devices (n)	Asset Retire. Costs (o)	Total (p)	No.
929 AAAC		Armless	69		1,453,627	131,346		1,584,973	1
									2
									3
									4
									5
									6
									7
									8
									9
									10
									11
									12
									13
									14
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									32
									33
									34
									35
									36
									37
									38
									39
									40
									41
									42
									43
					1,453,627	131,346		1,584,973	44

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities of Less than 10 MVa except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa) Primary (c)	Secondary (d)	Tertiary (e)
1	MOHAVE				
2	Casson	DIST/ UNATTENDED	69.00	13.20	
3	Highway	DIST/ UNATTENDED	69.00	12.00	
4	Pierce Ferry Junction	DIST/ UNATTENDED	69.00	12.00	
5	Chloride	DIST/ UNATTENDED	69.00	12.00	
6	Duval Booster	DIST/ UNATTENDED	69.00	2.40	
7	Golden Valley	DIST/ UNATTENDED	69.00	20.80	
8	South Kingman	DIST/ UNATTENDED	69.00	12.00	
9	North Kingman	DIST/ UNATTENDED	69.00	12.00	
10	Airport	DIST/ UNATTENDED	69.00	13.20	
11	Jagerson	DIST/ UNATTENDED	69.00	13.20	
12	Boriana Junction	DIST/ UNATTENDED	69.00	20.80	
13	Yucca	DIST/ UNATTENDED	69.00	20.80	
14	Duval Waterfield	DIST/ UNATTENDED	69.00	2.40	
15	Warm Springs	DIST/ UNATTENDED	69.00	13.20	
16	Boundary Cone	DIST/ UNATTENDED	69.00	13.20	
17	Sacramento	DIST/ UNATTENDED	69.00	20.80	
18	Dolan Springs	DIST/ UNATTENDED	69.00	12.00	
19	So-Hi	DIST/ UNATTENDED	69.00	20.80	
20	Willow Beach	DIST/ UNATTENDED	69.00	12.00	
21	Eastern	DIST/ UNATTENDED	69.00	13.20	
22	West Golden Valley	DIST/ UNATTENDED	69.00	20.80	
23	Cattail Cove	DIST/ UNATTENDED	69.00	13.20	
24	Havasu Sub	DIST/ UNATTENDED	69.00	13.20	
25	Palo Verde	DIST/ UNATTENDED	69.00	13.20	
26	London Bridge	DIST/ UNATTENDED	69.00	13.20	
27	Franconia	DIST/ UNATTENDED	69.00	20.80	
28	Kiowa	DIST/ UNATTENDED	69.00	13.20	
29	Mulberry	DIST/ UNATTENDED	69.00	13.20	
30	Clearwater	DIST/ UNATTENDED	69.00	13.20	
31	North Havasu 20.8kV	DIST/ UNATTENDED	69.00	20.80	
32	Desert Hills	DIST/ UNATTENDED	69.00	13.20	
33	Black Mesa Substation	TRANS/UNATTENDED	230.00	69.00	13.20
34	Hilltop Substation	TRANS/UNATTENDED	230.00	69.00	13.20
35	Griffith Substation	TRANS/UNATTENDED	230.00	69.00	12.00
36	North Havasu Substation	TRANS/UNATTENDED	230.00	69.00	12.00
37	SANTA CRUZ - AZ Electric				
38	Valencia	DIST/ UNATTENDED	115.00	13.20	
39	Sonoita	DIST/ UNATTENDED	115.00	13.20	
40	Kantor	DIST/ UNATTENDED	115.00	13.20	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVa) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVa) (k)	Line No.
						1
66	2		Forced Air		66	2
3	3		None		3	3
12	1		Forced Air		12	4
1	3		None		1	5
2	3		None		2	6
10	1		Forced Air		10	7
12	1		Forced Air		12	8
12	1		Forced Air		12	9
20	1	1	Forced Air		20	10
40	1		Forced Air		40	11
5	1		None		5	12
3	1		Forced Air		3	13
3	3		None		3	14
12	1	1	Forced Air		12	15
12	1	1	Forced Air		12	16
20	1		Forced Air		20	17
12	1		Forced Air		12	18
3	1		Forced Air		3	19
2	1		Forced Air		2	20
12	1		Forced Air		12	21
20	1		Forced Air		20	22
1	3	1	None		1	23
50	2		Force Air		50	24
50	2		Forced Air		50	25
90	3		Forced Air & Oil		90	26
5	1		Forced Air		5	27
50	2		Forced Air		50	28
33	1		Forced Air		33	29
33	1		Forced Air & Oil		33	30
6	1		Forced Air		6	31
40	1		Forced Air		40	32
230	4		Forced Air		230	33
160	2		Forced Air		160	34
80	1		Forced Air		80	35
80	1		Forced Air		80	36
						37
12	2		Forced Air & Oil		40	38
12	2		Forced Air & Oil		40	39
10	1		Forced Air		12	40

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities of Less than 10 MVa except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa) Primary (c)	Secondary (d)	Tertiary (e)
1	Canez	DIST/ UNATTENDED	115.00	13.20	
2					
3	Summary	DIST/ UNATTENDED			
4	Summary	TRANS/ UNATTENDED			
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
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40					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVa) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVa) (k)	
10	1		Forced Air		12	1
						2
684						3
550						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
						35
						36
						37
						38
						39
						40

Schedule F

UNS Electric, Inc.
Income Statement - Test Year Ended December 31, 2008 and
Projected Year Ended December 31, 2009 at Present and Proposed Rates

Line No.	Description	Test Year Ended December 31, 2008 (a)	Projected Year Ended December 31, 2009 Present Rates	Projected Year Ended December 31, 2009 Proposed Rates	Line No.
1	Operating Revenues	$194,910,688	$178,640,124	$193,029,867	1
	Operating Expenses				
2	Fuel, Purchased Power & Transmission	143,362,723	122,046,966	122,046,966	2
3	Other Operations and Maintenance Expense	21,409,649	25,900,213	25,900,213	3
4	Depreciation and Amortization	14,429,415	14,496,414	14,496,414	4
5	Taxes Other than Income Taxes	3,680,634	4,203,571	4,203,571	5
6	Total Operating Expenses	182,882,421	166,647,164	166,647,164	6
7	Pre-Tax Operating Income	12,028,267	11,992,960	26,382,703	7
	Other Income and Deductions				
8	Allowance for Equity Funds	322,168	359,803	359,803	8
9	Other - Net	76,881	(23,388)	(13,891)	9
10	Total Other Income and Deductions	399,049	336,415	345,912	10
11	Income Before Interest Expense	12,427,316	12,329,375	26,728,615	11
	Interest Expense				
12	Interest on Long-Term Debt	6,546,248	6,821,286	6,821,286	12
13	Other Interest Expense	217,612	208,455	203,356	13
14	Allowance for Borrowed Funds	(181,815)	(313,178)	(313,178)	14
15	Total Interest Expense	6,582,045	6,716,563	6,711,464	15
16	Income Before Income Tax Expense	5,845,271	5,612,812	20,017,151	16
17	Income Tax Expense	2,081,685	2,220,034	7,932,000	17
18	Net Income Available for Common Stock	$3,763,586	$3,392,778	$12,085,151	18
19	Earnings Per Share of Average Common Stock Outstanding (1)	N/A	N/A	N/A	19
20	Return on Average Common Equity	4.60%	3.97%	13.46%	20

(1) UNS Electric, Inc. is a subsidiary of UniSource Energy Corporation and has no publicly traded stock; thus such information is not meaningful.

Supporting Schedules
(a) E-2

Recap Schedules
A-2

UNS Electric, Inc.
Statements of Cash Flows - Test Year Ended December 31, 2008 and
Projected Year Ended December 31, 2009 at Present and Proposed Rates
(Thousands of Dollars)

Line No.	Description	Test Year Ended December 31, 2008 (a)	Projected Year Ended December 31, 2009 Present Rates	Projected Year Ended December 31, 2009 Proposed Rates	Line No.
	Cash Flows from Operating Activities				
1	Cash Receipts from Retail Customers	$196,541	$188,612	$202,589	1
2	Cash Receipts from Electric Wholesale Sales	$9,410	1,789	1,789	2
3	Other Cash Receipts	2,132	4,904	4,914	3
4	Fuel & Purchased Power	(134,127)	(116,043)	(116,043)	4
5	Payment of Other Operations and Maintenance Costs	(24,135)	(22,949)	(22,949)	5
6	Intercompany Cash Flows	(5,171)	(12,916)	(12,916)	6
7	Interest Paid, Net of Amounts Capitalized	(5,019)	(6,693)	(6,688)	7
8	Taxes Paid, Net of Amounts Capitalized	(17,789)	(15,719)	(17,675)	8
9	Net Income Taxes Paid	(713)	7,234	7,234	9
10	Other Cash Payments	(7,578)	3,530	3,530	10
11	Net Cash Flows from Operating Activities	13,551	31,749	43,785	11
	Cash Flows from Investing Activities				
12	Capital Expenditures	(29,664)	(28,227)	(28,227)	12
13	Other	80	0	0	13
14	Net Cash Flows from Investing Activities	(29,584)	(28,227)	(28,227)	14
	Cash Flow from Financing Activities				
15	Net Proceeds from Issuance / Retirement of Long-Term Debt	40,000	0	0	
16	Net Borrowings under Revolver	(18,000)	(5,168)	(8,000)	16
17	Equity Investment from UniSource Energy Services	270	0	0	17
18	Payments on Capital Lease Obligations	(104)	(102)	(102)	18
19	Other	6	(2,061)	(2,061)	19
20	Net Cash Flows from Financing Activities	22,172	(7,331)	(10,163)	20
21	Net Increase (Decrease) in Cash	$6,139	($3,809)	$5,395	21

Supporting Schedule
(a) E-3

Recap Schedules
A-5

UNS Electric, Inc.
Projected Construction Requirements
Test Year Ended December 31, 2008 and Projected Years 2009 through 2011 as of December 31
(Thousands of Dollars)

Line No.	Description	Test Year Ended December 31, 2008 (a), (b)	Projected Year Ended December 31, 2009 (a), (b)	2010 (a)	2011 (a)	Total 2009-2011	Line No.
1	Other Production Plant	$649	$399	$321	$532	$1,252	1
2	Transmission Plant	6,401	7,244	9,623	9,957	26,824	2
3	Distribution Plant	20,411	18,958	11,422	9,787	40,167	3
4	General Plant	2,203	1,626	2,503	1,922	6,051	4
5	Total Construction Expenditures	$29,664	$28,227	$23,869	$22,198	$74,294	5

Supporting Schedules
N/A

Recap Schedules
(a) A-4
(b) F-2

UNS Electric, Inc.
Key Assumptions Used in Preparing Forecasts

Customer Growth and Sales

Retail customer growth is forecasted to be 0.5% in 2009.
Retail sales growth is forecasted to be 6.5% in 2009.

Fuel, Purchased Power & Transmission Costs

Fuel and purchased power costs are forecasted using forward market projections and completed hedging transactions as of April 6, 2009.
PPFAC pricing and fuel and purchased power cost recovery are based on the PPFAC mechanism in effect as of April 2009.

Operations and Maintenance Expenses

O&M Expenses for 2009 are based on the operating budget approved in December 2008.

Construction Expenditures

Construction expenditures for 2009 are based on the capital budget approved in December 2008, adjusted for slower growth, and stated net of forecasted CIAC.

Interest Rate Assumptions

The interest rate on temporary investments is forecasted at 0.301% in 2009.
The interest rate on short-term borrowing is forecasted at 1.601% in 2009.

Capital Structure Changes

The balance of common equity is forecasted to grow in 2009 due to continued retention of earnings (no dividend is assumed).
External financing needs are assumed to be met with borrowings under the UNS Electric revolving credit facility.

Schedule G

UNS ELECTRIC COMPANY
RETAIL COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2008

SUMMARY AT PRESENT RATES

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	DEVELOPMENT OF RATE BASE								
2	ELECTRIC PLANT IN SERVICE		$537,367,989	$297,836,666	$37,623,965	$136,789,928	$51,124,641	$7,436,350	$6,556,439
3	RESERVE FOR DEPRECIATION		256,144,427	141,820,991	17,897,480	65,320,694	24,286,116	3,774,779	3,044,366
4	DEFERRED TAXES & TAX CREDITS		(3,012,192)	(1,773,670)	(241,880)	(655,893)	(245,879)	(33,593)	(61,278)
5	WORKING CAPITAL		(13,059,303)	(7,363,981)	(949,891)	(3,214,772)	(1,148,047)	(190,104)	(192,506)
6									
7	TOTAL RATE BASE		$265,152,067	$146,878,023	$18,534,713	$67,598,570	$25,444,599	$3,437,874	$3,258,289
8									
9	DEVELOPMENT OF RETURN								
10	SALES OF ELECTRICITY		$159,280,447	$80,442,482	$10,569,832	$48,286,092	$16,938,518	$2,481,085	$562,438
11	SALES FOR RESALE		(0)	(0)	(0)	(0)	(0)	(0)	(0)
12	OTHER OPERATING REVENUE		1,645,619	1,269,510	183,877	129,035	53,938	7,569	1,691
13	TOTAL OPERATING REVENUE		160,926,065	81,711,991	10,753,709	48,415,127	16,992,456	2,488,654	564,129
14									
15	OPERATING EXPENSES								
16	OPERATION & MAINTENANCE		130,729,179	66,918,822	8,076,812	36,185,311	16,449,069	2,308,787	790,379
17	DEPRECIATION & AMORT EXPENSE		14,235,222	7,914,678	1,002,437	3,613,222	1,340,498	197,152	167,235
18	TAXES OTHER THAN INCOME TAX		3,837,049	2,144,172	273,845	958,230	358,038	51,819	50,947
19	STATE & FEDERAL INCOME TAX		2,121,267	1,175,714	148,521	539,980	201,815	29,355	25,882
20	TOTAL OPERATING EXPENSES		150,922,718	78,153,386	9,501,614	41,296,742	18,349,420	2,587,113	1,034,443
21									
22	OPERATING INCOME		$10,003,347	$3,558,606	$1,252,094	$7,118,385	($1,356,964)	($98,459)	($470,314)
23									
24	RATE OF RETURN		3.77%	2.42%	6.76%	10.53%	-5.33%	-2.86%	-14.43%
25									
26	INDEX RATE OF RETURN		1.00	0.64	1.79	2.79	-1.41	-0.76	-3.83
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UNS ELECTRIC COMPANY
RETAIL COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2008

SUMMARY AT PROPOSED RATES

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	DEVELOPMENT OF RETURN AT EQUALIZED RATE LEVELS								
2									
3	RATE BASE		$265,152,067	$146,878,023	$18,534,713	$67,598,570	$25,444,599	$3,437,874	$3,258,289
4	RETURN		$18,253,668	$10,111,415	$1,275,972	$4,653,638	$1,751,664	$236,671	$224,308
5	RATE OF RETURN		6.88%	6.88%	6.88%	6.88%	6.88%	6.88%	6.88%
6									
7	OPERATION & MAINTENANCE EXPENSE		130,729,179	66,918,822	8,076,812	36,185,311	16,449,069	2,308,787	790,379
8	DEPRECIATION & AMORT EXPENSE		14,235,222	7,914,678	1,002,437	3,613,222	1,340,498	197,152	167,235
9	TAXES OTHER THAN INCOME TAX		3,837,049	2,144,172	273,845	958,230	358,038	51,819	50,947
10	STATE & FEDERAL INCOME TAX		7,370,946	5,345,267	163,714	(1,028,338)	2,179,835	242,598	467,870
11	TOTAL OPERATING EXPENSES		156,172,397	82,322,938	9,516,808	39,728,424	20,327,439	2,800,356	1,476,431
12									
13	TOTAL COST OF SERVICE		$174,426,065	$92,434,354	$10,792,779	$44,382,063	$22,079,103	$3,037,027	$1,700,739
14	LESS:								
15	SALES FOR RESALE		(0)	(0)	(0)	(0)	(0)	(0)	(0)
16	OTHER OPERATING REVENUES		1,645,619	1,269,510	183,877	129,035	53,938	7,569	1,691
17	EQUALS:								
18	PROPOSED BASE RATE SALES OF ELECTRICITY		$172,780,446	$91,164,844	$10,608,903	$44,253,028	$22,025,165	$3,029,458	$1,699,048

UNS ELECTRIC COMPANY
RETAIL COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2008

SUMMARY OF PROPOSED RATES

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	DEVELOPMENT OF RETURN AT PROPOSED RATE LEVELS								
2									
3	SALES OF ELECTRICITY		$172,780,447	$86,680,496	$11,543,449	$52,733,859	$18,498,772	$2,709,624	$614,247
4	SALES FOR RESALE		(0)	(0)	(0)	(0)	(0)	(0)	(0)
5	OTHER OPERATING REVENUE		1,645,619	1,269,510	183,877	129,035	53,938	7,569	1,691
6	TOTAL OPERATING REVENUE		174,426,066	87,950,005	11,727,325	52,862,894	18,552,710	2,717,193	615,938
7									
8	OPERATION & MAINTENANCE EXPENSE		130,729,179	66,918,822	8,076,812	36,185,311	16,449,069	2,308,787	790,379
9	DEPRECIATION & AMORT EXPENSE		14,235,222	7,914,678	1,002,437	3,613,222	1,340,498	197,152	167,235
10	TAXES OTHER THAN INCOME TAX		3,837,049	2,144,172	273,845	958,230	358,038	51,819	50,947
11	STATE & FEDERAL INCOME TAX		7,370,946	5,345,267	163,714	(1,028,338)	2,179,835	242,598	467,870
12	TOTAL OPERATING EXPENSES		156,172,397	82,322,938	9,516,808	39,728,424	20,327,439	2,800,356	1,476,431
13									
14	RETURN AT PROPOSED RATES		$18,253,669	$5,627,067	$2,210,518	$13,134,469	($1,774,729)	($83,163)	($860,493)
15									
16	RATE OF RETURN		6.88%	3.83%	11.93%	19.43%	-6.97%	-2.42%	-26.41%
17	INDEX RATE OF RETURN		1.00	0.56	1.73	2.82	(1.01)	(0.35)	(3.84)

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	DEVELOPMENT OF RATE BASE								
	ELECTRIC PLANT IN SERVICE								
1	INTANGIBLE PLANT								
2	302-FRANCHISES & CONSENTS	PISXGENL	$0	$0	$0	$0	$0	$0	$0
3	303-MISCELLANEOUS INTANG PLT	PISXGENL	8,741,931	4,832,072	608,157	2,239,304	836,837	121,997	103,564
4	302-FRANCH & CONSENTS - ACQ ADJ	PISXGENL	(5,817)	(3,215)	(405)	(1,490)	(557)	(81)	(69)
5	303-MISC INTANGIBLE PLT - ACQ ADJ	PISXGENL	(2,187,601)	(1,209,189)	(152,187)	(560,369)	(209,412)	(30,529)	(25,916)
6	TOTAL INTANGIBLE PLANT		$6,548,513	$3,619,668	$455,566	$1,677,446	$626,868	$91,387	$77,579
7									
8									
9	TOTAL OTHER PRODUCTION PLANT								
10	340-LAND & LAND RIGHTS	DTRAN	$205,436	$105,515	$12,003	$59,859	$25,254	$2,454	$350
11	341-STRUCTURES & IMPROVE	DTRAN	2,795,305	1,435,716	163,323	814,484	343,628	33,397	4,757
12	342-FUEL HOLDERS, PROD, & ACC	DTRAN	1,029,487	528,762	60,151	299,968	126,555	12,300	1,752
13	343-PRIME MOVERS	DTRAN	17,612,927	9,046,297	1,029,082	5,131,982	2,165,162	210,432	29,972
14	344-GENERATORS	DTRAN	7,678,010	3,943,556	448,608	2,237,187	943,860	91,734	13,066
15	345-ACCESSORY ELECT EQUIP	DTRAN	4,011,125	2,060,182	234,361	1,168,745	493,089	47,923	6,826
16	346-MISC POWER PLANT EQUIP	DTRAN	1,523,584	782,539	89,019	443,936	187,295	18,203	2,593
17	340-LAND & LAND RIGHTS - ACQ ADJ	DTRAN	(379,032)	(194,677)	(22,146)	(110,441)	(46,594)	(4,529)	(645)
18	341-STRUCT & IMPROVE - ACQ ADJ	DTRAN	(180,283)	(92,597)	(10,534)	(52,530)	(22,162)	(2,154)	(307)
19	342-FUEL HLD, PROD, & ACC - ACQ ADJ	DTRAN	(300,582)	(154,384)	(17,562)	(87,582)	(36,951)	(3,591)	(511)
20	343-PRIME MOVERS - ACQ ADJ	DTRAN	(3,870,528)	(1,987,969)	(226,146)	(1,127,778)	(475,805)	(46,244)	(6,586)
21	344-GENERATORS - ACQ. ADJ	DTRAN	(1,222,549)	(627,922)	(71,431)	(356,221)	(150,288)	(14,607)	(2,080)
22	345-ACCESS ELECT EQUIP - ACQ ADJ	DTRAN	(949,529)	(487,694)	(55,479)	(276,670)	(116,726)	(11,345)	(1,616)
23	346-MISC POWER PLT EQUIP - ACQ ADJ	DTRAN	(235,301)	(120,854)	(13,748)	(68,561)	(28,926)	(2,811)	(400)
24	TOTAL OTHER PRODUCTION PLANT		27,718,071	14,236,470	1,619,502	8,076,377	3,407,390	331,165	47,168
25	TOTAL PRODUCTION PLANT		$27,718,071	$14,236,470	$1,619,502	$8,076,377	$3,407,390	$331,165	$47,168
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UNS ELECTRIC COMPANY
RETAIL COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2008

		ALLOC	TOTAL	RESIDENTIAL	SGS	LGS	LPS	INTERRUPTIBLE	STREET LIGHTING
			1	2	3	4	5	6	7
	ELECTRIC PLANT IN SERVICE CONTINUED								
1	TRANSMISSION PLANT								
2	350-LAND	DTRANSUB	$1,431,088	$735,031	$83,615	$416,984	$175,924	$17,098	$2,435
3	352-STRUCTURES & IMPROVE	DTRANSUB	660,559	339,274	38,595	192,471	81,203	7,892	1,124
4	353-STATION EQUIPMENT	DTRANSUB	31,020,717	15,932,764	1,812,468	9,038,688	3,813,385	370,623	52,788
5	354-TOWERS & FIXTURES	DTRANSUB	1,319,681	677,810	77,106	384,523	162,229	15,767	2,246
6	355-POLES & FIXTURES	DTRANSUB	29,873,421	15,343,494	1,745,434	8,704,394	3,672,348	356,916	50,835
7	356-OVHD COND. & DEVICES	DTRANSUB	27,366,793	14,056,047	1,598,978	7,974,023	3,364,207	326,968	46,570
8	358-UNDERGROUND CONDUCTORS & DEV	DTRANSUB	32,861	16,878	1,920	9,575	4,040	393	56
8	359-ROADS & TRAILS	DTRANSUB	379,610	194,974	22,180	110,609	46,666	4,535	646
9	350-LAND - ACQ ADJ	DTRANSUB	(631,356)	(324,275)	(36,889)	(183,962)	(77,613)	(7,543)	(1,074)
10	352-STRUCT & IMPROVE - ACQ ADJ	DTRANSUB	(39,618)	(20,349)	(2,315)	(11,544)	(4,870)	(473)	(67)
11	353-STATION EQUIPMENT - ACQ ADJ	DTRANSUB	(7,636,820)	(3,922,400)	(446,202)	(2,225,185)	(938,796)	(91,242)	(12,996)
12	354-TOWERS & FIXTURES - ACQ ADJ	DTRANSUB	(422,919)	(217,218)	(24,710)	(123,228)	(51,990)	(5,053)	(720)
13	355-POLES & FIXTURES - ACQ ADJ	DTRANSUB	(3,225,104)	(1,656,468)	(188,435)	(939,717)	(396,463)	(38,532)	(5,488)
14	356-OVHD COND. & DEVICES - ACQ ADJ	DTRANSUB	(5,494,105)	(2,821,865)	(321,008)	(1,600,850)	(675,392)	(65,641)	(9,349)
15	359-ROADS & TRAILS - ACQ ADJ	DTRANSUB	(110,880)	(56,950)	(6,478)	(32,308)	(13,630)	(1,325)	(189)
16	TOTAL TRANSMISSION PLANT		$74,523,928	$38,276,749	$4,354,259	$21,714,474	$9,161,247	$890,383	$126,817
17									
18	DISTRIBUTION PLANT								
19	360-LAND & LAND RIGHTS	DDISPSUB	$1,354,701	$762,541	$97,196	$343,181	$123,940	$24,249	$3,595
20	361-STRUCTURES & IMPROV	DDISPSUB	7,100,486	3,996,757	509,439	1,798,739	649,613	127,097	18,841
21	362-STATION EQUIPMENT	DDISPSUB	60,306,987	33,945,898	4,326,850	15,277,342	5,517,394	1,079,477	160,025
22	364-POLES, TOWERS & FIXTURES	DDISTPOL	117,897,983	66,363,006	8,458,836	29,866,653	10,786,306	2,110,339	312,844
23	365-OVERHEAD CONDUCT & DEV	DDISTPOL	95,499,476	53,755,222	6,851,808	24,192,523	8,737,101	1,709,412	253,409
24	366-UNDERGROUND CONDUIT	DDISTSUL	19,991,384	11,488,986	1,464,422	5,170,615	1,867,361	0	0
25	367-UNDERGROUND CONDUCTORS	DDISTSUL	55,428,668	31,854,682	4,060,297	14,336,191	5,177,498	0	0
26	368-LINE TRANSFORMERS	DDISPSUB	95,508,942	53,760,551	6,852,487	24,194,921	8,737,967	1,709,582	253,434
27	369-SERVICES	DDISTSOS	17,960,238	10,109,548	1,288,595	4,549,800	1,643,155	321,483	47,658
28	370-METERS	CMETERS	10,899,944	8,730,643	1,477,663	673,870	6,370	11,399	0
29	371-INSTALLATIONS CUST PREM	CUST	0	0	0	0	0	0	0
30	373-STREET LTG & SIGNAL SYS	CLIGHT	6,304,998	0	0	0	0	0	6,304,998
31	360-LAND & LAND RIGHTS - ACQ ADJ	DDISPSUB	(577,074)	(324,826)	(41,403)	(146,188)	(52,796)	(10,329)	(1,531)
32	361-STRUCTURES & IMPROVE - ACQ ADJ	DDISPSUB	(1,515,959)	(853,310)	(108,766)	(384,032)	(138,693)	(27,135)	(4,023)
33	362-STATION EQUIPMENT - ACQ ADJ	DDISPSUB	(10,619,807)	(5,977,730)	(761,940)	(2,690,276)	(971,590)	(190,091)	(28,180)
34	364-POLES, TOWERS & FIXT - ACQ ADJ	DDISTPOL	(23,602,225)	(13,285,338)	(1,693,391)	(5,979,063)	(2,159,332)	(422,473)	(62,629)
35	365-OVERHEAD COND & DEV - ACQ ADJ	DDISTPOL	(15,967,886)	(8,988,084)	(1,145,649)	(4,045,085)	(1,460,878)	(285,820)	(42,371)
36	366-UNDERGRND CONDUIT - ACQ ADJ	DDISTSUL	(4,228,884)	(2,430,326)	(309,777)	(1,093,768)	(395,013)	0	0
37	367-UNDERGRND CONDUCT - ACQ ADJ	DDISTSUL	(5,695,660)	(3,273,278)	(417,222)	(1,473,138)	(532,022)	0	0
38	368-LINE TRANSFORMERS - ACQ ADJ	DDISPSUB	(11,607,603)	(6,533,746)	(832,812)	(2,940,510)	(1,061,962)	(207,773)	(30,801)
39	369-SERVICES - ACQ ADJ	DDISTSOS	(4,069,080)	(2,290,424)	(291,945)	(1,030,805)	(372,274)	(72,835)	(10,797)
40	370-METERS - ACQ ADJ	CMETERS	(2,869,304)	(2,298,257)	(388,980)	(177,390)	(1,677)	(3,001)	0
41	373-ST LTG & SIGNAL SYS - ACQ ADJ	CLIGHT	(1,325,336)	0	0	0	0	0	(1,325,336)
42	TOTAL DISTRIBUTION PLANT		$406,174,990	$228,512,514	$29,395,708	$100,443,582	$36,100,471	$5,873,580	$5,849,136
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44	TOTAL PROD, TRANS, & DIST PLT		$508,416,989	$281,025,732	$35,369,469	$130,234,432	$48,669,108	$7,095,127	$6,023,121
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UNS ELECTRIC COMPANY
RETAIL COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2008

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	ELECTRIC PLANT IN SERVICE CONTINUED								
1	GENERAL PLANT								
2	389-LAND & LAND RIGHTS	LABOR	$45,767	$26,949	$3,675	$9,966	$3,736	$510	$931
3	390-STRUCTURES & IMPROVEMENTS	LABOR	3,852,233	2,268,312	309,336	838,808	314,449	42,961	78,367
4	391-OFFICE FURNITURE & EQUIP	LABOR	2,552,511	1,502,996	204,968	555,799	208,356	28,466	51,926
5	392-TRANSPORTATION EQUIP	LABOR	9,645,647	5,679,651	774,550	2,100,300	787,353	107,570	196,224
6	393-STORES EQUIPMENT	LABOR	109,831	64,672	8,819	23,915	8,965	1,225	2,234
7	394-TOOLS, SHOP, & GARAGE EQUIP	LABOR	3,258,333	1,918,606	261,646	709,489	265,971	36,338	66,285
8	395-LABORATORY EQUIPMENT	LABOR	1,428,110	840,915	114,678	310,965	116,573	15,927	29,052
9	396-POWER OPERATED EQUIP	LABOR	2,058,023	1,211,827	165,260	448,126	167,992	22,951	41,867
10	397-COMMUNICATION EQUIPMENT	LABOR	2,186,070	1,287,224	175,542	476,008	178,444	24,379	44,472
11	398-MISCELLANEOUS EQUIPMENT	LABOR	166,294	97,919	13,353	36,210	13,574	1,855	3,383
12	399-OTHER TANGIBLE PROPERTY	LABOR	0	0	0	0	0	0	0
13	389-LAND & LAND RIGHTS - ACQ ADJ	LABOR	(28,497)	(16,780)	(2,288)	(6,205)	(2,326)	(318)	(580)
14	390-STRUCTURES & IMPROV - ACQ ADJ	LABOR	(681,411)	(401,236)	(54,718)	(148,374)	(55,622)	(7,599)	(13,862)
15	391-OFFICE FURNITURE & EQ - ACQ ADJ	LABOR	(628,090)	(369,838)	(50,436)	(136,764)	(51,270)	(7,005)	(12,777)
16	392-TRANSPORTATION EQUIP - ACQ ADJ	LABOR	116,146	68,390	9,327	25,290	9,481	1,295	2,363
17	393-STORES EQUIPMENT - ACQ ADJ	LABOR	(44,769)	(26,362)	(3,595)	(9,748)	(3,654)	(499)	(911)
18	394-TOOLS, SHOP, & GAR EQ - ACQ ADJ	LABOR	(825,457)	(486,054)	(66,285)	(179,740)	(67,380)	(9,206)	(16,792)
19	395-LABORATORY EQUIP - ACQ ADJ	LABOR	(300,794)	(177,117)	(24,154)	(65,497)	(24,553)	(3,355)	(6,119)
20	396-POWER OPER EQUIP - ACQ ADJ	LABOR	(144,474)	(85,071)	(11,601)	(31,459)	(11,793)	(1,611)	(2,939)
21	397-COMMUNICATION EQUIP - ACQ ADJ	LABOR	(344,154)	(202,649)	(27,636)	(74,938)	(28,093)	(3,838)	(7,001)
22	398-MISCELLANEOUS EQUIP - ACQ ADJ	LABOR	(18,831)	(11,088)	(1,512)	(4,100)	(1,537)	(210)	(383)
23	TOTAL GENERAL PLANT		$22,402,487	$13,191,266	$1,798,930	$4,878,050	$1,828,666	$249,837	$455,739
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26	COMMON PLANT	LABOR	$0	$0	$0	$0	$0	$0	$0
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28									
29	TOTAL PLANT IN SERVICE		$537,367,989	$297,836,666	$37,623,965	$136,789,928	$51,124,641	$7,436,350	$6,556,439
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UNS ELECTRIC COMPANY
RETAIL COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2008

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	ELECTRIC PLANT IN SERVICE CONTINUED								
1	LESS: RESERVE FOR DEPRECIATION								
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3	INTANGIBLE PLANT RESERVE								
4	302-FRANCH & CONSENTS	PISXGENL	$0	$0	$0	$0	$0	$0	$0
5	303-MISC. INTANG PLT	PISXGENL	2,877,462	1,590,507	200,179	737,081	275,450	40,156	34,089
6	302-FRANCH & CONSENTS - ACQ ADJ	PISXGENL	(135)	(75)	(9)	(35)	(13)	(2)	(2)
7	303-MISC. INTANG PLT - ACQ ADJ	PISXGENL	(346,772)	(191,677)	(24,124)	(88,828)	(33,195)	(4,839)	(4,108)
8	TOTAL INTANGIBLE PLANT RESERVE		$2,530,555	$1,398,755	$176,045	$648,219	$242,242	$35,315	$29,979
9									
10	PRODUCTION PLANT RESERVE								
11	340-LAND & LAND RIGHTS	PRODPIS	$0	$0	$0	$0	$0	$0	$0
12	341-STRUCT & IMPROVE	PRODPIS	457,715	235,090	26,743	133,367	56,267	5,469	779
13	342-FUEL HLD\, PROD, & ACC	PRODPIS	210,915	108,329	12,323	61,455	25,928	2,520	359
14	343-PRIME MOVERS	PRODPIS	5,051,791	2,594,685	295,164	1,471,970	621,018	60,357	8,597
15	344-GENERATORS	PRODPIS	652,862	335,321	38,145	190,228	80,257	7,800	1,111
16	345-ACCESSORY ELECT EQ	PRODPIS	1,089,296	559,481	63,645	317,394	133,907	13,014	1,854
17	346-MISC POWER PLT EQUIP	PRODPIS	152,170	78,157	8,891	44,339	18,706	1,818	259
18	340-LAND & LAND RIGHTS - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0
19	341-STRUCT & IMPROVE - ACQ ADJ	PRODPIS	(14,139)	(7,262)	(826)	(4,120)	(1,738)	(169)	(24)
20	342-FUEL HLD\, PROD, & ACC - ACQ ADJ	PRODPIS	(39,375)	(20,224)	(2,301)	(11,473)	(4,840)	(470)	(67)
21	343-PRIME MOVERS - ACQ ADJ	PRODPIS	(492,580)	(252,997)	(28,780)	(143,526)	(60,553)	(5,885)	(838)
22	344-GENERATORS - ACQ ADJ	PRODPIS	(55,998)	(28,762)	(3,272)	(16,317)	(6,884)	(669)	(95)
23	345-ACCESSORY ELECT EQ - ACQ ADJ	PRODPIS	(113,453)	(58,271)	(6,629)	(33,057)	(13,947)	(1,355)	(193)
24	346-MISC POWER PLT EQUIP - ACQ ADJ	PRODPIS	(24,779)	(12,727)	(1,448)	(7,220)	(3,046)	(296)	(42)
25	TOTAL PRODUCTION PLANT RESERVE		$6,874,425	$3,530,821	$401,657	$2,003,042	$845,075	$82,133	$11,698
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27	TRANSMISSION PLANT RESERVE								
28	350-LAND	TRANPIS	$130,588	$67,072	$7,630	$38,050	$16,053	$1,560	$222
29	352-STRUCTURES & IMPROV.	TRANPIS	243,686	125,161	14,238	71,004	29,956	2,911	415
30	353-STATION EQUIPMENT	TRANPIS	11,840,743	6,081,606	691,827	3,450,107	1,455,586	141,469	20,149
31	354-TOWERS & FIXTURES	TRANPIS	432,787	222,287	25,287	126,104	53,203	5,171	736
32	355-POLES & FIXTURES	TRANPIS	13,216,631	6,788,285	772,217	3,851,007	1,624,724	157,907	22,491
33	356-OVHD COND. & DEVICES	TRANPIS	9,601,308	4,931,394	560,982	2,797,589	1,180,291	114,713	16,339
34	358-UNDERGROUND CONDUCTORS & DEV	TRANPIS	3,005	1,543	176	875	369	36	5
34	359-ROADS & TRAILS	TRANPIS	133,202	68,415	7,783	38,812	16,375	1,591	227
35	350-LAND - ACQ ADJ	TRANPIS	(2,015)	(1,035)	(118)	(587)	(248)	(24)	(3)
36	352-STRUCTURES & IMPROV.- ACQ ADJ	TRANPIS	(7,905)	(4,060)	(462)	(2,303)	(972)	(94)	(13)
37	353-STATION EQUIPMENT - ACQ ADJ	TRANPIS	(1,212,474)	(622,747)	(70,842)	(353,286)	(149,050)	(14,486)	(2,063)
38	354-TOWERS & FIXTURES - ACQ ADJ	TRANPIS	(100,145)	(51,436)	(5,851)	(29,180)	(12,311)	(1,196)	(170)
39	355-POLES & FIXTURES - ACQ ADJ	TRANPIS	(978,985)	(502,823)	(57,200)	(285,253)	(120,347)	(11,697)	(1,666)
40	356-OVHD COND. & DEVICES - ACQ ADJ	TRANPIS	(801,106)	(411,461)	(46,807)	(233,423)	(98,480)	(9,571)	(1,363)
41	359-ROADS & TRAILS - ACQ ADJ	TRANPIS	(12,022)	(6,175)	(702)	(3,503)	(1,478)	(144)	(20)
42	TOTAL TRANSMISSION PLANT RESERVE		$32,487,299	$16,686,026	$1,898,157	$9,466,015	$3,993,673	$388,145	$55,284
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UNS ELECTRIC COMPANY
RETAIL COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2008

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	ELECTRIC PLANT IN SERVICE CONTINUED								
1	DISTRIBUTION PLANT RESERVE								
2	360-LAND & LAND RIGHTS	PLT360	$39,431	$22,195	$2,829	$9,989	$3,607	$706	$105
3	361-STRUCTURES & IMPROV	PLT361	1,604,690	903,256	115,132	406,510	146,811	28,723	4,258
4	362-STATION EQUIPMENT	PLT362	29,319,311	16,503,400	2,103,575	7,427,351	2,682,379	524,807	77,799
5	364-POLES, TOWERS & FIXTURES	PLT364	64,768,141	36,457,015	4,646,925	16,407,470	5,925,538	1,159,331	171,863
6	365-OVHD CONDUCTORS & DEVICES	PLT365	47,778,302	26,893,689	3,427,954	12,103,498	4,371,164	855,217	126,780
7	366-UDGR CONDUCTORS & DEVICES	PLT366	7,432,398	4,271,376	544,443	1,922,332	694,248	0	0
8	367-UDGR CONDUIT	PLT367	19,653,085	11,294,567	1,439,641	5,083,117	1,835,762	0	0
9	368-LINE TRANSFORMER	PLT368	41,461,410	23,338,006	2,974,735	10,503,263	3,793,241	742,147	110,018
10	369-SERVICE DROP	PLT369	8,211,453	4,622,104	589,148	2,080,176	751,253	146,983	21,789
11	370-METERS	PLT370	2,120,609	1,698,566	287,483	131,103	1,239	2,218	0
12	371-INSTAL. ON CUST. PREMISE	PLT371	0	0	0	0	0	0	0
13	373-STREET LIGHTS	PLT373	2,621,600	0	0	0	0	0	2,621,600
14	360-LAND & LAND RIGHTS - ACQ ADJ	PLT360	(507)	(285)	(36)	(128)	(46)	(9)	(1)
15	361-STRUCTURES & IMPROV - ACQ ADJ	PLT361	(259,412)	(146,019)	(18,612)	(65,716)	(23,733)	(4,643)	(688)
16	362-STATION EQUIPMENT - ACQ ADJ	PLT362	(2,714,433)	(1,527,914)	(194,753)	(687,637)	(248,339)	(48,588)	(7,203)
17	364-POLES, TOWERS & FIX - ACQ ADJ	PLT364	(5,370,117)	(3,022,759)	(385,290)	(1,360,392)	(491,304)	(96,124)	(14,250)
18	365-OVHD COND & DEVICES - ACQ ADJ	PLT365	(3,731,981)	(2,100,676)	(267,759)	(945,409)	(341,433)	(66,801)	(9,903)
19	366-UDGR COND & DEVICES - ACQ ADJ	PLT366	(963,713)	(553,843)	(70,595)	(249,257)	(90,019)	0	0
20	367-UDGR CONDUIT - ACQ ADJ	PLT367	(1,613,992)	(927,556)	(118,229)	(417,446)	(150,760)	0	0
21	368-LINE TRANSFORMER - ACQ ADJ	PLT368	(3,064,870)	(1,725,169)	(219,895)	(776,412)	(280,400)	(54,860)	(8,133)
22	369-SERVICE DROP - ACQ ADJ	PLT369	(916,869)	(516,092)	(65,783)	(232,267)	(83,883)	(16,412)	(2,433)
23	370-METERS - ACQ ADJ	PLT370	(500,406)	(400,815)	(67,838)	(30,937)	(292)	(523)	0
24	373-STREET LIGHTS - ACQ ADJ	PLT373	(321,166)	0	0	0	0	0	(321,166)
25	TOTAL DISTRIBUTION PLANT RESV		$205,552,964	$115,083,045	$14,723,073	$51,309,207	$18,495,031	$3,172,171	$2,770,435
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27	GENERAL PLANT RESERVE								
28	389-LAND & LAND RIGHTS	GENLPIS	$0	$0	$0	$0	$0	$0	$0
29	390-STRUCT & IMPROVE	GENLPIS	1,062,849	625,838	85,347	231,431	86,758	11,853	21,622
30	391-OFFICE FURN & EQUIP	GENLPIS	1,767,385	1,040,690	141,922	384,841	144,268	19,710	35,954
31	392-TRANSP EQUIP	GENLPIS	3,007,290	1,770,784	241,487	654,825	245,478	33,538	61,178
32	393-STORES EQUIPMENT	GENLPIS	98,986	58,286	7,949	21,554	8,080	1,104	2,014
33	394-TOOLS, SHOP, & GAR EQ	GENLPIS	1,447,195	852,153	116,210	315,121	118,131	16,139	29,441
34	395-LABORATORY EQUIP	GENLPIS	398,707	234,771	32,016	86,817	32,546	4,446	8,111
35	396-POWER OPER EQUIP	GENLPIS	853,822	502,756	68,562	185,916	69,696	9,522	17,369
36	397-COMMUNICATION EQUIP	GENLPIS	632,410	372,382	50,783	137,705	51,622	7,053	12,865
37	398-MISCELLANEOUS EQUIP	GENLPIS	96,323	56,718	7,735	20,974	7,863	1,074	1,960
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UNS ELECTRIC COMPANY
RETAIL COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2008

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	GENERAL PLANT RESERVE CONTINUED								
2	389-LAND & LAND RIGHTS - ACQ ADJ	GENLPIS	$0	$0	$0	$0	$0	$0	$0
3	390-STRUCT & IMPROVE - ACQ ADJ	GENLPIS	(105,216)	(61,955)	(8,449)	(22,910)	(8,589)	(1,173)	(2,140)
4	391-OFFICE FURN & EQUIP - ACQ ADJ	GENLPIS	(454,710)	(267,747)	(36,513)	(99,011)	(37,117)	(5,071)	(9,250)
5	392-TRANSP EQUIP - ACQ ADJ	GENLPIS	187,860	110,617	15,085	40,906	15,335	2,095	3,822
6	393-STORES EQUIPMENT - ACQ ADJ	GENLPIS	(6,430)	(3,786)	(516)	(1,400)	(525)	(72)	(131)
7	394-TOOLS, SHOP, & GAR EQ - ACQ ADJ	GENLPIS	(136,469)	(80,357)	(10,959)	(29,716)	(11,140)	(1,522)	(2,776)
8	395-LABORATORY EQUIP - ACQ ADJ	GENLPIS	(39,240)	(23,106)	(3,151)	(8,544)	(3,203)	(438)	(798)
9	396-POWER OPER EQUIP - ACQ ADJ	GENLPIS	(28,962)	(17,054)	(2,326)	(6,306)	(2,364)	(323)	(589)
10	397-COMMUNICATION EQUIP - ACQ ADJ	GENLPIS	(77,071)	(45,382)	(6,189)	(16,782)	(6,291)	(860)	(1,568)
11	398-MISCELLANEOUS EQUIP - ACQ ADJ	GENLPIS	(5,545)	(3,265)	(445)	(1,207)	(453)	(62)	(113)
12	TOTAL GENERAL PLANT RESERVE		$8,699,184	$5,122,344	$698,548	$1,894,212	$710,095	$97,015	$176,970
13									
14	TOTAL RESERVE FOR DEPRECIATION		$256,144,427	$141,820,991	$17,897,480	$65,320,694	$24,286,116	$3,774,779	$3,044,366
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16	NET PLANT IN SERVICE		$281,223,562	$156,015,675	$19,726,485	$71,469,234	$26,838,525	$3,661,571	$3,512,073
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19	ADDITIONS & DEDUCTIONS TO RATE BASE								
20									
21	DEFERRED TAXES AND TAX CREDITS								
22	PRODUCTION	PRODPIS	$0	$0	$0	$0	$0	$0	$0
23	TRANSMISSION	TRANPIS	0	0	0	0	0	0	0
24	DISTRIBUTION	DISTPIS	0	0	0	0	0	0	0
25	GENERAL	GENLPIS	(3,012,192)	(1,773,670)	(241,880)	(655,893)	(245,879)	(33,593)	(61,278)
26	TOTAL DEF. TAXES AND TAX CREDITS		($3,012,192)	($1,773,670)	($241,880)	($655,893)	($245,879)	($33,593)	($61,278)
27									
28	WORKING CAPITAL								
29	CASH WORKING CAPITAL	TOTPIS	($2,810,346)	($1,557,637)	($196,767)	($715,389)	($267,373)	($38,891)	($34,289)
30	MATERIALS & SUPPLIES	TOTPIS	8,261,763	4,579,089	578,450	2,103,076	786,016	114,330	100,802
31	FUEL RELATED	EFUEL	0	0	0	0	0	0	0
32	PREPAYMENTS	TOTPIS	634,351	351,590	44,414	161,478	60,352	8,778	7,740
33	TOTAL CASH WORKING CAPITAL		$6,085,768	$3,373,042	$426,097	$1,549,165	$578,994	$84,218	$74,253
34	CIAC & AMORT	DISTPIS	0	0	0	0	0	0	0
35	CUSTOMER ADVANCES	DISTPIS	(15,080,400)	(8,484,176)	(1,091,399)	(3,729,253)	(1,340,333)	(218,073)	(217,166)
36	CUSTOMER DEPOSITS	DDEPOS	(4,064,671)	(2,252,847)	(284,589)	(1,034,684)	(386,709)	(56,249)	(49,593)
37	TOTAL CASH WORKING CAPITAL		($13,059,303)	($7,363,981)	($949,891)	($3,214,772)	($1,148,047)	($190,104)	($192,506)
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39	TOTAL RATE BASE		$265,152,067	$146,878,023	$18,534,713	$67,598,570	$25,444,599	$3,437,874	$3,258,289
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OPERATING REVENUES

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	SALES REVENUES								
2	SALES OF ELECTRICITY		$159,280,447	$80,442,482	$10,569,832	$48,286,092	$16,938,518	$2,481,085	$562,438
3	SALES FOR RESALE	TOTPIS	(0)	(0)	(0)	(0)	(0)	(0)	(0)
4	TOTAL SALES REVENUE		159,280,446	80,442,482	10,569,832	48,286,092	16,938,518	2,481,085	562,438
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6	OTHER OPERATING REVENUES								
7	450-LATE FEES	SALESREV	0	0	0	0	0	0	0
8	451-MISCELLANEOUS SERVICE REV	SALESREV	1,220,716	1,054,918	155,680	225	8,753	950	191
9	454-RENT FROM ELECT PROPERTY	SALESREV	428,014	216,163	28,403	129,753	45,517	6,667	1,511
10	456-OTHER ELECTRIC REVENUES	SALESREV	(3,111)	(1,571)	(206)	(943)	(331)	(48)	(11)
11	TOTAL OTHER OPERATING REV		1,645,619	1,269,510	183,877	129,035	53,938	7,569	1,691
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13	TOTAL OPERATING REVENUES		$160,926,066	$81,711,991	$10,753,709	$48,415,127	$16,992,456	$2,488,654	$564,129

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	OPERATION & MAINTENANCE EXPENSE								
1	POWER PRODUCTION EXPENSE								
2	OTHER POWER GENERATION								
3	OPERATION								
4	546-SUPERVISION & ENGINEERING	DPROD	$10,003	$5,138	$584	$2,915	$1,230	$120	$17
5	547-FUEL	EFUEL	7,621,714	3,757,105	433,355	2,236,377	1,034,146	146,141	14,589
6	548-GENERATION EXPENSES	PRODPIS	37,023	19,015	2,163	10,787	4,551	442	63
7	549-MISC OTH POWER GEN EXP	PRODPIS	116,207	59,686	6,790	33,860	14,285	1,388	198
8	550-RENTS	PRODPIS	0	0	0	0	0	0	0
9	550.1-OPER SUPPLIES & EXP	PRODPIS	0	0	0	0	0	0	0
10	TOTAL OPERATION EXPENSE		7,784,947	3,840,944	442,893	2,283,940	1,054,212	148,092	14,867
11	MAINTENANCE								
12	551-SUPERVISION & ENGINEER	LAB55254	0	0	0	0	0	0	0
13	552-STRUCTURES	PRODPIS	0	0	0	0	0	0	0
14	553-GENERATING & ELECT PLT	PRODPIS	127,265	65,366	7,436	37,082	15,645	1,521	217
15	554-MISC OTH POWER GEN PLT	PRODPIS	65,564	33,675	3,831	19,104	8,060	783	112
16	BLANK	PRODPIS	0	0	0	0	0	0	0
17	TOTAL MAINTENANCE EXPENSE		192,829	99,040	11,267	56,186	23,705	2,304	328
18	TOT OTH POWER GENERATION EXP		$7,977,777	$3,939,984	$454,159	$2,340,126	$1,077,917	$150,396	$15,195
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20	OTHER POWER SUPPLY EXPENSES								
21	555-PURCHASED POWER								
22	DEMAND CHARGES	DPROD	0	0	0	0	0	0	0
23	ENERGY CHARGES	EFUEL	95,598,854	47,125,215	5,435,559	28,050,794	12,971,251	1,833,047	182,990
24	ENERGY CHARGES	EFUEL	0	0	0	0	0	0	0
25	OTHER CHARGES	EPROD	0	0	0	0	0	0	0
26	TOTAL PURCHASED POWER		95,598,854	47,125,215	5,435,559	28,050,794	12,971,251	1,833,047	182,990
27	556-SYS CONTRL & LOAD DISP	DPROD	3,220	1,654	188	938	396	38	5
28	557-OTHER EXPENSES	DPROD	224,398	115,255	13,111	65,384	27,585	2,681	382
29	TOTAL OTHER POWER SUPPLY EXP		$95,826,472	$47,242,123	$5,448,858	$28,117,116	$12,999,232	$1,835,766	$183,377
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40	TOTAL POWER PRODUCTION EXP		$103,804,248	$51,182,107	$5,903,017	$30,457,242	$14,077,148	$1,986,162	$198,572
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		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	OPERATION & MAINTENANCE EXPENSE								
1	TRANSMISSION EXPENSES								
2	OPERATION								
3	560-SUPERVISION & ENGINEER	TRANPIS	$0	$0	$0	$0	$0	$0	$0
4	561-LOAD DISPATCHING	TRANPIS	6,095	3,130	356	1,776	749	73	10
5	562-STATION EXPENSES	TRANPIS	33,073	16,987	1,932	9,637	4,066	395	56
6	563-OVERHEAD LINE EXPENSES	TRANPIS	26,672	13,699	1,558	7,772	3,279	319	45
7	564-UNDERGROUND LINE EXP	TRANPIS	15,619	8,022	913	4,551	1,920	187	27
8	565-TRANSM ELECT BY OTHERS	EFUEL	8,082,997	3,984,493	459,583	2,371,728	1,096,735	154,986	15,472
9	566-MISCELLANEOUS TRNSM EXP	TRANPIS	100,085	51,405	5,848	29,162	12,303	1,196	170
10	567-RENTS	TRANPIS	27,940	14,350	1,632	8,141	3,435	334	48
11	565-TRANSM ELECT BY OTHERS	EFUEL	0	0	0	0	0	0	0
12	TOTAL OPERATION EXPENSE		8,292,481	4,092,088	471,823	2,432,767	1,122,487	157,489	15,828
13	MAINTENANCE								
14	568-SUPERVISION & ENGINEER	LAB56973	0	0	0	0	0	0	0
15	569-STRUCTURES	TRANPIS	0	0	0	0	0	0	0
16	570-STATION EQUIPMENT	TRANPIS	22,997	11,811	1,344	6,701	2,827	275	39
17	571-OVERHEAD LINES	TRANPIS	37,340	19,179	2,182	10,880	4,590	446	64
18	572-MAINT OF UNDRGRND LINES	TRANPIS	23	12	1	7	3	0	0
19	573-MAINT MISC TRANSM PLT	TRANPIS	0	0	0	0	0	0	0
20	TOTAL MAINTENANCE EXPENSE		60,360	31,002	3,527	17,587	7,420	721	103
21	TOTAL TRANSMISSION EXPENSES		$8,352,841	$4,123,089	$475,349	$2,450,354	$1,129,907	$158,210	$15,931
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		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	OPERATION & MAINTENANCE EXPENSE CONTINUED								
1	DISTRIBUTION EXPENSES								
2	OPERATION								
3	580-SUPERVISION & ENGINEER	LAB58189	$423,430	$273,693	$39,837	$78,992	$25,311	$3,177	$2,419
4	581-LOAD DISPATCHING	DISTPIS	582,583	327,759	42,163	144,068	51,779	8,425	8,389
5	582-STATION EXPENSES	PLTDSUB	74,790	42,098	5,366	18,946	6,842	1,339	198
6	583-OVERHEAD LINE EXPENSES	PLTDOHL	499,849	281,357	35,863	126,625	45,730	8,947	1,326
7	584-UNDERGROUND LINE EXP	PLTDUGL	490,312	281,781	35,917	126,815	45,799	0	0
8	585-STREET LIGHT & SIGNAL	PLT373	1,894	0	0	0	0	0	1,894
9	586-METER EXPENSES	PLT370	778,885	623,872	105,590	48,153	455	815	0
10	587-CUST INSTALLATIONS EXP	DISTPIS	35,827	20,156	2,593	8,860	3,184	518	516
11	588-MISC DISTRIBUTION EXP	DISTPIS	1,097,758	617,595	79,447	271,466	97,568	15,874	15,808
12	589-RENTS	DISTPIS	83,088	46,745	6,013	20,547	7,385	1,202	1,197
13	TOTAL OPERATION EXPENSE		4,068,416	2,515,056	352,789	844,473	284,055	40,296	31,748
14	MAINTENANCE								
15	590-SUPERVISION & ENGINEER	LAB59198	0	0	0	0	0	0	0
16	591-STRUCTURES	PLT361	0	0	0	0	0	0	0
17	592-STATION EQUIPMENT	PLT362	734,286	413,319	52,683	186,014	67,179	13,144	1,948
18	593-OVERHEAD LINES	DISTSUB	763,922	430,000	54,809	193,522	69,890	13,674	2,027
19	594-UNDERGROUND LINES	PLTDUGL	108,736	62,490	7,965	28,124	10,157	0	0
20	595-LINE TRANSFORMERS	PLT368	104,881	59,036	7,525	26,569	9,595	1,877	278
21	596-STREET LIGHT & SIGNAL	PLT373	315,846	0	0	0	0	0	315,846
22	597-METERS	PLT370	614	492	83	38	0	1	0
23	598-MISC DISTRIBUTION PLANT	DISTPIS	15,555	8,751	1,126	3,847	1,383	225	224
24	BLANK	SALESREV	0	0	0	0	0	0	0
25	TOTAL MAINTENANCE EXPENSE		2,043,840	974,088	124,191	438,113	158,204	28,920	320,323
26	TOTAL DISTRIBUTION EXPENSES		$6,112,256	$3,489,144	$476,980	$1,282,585	$442,259	$69,216	$352,071
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		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	OPERATION & MAINTENANCE EXPENSE CONTINUED								
1	CUSTOMER ACCOUNTS EXPENSES								
2	901-SUPERVISION	LAB90205	$260,950	$198,177	$33,541	$15,296	$9,470	$259	$4,207
3	902-METER READING EXPENSE	CMETRDG	915,625	706,293	119,540	54,515	34,354	922	0
4	903-CUST RECORDS & COLL EXP	CBILLCOL	3,070,993	2,327,967	394,009	179,683	113,233	3,039	53,063
5	904-UNCOLLECTIBLE ACCOUNTS	DISTPIS	764,063	429,859	55,297	188,946	67,909	11,049	11,003
6	905-MISC CUST ACCTS EXP	CUST	39,451	31,033	5,252	2,395	23	41	707
7	TOTAL CUSTOMER ACCTS EXPENSE		$5,051,083	$3,693,328	$607,640	$440,835	$224,989	$15,310	$68,980
8									
9	CUSTOMER SERVICE & INFO EXP								
10	431-CUSTOMER DEPOSIT INTEREST	DISTPIS	$14,499	$8,157	$1,049	$3,585	$1,289	$210	$209
11	908-CUSTOMER ASSISTANCE EXP	CINFO	94,671	75,830	12,834	5,853	55	99	0
12	909-INFO & INSTRUCT EXP	CINFO	49,423	39,587	6,700	3,055	29	52	0
13	910-MISC CUST SERV & INFO EX	CINFO	31,336	25,100	4,248	1,937	18	33	0
14	TOTAL CUST SERVICE & INFO EXP		$189,930	$148,674	$24,832	$14,431	$1,391	$393	$209
15									
16	SALES EXPENSES								
17	911-SUPERVISION	LAB91217	$0	$0	$0	$0	$0	$0	$0
18	912-DEMONSTRATING & SELLING	CUST	0	0	0	0	0	0	0
19	913-ADVERTISING EXPENSE								
20	SAFETY	CUST	0	0	0	0	0	0	0
21	DSM	CDSM	0	0	0	0	0	0	0
22	ENVIRONMENTAL	CENVIRON	0	0	0	0	0	0	0
23	OTHER	CUST	0	0	0	0	0	0	0
24	TOTAL ACCOUNT 913		0	0	0	0	0	0	0
25	914-MISCELLANEOUS SALES EXP	CUST	0	0	0	0	0	0	0
26	TOTAL SALES EXPENSES		$0	$0	$0	$0	$0	$0	$0
27									
28	TOTAL OPER & MAINT EXCL A&G		$123,510,358	$62,636,343	$7,487,818	$34,645,448	$15,875,694	$2,229,291	$635,764
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UNS ELECTRIC COMPANY
RETAIL COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2008

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	OPERATION & MAINTENANCE EXPENSE CONTINUED								
1	ADMINISTRATIVE & GENERAL EXP								
2	OPERATION								
3	920-ADMIN & GEN SALARIES	LABXAG	$2,958,987	$1,765,536	$244,447	$620,393	$231,037	$31,806	$65,769
4	921-OFFICE SUPPLIES & EXP	LABXAG	971,717	579,794	80,275	203,734	75,871	10,445	21,598
5	922-ADMIN EXP TRANSF-CREDIT	LABXAG	(1,004,502)	(599,355)	(82,984)	(210,608)	(78,431)	(10,797)	(22,327)
6	923-OUTSIDE SERVICES EMPLOY	LABXAG	1,174,772	700,950	97,050	246,307	91,726	12,627	26,112
7	924-PROPERTY INSURANCE								
8	PRODUCTION RELATED	PRODPIS	0	0	0	0	0	0	0
9	TRANSMISSION RELATED	TRANPIS	0	0	0	0	0	0	0
10	DISTRIBUTION RELATED	DISTPIS	81,780	46,009	5,919	20,223	7,269	1,183	1,178
11	OTHER	TOTPIS	0	0	0	0	0	0	0
12									
13	925-INJURIES & DAMAGES	LABXAG	511,137	304,980	42,226	107,167	39,909	5,494	11,361
14	926-EMPLOYEE PENSNS & BENE	LABXAG	1,990,376	1,187,596	164,428	417,310	155,408	21,394	44,240
15	927-FRANCHISE REQUIREMENTS	TOTPIS	0	0	0	0	0	0	0
16	928-REGULATORY COMMISSION EXP	TOTPIS	197,223	109,311	13,809	50,204	18,764	2,729	2,406
17	929-DUPLICATE CHARGES-CR.	TOTPIS	(86,769)	(48,092)	(6,075)	(22,088)	(8,255)	(1,201)	(1,059)
18	930-GENERL ADVERTISING EX	TOTPIS	350,073	194,028	24,510	89,113	33,306	4,844	4,271
19	931-RENTS	TOTPIS	54,001	29,930	3,781	13,746	5,138	747	659
20	933-TRANSPORTATION EXPT	TOTPIS	0	0	0	0	0	0	0
21	TOTAL OPERATION EXPENSE		7,198,796	4,270,687	587,386	1,535,503	571,740	79,272	154,208
22	MAINTENANCE								
23	935-MAINT OF GENERAL PLANT	GENLPIS	20,026	11,792	1,608	4,361	1,635	223	407
24	TOTAL ADMIN & GENERAL EXPENSE		7,218,822	4,282,479	588,994	1,539,863	573,375	79,496	154,616
25	PAYROLL EXPENSE ADJUSTMENT	LABXAG	0	0	0	0	0	0	0
26	TOTAL OPERATION & MAINT EXP		130,729,179	66,918,822	8,076,812	36,185,311	16,449,069	2,308,787	790,379
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		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	DEPRECIATION & AMORTIZATION EXPENSE								
1	DEPRECIATION EXPENSE								
2									
3	INTANGIBLE DEPREC EXP								
4	302-FRANCH & CONSENTS	PISXGENL	$20	$11	$1	$5	$2	$0	$0
5	303-MISC. INTANG PLT	PISXGENL	1,160,542	641,485	80,736	297,281	111,095	16,196	13,749
6	302-FRANCH & CONSENTS - ACQ ADJ	PISXGENL	(153)	(85)	(11)	(39)	(15)	(2)	(2)
7	303-MISC. INTANG PLT - ACQ ADJ	PISXGENL	(119,427)	(66,013)	(8,308)	(30,592)	(11,432)	(1,667)	(1,415)
8	TOTAL INTANGIBLE DEPREC EXPENSE		$1,040,982	$575,399	$72,419	$266,654	$99,650	$14,527	$12,332
9									
10	PRODUCTION DEPREC EXP								
11	340-LAND & LAND RIGHTS	PRODPIS	$0	$0	$0	$0	$0	$0	$0
12	341-STRUCT & IMPROVE	PRODPIS	32,914	16,905	1,923	9,590	4,046	393	56
13	342-FUEL HLD\, PROD, & ACC	PRODPIS	19,643	10,089	1,148	5,723	2,415	235	33
14	343-PRIME MOVERS	PRODPIS	308,783	158,596	18,041	89,972	37,959	3,689	525
15	344-GENERATORS	PRODPIS	96,843	49,740	5,658	28,218	11,905	1,157	165
16	345-ACCESSORY ELECT EQ	PRODPIS	53,906	27,687	3,150	15,707	6,627	644	92
17	346-MISC POWER PLT EQUIP	PRODPIS	28,904	14,846	1,689	8,422	3,553	345	49
18	340-LAND & LAND RIGHTS - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0
19	341-STRUCT & IMPROVE - ACQ ADJ	PRODPIS	(2,258)	(1,160)	(132)	(658)	(278)	(27)	(4)
20	342-FUEL HLD\, PROD, & ACC - ACQ ADJ	PRODPIS	(6,296)	(3,234)	(368)	(1,834)	(774)	(75)	(11)
21	343-PRIME MOVERS - ACQ ADJ	PRODPIS	(74,538)	(38,284)	(4,355)	(21,719)	(9,163)	(891)	(127)
22	344-GENERATORS - ACQ ADJ	PRODPIS	(15,953)	(8,194)	(932)	(4,648)	(1,961)	(191)	(27)
23	345-ACCESSORY ELECT EQ - ACQ ADJ	PRODPIS	(14,093)	(7,238)	(823)	(4,106)	(1,732)	(168)	(24)
24	346-MISC POWER PLT EQUIP - ACQ ADJ	PRODPIS	(4,797)	(2,464)	(280)	(1,398)	(590)	(57)	(8)
25	TOTAL PRODUCTION DEPREC EXPENSE		$423,060	$217,291	$24,718	$123,269	$52,007	$5,055	$720
26									
27	TRANSMISSION DEPREC EXP								
28	350-LAND	TRANPIS	$3,823	$1,964	$223	$1,114	$470	$46	$7
29	352-STRUCTURES & IMPROV.	TRANPIS	13,625	6,998	796	3,970	1,675	163	23
30	353-STATION EQUIPMENT	TRANPIS	542,398	278,585	31,691	158,042	66,677	6,480	923
31	354-TOWERS & FIXTURES	TRANPIS	22,677	11,647	1,325	6,608	2,788	271	39
32	355-POLES & FIXTURES	TRANPIS	959,507	492,819	56,062	279,577	117,953	11,464	1,633
33	356-OVHD COND. & DEVICES	TRANPIS	369,804	189,938	21,607	107,752	45,460	4,418	629
34	358-UNDERGROUND CONDUCTORS & DEV	TRANPIS	1,121	576	66	327	138	13	2
34	359-ROADS & TRAILS	TRANPIS	3,475	1,785	203	1,013	427	42	6
35	350-LAND - ACQ ADJ	TRANPIS	(1,898)	(975)	(111)	(553)	(233)	(23)	(3)
36	352-STRUCTURES & IMPROV.- ACQ ADJ	TRANPIS	(965)	(496)	(56)	(281)	(119)	(12)	(2)
37	353-STATION EQUIPMENT - ACQ ADJ	TRANPIS	(152,537)	(78,346)	(8,912)	(44,446)	(18,751)	(1,822)	(260)
38	354-TOWERS & FIXTURES - ACQ ADJ	TRANPIS	(9,443)	(4,850)	(552)	(2,751)	(1,161)	(113)	(16)
39	355-POLES & FIXTURES - ACQ ADJ	TRANPIS	(135,224)	(69,453)	(7,901)	(39,401)	(16,623)	(1,616)	(230)
40	356-OVHD COND. & DEVICES - ACQ ADJ	TRANPIS	(84,215)	(43,254)	(4,920)	(24,538)	(10,353)	(1,006)	(143)
41	358-UNDERGROUND DEVICES - ACQ ADJ	TRANPIS	0	0	0	0	0	0	0
41	359-ROADS & TRAILS - ACQ ADJ	TRANPIS	(1,121)	(576)	(66)	(327)	(138)	(13)	(2)
42	TOTAL TRANSMISSION DEPREC EXPENSE		$1,531,028	$786,362	$89,454	$446,105	$188,210	$18,292	$2,605
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		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	DEPRECIATION & AMORTIZATION EXPENSE								
1	DISTRIBUTION DEPREC EXPENSE								
2	360-LAND RIGHTS	PLT360	$1,480	$833	$106	$375	$135	$26	$4
3	361-STRUCTURES & IMPROV	PLT361	175,281	98,663	12,576	44,403	16,036	3,137	465
4	362-STATION EQUIPMENT	PLT362	1,691,289	952,001	121,345	428,448	154,733	30,274	4,488
5	364-POLES, TOWERS & FIXTURES	PLT364	3,293,750	1,854,002	236,317	834,393	301,340	58,957	8,740
6	365-OVERHEAD CONDUCT & DEV	PLT365	2,342,026	1,318,291	168,033	593,297	214,268	41,922	6,215
7	366-UNDERGROUND CONDUIT	PLT366	612,122	351,785	44,840	158,321	57,177	0	0
8	367-UNDERGROUND COND & DEV	PLT367	1,646,348	946,151	120,599	425,815	153,783	0	0
9	368-LINE TRANSFORMERS	PLT368	2,798,122	1,575,021	200,757	708,838	255,996	50,086	7,425
10	369-SERVICES	PLT369	537,690	302,658	38,578	136,211	49,192	9,624	1,427
11	370-METERS	PLT370	255,143	204,365	34,589	15,774	149	267	0
12	371-INSTALLATIONS CUST PREM	PLT371	0	0	0	0	0	0	0
13	373-STRT LGHT & SIGNAL SYS	PLT373	162,199	0	0	0	0	0	162,199
14	360-LAND RIGHTS - ACQ ADJ	PLT360	(477)	(269)	(34)	(121)	(44)	(9)	(1)
15	361-STRUCTURES & IMPROV - ACQ ADJ	PLT361	(40,378)	(22,728)	(2,897)	(10,229)	(3,694)	(723)	(107)
16	362-STATION EQUIPMENT - ACQ ADJ	PLT362	(358,189)	(201,619)	(25,699)	(90,739)	(32,770)	(6,411)	(950)
17	364-POLES, TOWERS & FIX - ACQ ADJ	PLT364	(799,568)	(450,065)	(57,367)	(202,552)	(73,151)	(14,312)	(2,122)
18	365-OVERHEAD COND & DEV - ACQ ADJ	PLT365	(482,646)	(271,674)	(34,628)	(122,267)	(44,157)	(8,639)	(1,281)
19	366-UNDERGRND CONDUIT - ACQ ADJ	PLT366	(152,216)	(87,478)	(11,150)	(39,370)	(14,218)	0	0
20	367-UNDERGR COND & DEV - ACQ ADJ	PLT367	(225,545)	(129,620)	(16,522)	(58,335)	(21,068)	0	0
21	368-LINE TRANSFORMERS - ACQ ADJ	PLT368	(431,512)	(242,892)	(30,960)	(109,313)	(39,478)	(7,724)	(1,145)
22	369-SERVICES - ACQ ADJ	PLT369	(134,150)	(75,511)	(9,625)	(33,984)	(12,273)	(2,401)	(356)
23	370-METERS - ACQ ADJ	PLT370	(81,914)	(65,612)	(11,105)	(5,064)	(48)	(86)	0
24	373-ST LIGHT & SIGNAL SYS - ACQ ADJ	PLT373	(43,073)	0	0	0	0	0	(43,073)
25	TOTAL DISTRIBUTION DEPREC EXPENSE		$10,765,782	$6,056,302	$777,753	$2,673,901	$961,910	$153,988	$141,927
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		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	OPERATION & MAINTENANCE EXPENSE CONTINUED								
1	GENERAL DEPREC EXPENSE								
2	389-LAND & LAND RIGHTS	GENLPIS	$0	$0	$0	$0	$0	$0	$0
3	390-STRUCT & IMPROVE	GENLPIS	76,639	$45,127	$6,154	$16,688	$6,256	$855	$1,559
4	391-OFFICE FURN & EQUIP	GENLPIS	426,158	$250,935	$34,221	$92,794	$34,786	$4,753	$8,669
5	392-TRANSP EQUIP	GENLPIS	(68,346)	($40,244)	($5,488)	($14,882)	($5,579)	($762)	($1,390)
6	393-STORES EQUIPMENT	GENLPIS	1,657	$976	$133	$361	$135	$18	$34
7	394-TOOLS, SHOP, & GAR EQ	GENLPIS	84,270	$49,621	$6,767	$18,350	$6,879	$940	$1,714
8	395-LABORATORY EQUIP	GENLPIS	33,558	$19,760	$2,695	$7,307	$2,739	$374	$683
9	396-POWER OPER EQUIP	GENLPIS	97,285	$57,284	$7,812	$21,183	$7,941	$1,085	$1,979
10	397-COMMUNICATION EQUIP	GENLPIS	17,394	$10,242	$1,397	$3,787	$1,420	$194	$354
11	398-MISCELLANEOUS EQUIP	GENLPIS	8,184	$4,819	$657	$1,782	$668	$91	$166
12	389-LAND & LAND RIGHTS - ACQ ADJ	GENLPIS	0	$0	$0	$0	$0	$0	$0
13	390-STRUCT & IMPROVE - ACQ ADJ	GENLPIS	(14,725)	($8,671)	($1,182)	($3,206)	($1,202)	($164)	($300)
14	391-OFFICE FURN & EQUIP - ACQ ADJ	GENLPIS	(130,566)	($76,881)	($10,484)	($28,430)	($10,658)	($1,456)	($2,656)
15	392-TRANSP EQUIP - ACQ ADJ	GENLPIS	0	$0	$0	$0	$0	$0	$0
16	393-STORES EQUIPMENT - ACQ ADJ	GENLPIS	(979)	($576)	($79)	($213)	($80)	($11)	($20)
17	394-TOOLS, SHOP, & GAR EQ - ACQ ADJ	GENLPIS	(23,740)	($13,979)	($1,906)	($5,169)	($1,938)	($265)	($483)
18	395-LABORATORY EQUIP - ACQ ADJ	GENLPIS	(7,528)	($4,433)	($605)	($1,639)	($615)	($84)	($153)
19	396-POWER OPER EQUIP - ACQ ADJ	GENLPIS	(7,895)	($4,649)	($634)	($1,719)	($644)	($88)	($161)
20	397-COMMUNICATION EQUIP - ACQ ADJ	GENLPIS	(15,968)	($9,402)	($1,282)	($3,477)	($1,303)	($178)	($325)
21	398-MISCELLANEOUS EQUIP - ACQ ADJ	GENLPIS	(1,027)	($605)	($82)	($224)	($84)	($11)	($21)
22	TOTAL GENERAL DEPREC EXPENSE		$474,371	$279,324	$38,092	$103,292	$38,722	$5,290	$9,650
23									
24	TOTAL DEPREC & AMORT EXPENSE		$14,235,222	$7,914,678	$1,002,437	$3,613,222	$1,340,498	$197,152	$167,235
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		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
27	TAXES OTHER THAN INCOME TAXES								
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29	TAXES OTHER THAN INCOME TAXES								
30	PRODUCTION PROPERTY TAX	PRODPIS	$198,106	$101,751	$11,575	$57,723	$24,353	$2,367	$337
31	TRANSMISSTION PROPERTY TAX	TRANPIS	437,531	$224,723	$25,564	$127,486	$53,786	$5,227	$745
32	DISTRIBUTION PROPERTY TAX	DISTPIS	2,500,847	$1,406,967	$180,991	$618,438	$222,273	$36,164	$36,014
33	GENERAL PROPERTY TAX	TOTPIS	171,505	$95,057	$12,008	$43,658	$16,317	$2,373	$2,093
34	PAYROLL TAX	LABXAG	445,648	$265,904	$36,816	$93,436	$34,796	$4,790	$9,905
35	MEDICAL AND DENTAL	LABXAG	5,173	$3,087	$427	$1,085	$404	$56	$115
36	REGULATORY & OTHER	LABXAG	78,240	$46,683	$6,464	$16,404	$6,109	$841	$1,739
37	TOTAL TAXES OTHER THAN INCOME		$3,837,049	$2,144,172	$273,845	$958,230	$358,038	$51,819	$50,947
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40	TOTAL EXPENSES BEFORE INCOME TAX		$148,801,451	$76,977,672	$9,353,093	$40,756,762	$18,147,604	$2,557,758	$1,008,562
41									
42	OPERATING INCOME BEFORE INCOME TAX		$12,124,615	$4,734,320	$1,400,615	$7,658,365	($1,155,148)	($69,104)	($444,433)
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		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	DEVELOPMENT OF INCOME TAXES								
1	TOTAL OPERATING REVENUES		160,926,066	81,711,991	10,753,709	48,415,127	16,992,456	2,488,654	564,129
2									
3	LESS:								
4	OPERATION & MAINT EXPENSE		130,729,179	66,918,822	8,076,812	36,185,311	16,449,069	2,308,787	790,379
5	DEPREC & AMORT EXPENSE		0	0	0	0	0	0	0
6	TAXES OTHER THAN INCOME		3,837,049	2,144,172	273,845	958,230	358,038	51,819	50,947
7									
8	OPERATING INCOME BEFORE TAXES		26,359,837	12,648,998	2,403,052	11,271,586	185,350	128,048	(277,197)
9									
10	LESS:								
11	INTEREST	TOTPIS	0	0	0	0	0	0	0
12									
13	STATE TAXABLE INCOME		26,359,837	12,648,998	2,403,052	11,271,586	185,350	128,048	(277,197)
14	TOTAL STATE INCOME TAX		0	0	0	0	0	0	0
15									
16									
17	FEDERAL TAXABLE INCOME		26,359,837	12,648,998	2,403,052	11,271,586	185,350	128,048	(277,197)
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19	STATE AND FEDERAL INCOME TAX	TOTPIS	0	0	0	0	0	0	0
20	INC TAX	TOTPIS	2,121,267	1,175,714	148,521	539,980	201,815	29,355	25,882
21	DEF INC TAX	TOTPIS	0	0	0	0	0	0	0
22									
23			2,121,267	1,175,714	148,521	539,980	201,815	29,355	25,882
24									
25	TOTAL INCOME TAXES		2,121,267	1,175,714	148,521	539,980	201,815	29,355	25,882
26									
27									
28	TOTAL OPERATING EXPENSES		150,922,718	78,153,386	9,501,614	41,296,742	18,349,420	2,587,113	1,034,443
29									
30	TOTAL NET INCOME		10,003,348	3,558,606	1,252,094	7,118,385	(1,356,964)	(98,459)	(470,314)
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			TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
	DEVELOPMENT OF RATE BASE								
	ELECTRIC PLANT IN SERVICE								
1	INTANGIBLE PLANT								
2	302-FRANCHISES & CONSENTS	PISXGENL	$0	$0	$0	$0	$0	$0	$0
3	303-MISCELLANEOUS INTANG PLT	PISXGENL	8,741,931	8,279,376	0	462,555	0	476,596	0
4	302-FRANCH & CONSENTS - ACQ ADJ	PISXGENL	(5,817)	(5,509)	0	(308)	0	(317)	0
5	303-MISC INTANGIBLE PLT - ACQ ADJ	PISXGENL	(2,187,601)	(2,071,851)	0	(115,751)	0	(119,264)	0
6	TOTAL INTANGIBLE PLANT		$6,548,513	$6,202,017	$0	$346,496	$0	$357,014	$0
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9	TOTAL OTHER PRODUCTION PLANT								
10	340-LAND & LAND RIGHTS	DTRAN	$205,436	$205,436	$0	$0	$0	$205,436	$0
11	341-STRUCTURES & IMPROVE	DTRAN	2,795,305	2,795,305	0	0	0	2,795,305	0
12	342-FUEL HOLDERS, PROD, & ACC	DTRAN	1,029,487	1,029,487	0	0	0	1,029,487	0
13	343-PRIME MOVERS	DTRAN	17,612,927	17,612,927	0	0	0	17,612,927	0
14	344-GENERATORS	DTRAN	7,678,010	7,678,010	0	0	0	7,678,010	0
15	345-ACCESSORY ELECT EQUIP	DTRAN	4,011,125	4,011,125	0	0	0	4,011,125	0
16	346-MISC POWER PLANT EQUIP	DTRAN	1,523,584	1,523,584	0	0	0	1,523,584	0
17	340-LAND & LAND RIGHTS - ACQ ADJ	DTRAN	(379,032)	(379,032)	0	0	0	(379,032)	0
18	341-STRUCT & IMPROVE - ACQ ADJ	DTRAN	(180,283)	(180,283)	0	0	0	(180,283)	0
19	342-FUEL HLD, PROD, & ACC - ACQ AD	DTRAN	(300,582)	(300,582)	0	0	0	(300,582)	0
20	343-PRIME MOVERS - ACQ ADJ	DTRAN	(3,870,528)	(3,870,528)	0	0	0	(3,870,528)	0
21	344-GENERATORS - ACQ. ADJ	DTRAN	(1,222,549)	(1,222,549)	0	0	0	(1,222,549)	0
22	345-ACCESS ELECT EQUIP - ACQ ADJ	DTRAN	(949,529)	(949,529)	0	0	0	(949,529)	0
23	346-MISC POWER PLT EQUIP - ACQ AD	DTRAN	(235,301)	(235,301)	0	0	0	(235,301)	0
24	TOTAL OTHER PRODUCTION PLANT		27,718,071	27,718,071	0	0	0	27,718,071	0
25	TOTAL PRODUCTION PLANT		$27,718,071	$27,718,071	$0	$0	$0	$27,718,071	$0
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			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
	DEVELOPMENT OF RATE BASE										
	ELECTRIC PLANT IN SERVICE										
1	INTANGIBLE PLANT										
2	302-FRANCHISES & CONSENTS	PISXGENL	$0	$0	$0	$0	$0	$0	$0	$0	$0
3	303-MISCELLANEOUS INTANG PLT	PISXGENL	1,281,395	5,395,229	1,126,157	238,850	138,082	0	0	0	85,622
4	302-FRANCH & CONSENTS - ACQ ADJ	PISXGENL	(853)	(3,590)	(749)	(159)	(92)	0	0	0	(57)
5	303-MISC INTANGIBLE PLT - ACQ ADJ	PISXGENL	(320,659)	(1,350,115)	(281,812)	(59,770)	(34,554)	0	0	0	(21,426)
6	TOTAL INTANGIBLE PLANT		$959,883	$4,041,524	$843,595	$178,921	$103,436	$0	$0	$0	$64,139
7											
8											
9	TOTAL OTHER PRODUCTION PLANT										
10	340-LAND & LAND RIGHTS	DTRAN	$0	$0	$0	$0	$0	$0	$0	$0	$0
11	341-STRUCTURES & IMPROVE	DTRAN	0	0	0	0	0	0	0	0	0
12	342-FUEL HOLDERS, PROD, & ACC	DTRAN	0	0	0	0	0	0	0	0	0
13	343-PRIME MOVERS	DTRAN	0	0	0	0	0	0	0	0	0
14	344-GENERATORS	DTRAN	0	0	0	0	0	0	0	0	0
15	345-ACCESSORY ELECT EQUIP	DTRAN	0	0	0	0	0	0	0	0	0
16	346-MISC POWER PLANT EQUIP	DTRAN	0	0	0	0	0	0	0	0	0
17	340-LAND & LAND RIGHTS - ACQ ADJ	DTRAN	0	0	0	0	0	0	0	0	0
18	341-STRUCT & IMPROVE - ACQ ADJ	DTRAN	0	0	0	0	0	0	0	0	0
19	342-FUEL HLD, PROD, & ACC - ACQ AD	DTRAN	0	0	0	0	0	0	0	0	0
20	343-PRIME MOVERS - ACQ ADJ	DTRAN	0	0	0	0	0	0	0	0	0
21	344-GENERATORS - ACQ. ADJ	DTRAN	0	0	0	0	0	0	0	0	0
22	345-ACCESS ELECT EQUIP - ACQ ADJ	DTRAN	0	0	0	0	0	0	0	0	0
23	346-MISC POWER PLT EQUIP - ACQ AD	DTRAN	0	0	0	0	0	0	0	0	0
24	TOTAL OTHER PRODUCTION PLANT		0	0	0	0	0	0	0	0	0
25	TOTAL PRODUCTION PLANT		$0	$0	$0	$0	$0	$0	$0	$0	$0
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UNS ELECTRIC COMPANY
RETAIL COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2008

			TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
	ELECTRIC PLANT IN SERVICE CONTINUED								
1	TRANSMISSION PLANT								
2	350-LAND	DTRANSUB	$1,431,088	$1,431,088	$0	$0	$0	$0	$0
3	352-STRUCTURES & IMPROVE	DTRANSUB	660,559	660,559	0	0	0	0	0
4	353-STATION EQUIPMENT	DTRANSUB	31,020,717	31,020,717	0	0	0	0	0
5	354-TOWERS & FIXTURES	DTRANSUB	1,319,681	1,319,681	0	0	0	0	0
6	355-POLES & FIXTURES	DTRANSUB	29,873,421	29,873,421	0	0	0	0	0
7	356-OVHD COND. & DEVICES	DTRANSUB	27,366,793	27,366,793	0	0	0	0	0
8	358-UNDERGROUND CONDUCTORS &	DTRANSUB	32,861	32,861	0	0	0	0	0
8	359-ROADS & TRAILS	DTRANSUB	379,610	379,610	0	0	0	0	0
9	350-LAND - ACQ ADJ	DTRANSUB	(631,356)	(631,356)	0	0	0	0	0
10	352-STRUCT & IMPROVE - ACQ ADJ	DTRANSUB	(39,618)	(39,618)	0	0	0	0	0
11	353-STATION EQUIPMENT - ACQ ADJ	DTRANSUB	(7,636,820)	(7,636,820)	0	0	0	0	0
12	354-TOWERS & FIXTURES - ACQ ADJ	DTRANSUB	(422,919)	(422,919)	0	0	0	0	0
13	355-POLES & FIXTURES - ACQ ADJ	DTRANSUB	(3,225,104)	(3,225,104)	0	0	0	0	0
14	356-OVHD COND. & DEVICES - ACQ AI	DTRANSUB	(5,494,105)	(5,494,105)	0	0	0	0	0
15	359-ROADS & TRAILS - ACQ ADJ	DTRANSUB	(110,880)	(110,880)	0	0	0	0	0
16	TOTAL TRANSMISSION PLANT		$74,523,928	$74,523,928	$0	$0	$0	$0	$0
17									
18	DISTRIBUTION PLANT								
19	360-LAND & LAND RIGHTS	DDISPSUB	$1,354,701	$1,354,701	$0	$0	$0	$0	$0
20	361-STRUCTURES & IMPROV	DDISPSUB	7,100,486	7,100,486	0	0	0	0	0
21	362-STATION EQUIPMENT	DDISPSUB	60,306,987	60,306,987	0	0	0	0	0
22	364-POLES, TOWERS & FIXTURES	DDISTPOL	117,897,983	117,897,983	0	0	0	0	0
23	365-OVERHEAD CONDUCT & DEV	DDISTPOL	95,499,476	95,499,476	0	0	0	0	0
24	366-UNDERGROUND CONDUIT	DDISTSUL	19,991,384	19,991,384	0	0	0	0	0
25	367-UNDERGROUND CONDUCTORS	DDISTSUL	55,428,668	55,428,668	0	0	0	0	0
26	368-LINE TRANSFORMERS	DDISPSUB	95,508,942	95,508,942	0	0	0	0	0
27	369-SERVICES	DDISTSOS	17,960,238	0	0	17,960,238	0	0	0
28	370-METERS	CMETERS	10,899,944	0	0	10,899,944	0	0	0
29	371-INSTALLATIONS CUST PREM	CUST	0	0	0	0	0	0	0
30	373-STREET LTG & SIGNAL SYS	CLIGHT	6,304,998	0	0	6,304,998	0	0	0
31	360-LAND & LAND RIGHTS - ACQ ADJ	DDISPSUB	(577,074)	(577,074)	0	0	0	0	0
32	361-STRUCTURES & IMPROVE - ACQ A	DDISPSUB	(1,515,959)	(1,515,959)	0	0	0	0	0
33	362-STATION EQUIPMENT - ACQ ADJ	DDISPSUB	(10,619,807)	(10,619,807)	0	0	0	0	0
34	364-POLES, TOWERS & FIXT - ACQ AD	DDISTPOL	(23,602,225)	(23,602,225)	0	0	0	0	0
35	365-OVERHEAD COND & DEV - ACQ AI	DDISTPOL	(15,967,886)	(15,967,886)	0	0	0	0	0
36	366-UNDERGRND CONDUIT - ACQ AD	DDISTSUL	(4,228,884)	(4,228,884)	0	0	0	0	0
37	367-UNDERGRND CONDUCT - ACQ AI	DDISTSUL	(5,695,660)	(5,695,660)	0	0	0	0	0
38	368-LINE TRANSFORMERS - ACQ ADJ	DDISPSUB	(11,607,603)	(11,607,603)	0	0	0	0	0
39	369-SERVICES - ACQ ADJ	DDISTSOS	(4,069,080)	0	0	(4,069,080)	0	0	0
40	370-METERS - ACQ ADJ	CMETERS	(2,869,304)	0	0	(2,869,304)	0	0	0
41	373-ST LTG & SIGNAL SYS - ACQ ADJ	CLIGHT	(1,325,336)	0	0	(1,325,336)	0	0	0
42	TOTAL DISTRIBUTION PLANT		$406,174,990	$379,273,529	$0	$26,901,461	$0	$0	$0
43									
44	TOTAL PROD, TRANS, & DIST PLT		$508,416,989	$481,515,529	$0	$26,901,461	$0	$27,718,071	$0

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
	ELECTRIC PLANT IN SERVICE CONTINUED										
1	TRANSMISSION PLANT										
2	350-LAND	DTRANSUB	$1,431,088	$0	$0	$0	$0	$0	$0	$0	$0
3	352-STRUCTURES & IMPROVE	DTRANSUB	660,559	0	0	0	0	0	0	0	0
4	353-STATION EQUIPMENT	DTRANSUB	31,020,717	0	0	0	0	0	0	0	0
5	354-TOWERS & FIXTURES	DTRANSUB	1,319,681	0	0	0	0	0	0	0	0
6	355-POLES & FIXTURES	DTRANSUB	29,873,421	0	0	0	0	0	0	0	0
7	356-OVHD COND. & DEVICES	DTRANSUB	27,366,793	0	0	0	0	0	0	0	0
8	358-UNDERGROUND CONDUCTORS &	DTRANSUB	32,861	0	0	0	0	0	0	0	0
8	359-ROADS & TRAILS	DTRANSUB	379,610	0	0	0	0	0	0	0	0
9	350-LAND - ACQ ADJ	DTRANSUB	(631,356)	0	0	0	0	0	0	0	0
10	352-STRUCT & IMPROVE - ACQ ADJ	DTRANSUB	(39,618)	0	0	0	0	0	0	0	0
11	353-STATION EQUIPMENT - ACQ ADJ	DTRANSUB	(7,636,820)	0	0	0	0	0	0	0	0
12	354-TOWERS & FIXTURES - ACQ ADJ	DTRANSUB	(422,919)	0	0	0	0	0	0	0	0
13	355-POLES & FIXTURES - ACQ ADJ	DTRANSUB	(3,225,104)	0	0	0	0	0	0	0	0
14	356-OVHD COND. & DEVICES - ACQ AD	DTRANSUB	(5,494,105)	0	0	0	0	0	0	0	0
15	359-ROADS & TRAILS - ACQ ADJ	DTRANSUB	(110,880)	0	0	0	0	0	0	0	0
16	TOTAL TRANSMISSION PLANT		$74,523,928	$0	$0	$0	$0	$0	$0	$0	$0
17											
18	DISTRIBUTION PLANT										
19	360-LAND & LAND RIGHTS	DDISPSUB	$0	$1,354,701	$0	$0	$0	$0	$0	$0	$0
20	361-STRUCTURES & IMPROV	DDISPSUB	0	7,100,486	0	0	0	0	0	0	0
21	362-STATION EQUIPMENT	DDISPSUB	0	60,306,987	0	0	0	0	0	0	0
22	364-POLES, TOWERS & FIXTURES	DDISTPOL	0	117,897,983	0	0	0	0	0	0	0
23	365-OVERHEAD CONDUCT & DEV	DDISTPOL	0	95,499,476	0	0	0	0	0	0	0
24	366-UNDERGROUND CONDUIT	DDISTSUL	0	0	19,991,384	0	0	0	0	0	0
25	367-UNDERGROUND CONDUCTORS	DDISTSUL	0	0	55,428,668	0	0	0	0	0	0
26	368-LINE TRANSFORMERS	DDISPSUB	0	95,508,942	0	0	0	0	0	0	0
27	369-SERVICES	DDISTSOS	0	0	0	17,960,238	0	0	0	0	0
28	370-METERS	CMETERS	0	0	0	0	10,899,944	0	0	0	0
29	371-INSTALLATIONS CUST PREM	CUST	0	0	0	0	0	0	0	0	0
30	373-STREET LTG & SIGNAL SYS	CLIGHT	0	0	0	0	0	0	0	0	6,304,998
31	360-LAND & LAND RIGHTS - ACQ ADJ	DDISPSUB	0	(577,074)	0	0	0	0	0	0	0
32	361-STRUCTURES & IMPROVE - ACQ A	DDISPSUB	0	(1,515,959)	0	0	0	0	0	0	0
33	362-STATION EQUIPMENT - ACQ ADJ	DDISPSUB	0	(10,619,807)	0	0	0	0	0	0	0
34	364-POLES, TOWERS & FIXT - ACQ AD	DDISTPOL	0	(23,602,225)	0	0	0	0	0	0	0
35	365-OVERHEAD COND & DEV - ACQ AI	DDISTPOL	0	(15,967,886)	0	0	0	0	0	0	0
36	366-UNDERGRND CONDUIT - ACQ AD	DDISTSUL	0	0	(4,228,884)	0	0	0	0	0	0
37	367-UNDERGRND CONDUCT - ACQ AD	DDISTSUL	0	0	(5,695,660)	0	0	0	0	0	0
38	368-LINE TRANSFORMERS - ACQ ADJ	DDISPSUB	0	(11,607,603)	0	0	0	0	0	0	0
39	369-SERVICES - ACQ ADJ	DDISTSOS	0	0	0	(4,069,080)	0	0	0	0	0
40	370-METERS - ACQ ADJ	CMETERS	0	0	0	0	(2,869,304)	0	0	0	0
41	373-ST LTG & SIGNAL SYS - ACQ ADJ	CLIGHT	0	0	0	0	0	0	0	0	(1,325,336)
42	TOTAL DISTRIBUTION PLANT		$0	$313,778,021	$65,495,508	$13,891,158	$8,030,640	$0	$0	$0	$4,979,662
43											
44	TOTAL PROD, TRANS, & DIST PLT		$74,523,928	$313,778,021	$65,495,508	$13,891,158	$8,030,640	$0	$0	$0	$4,979,662

UNS ELECTRIC COMPANY
RETAIL COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2008

ELECTRIC PLANT IN SERVICE CONTINUED

			TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
1	GENERAL PLANT								
2	389-LAND & LAND RIGHTS	LABOR	$45,767	$35,150	$0	$10,617	$1,181	$3,248	$0
3	390-STRUCTURES & IMPROVEMENTS	LABOR	3,852,233	2,958,598	0	893,635	99,367	273,397	0
4	391-OFFICE FURNITURE & EQUIP	LABOR	2,552,511	1,960,383	0	592,127	65,841	181,154	0
5	392-TRANSPORTATION EQUIP	LABOR	9,645,647	7,408,065	0	2,237,582	248,806	684,562	0
6	393-STORES EQUIPMENT	LABOR	109,831	84,353	0	25,478	2,833	7,795	0
7	394-TOOLS, SHOP, & GARAGE EQUIP	LABOR	3,258,333	2,502,470	0	755,863	84,047	231,247	0
8	395-LABORATORY EQUIPMENT	LABOR	1,428,110	1,096,819	0	331,291	36,838	101,355	0
9	396-POWER OPERATED EQUIP	LABOR	2,058,023	1,580,606	0	477,417	53,086	146,060	0
10	397-COMMUNICATION EQUIPMENT	LABOR	2,186,070	1,678,949	0	507,121	56,389	155,148	0
11	398-MISCELLANEOUS EQUIPMENT	LABOR	166,294	127,717	0	38,577	4,289	11,802	0
12	399-OTHER TANGIBLE PROPERTY	LABOR	0	0	0	0	0	0	0
13	389-LAND & LAND RIGHTS - ACQ ADJ	LABOR	(28,497)	(21,886)	0	(6,611)	(735)	(2,022)	0
14	390-STRUCTURES & IMPROV - ACQ AI	LABOR	(681,411)	(523,338)	0	(158,073)	(17,577)	(48,360)	0
15	391-OFFICE FURNITURE & EQ - ACQ A	LABOR	(628,090)	(482,386)	0	(145,703)	(16,201)	(44,576)	0
16	392-TRANSPORTATION EQUIP - ACQ A	LABOR	116,146	89,203	0	26,943	2,996	8,243	0
17	393-STORES EQUIPMENT - ACQ ADJ	LABOR	(44,769)	(34,384)	0	(10,386)	(1,155)	(3,177)	0
18	394-TOOLS, SHOP, & GAR EQ - ACQ AI	LABOR	(825,457)	(633,969)	0	(191,488)	(21,292)	(58,584)	0
19	395-LABORATORY EQUIP - ACQ ADJ	LABOR	(300,794)	(231,017)	0	(69,778)	(7,759)	(21,348)	0
20	396-POWER OPER EQUIP - ACQ ADJ	LABOR	(144,474)	(110,959)	0	(33,515)	(3,727)	(10,253)	0
21	397-COMMUNICATION EQUIP - ACQ AI	LABOR	(344,154)	(264,318)	0	(79,836)	(8,877)	(24,425)	0
22	398-MISCELLANEOUS EQUIP - ACQ AI	LABOR	(18,831)	(14,463)	0	(4,368)	(486)	(1,336)	0
23	TOTAL GENERAL PLANT		$22,402,487	$17,205,593	$0	$5,196,894	$577,863	$1,589,929	$0
24									
25									
26	COMMON PLANT	LABOR	$0	$0	$0	$0	$0	$0	$0
27									
28									
29	TOTAL PLANT IN SERVICE		$537,367,989	$504,923,139	$0	$32,444,851	$577,863	$29,665,014	$0

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
45											
	ELECTRIC PLANT IN SERVICE CONTINUED										
1	GENERAL PLANT										
2	389-LAND & LAND RIGHTS	LABOR	$3,424	$22,013	$5,285	$745	$2,919	$359	$4,858	$873	$863
3	390-STRUCTURES & IMPROVEMENTS	LABOR	288,200	1,852,824	444,810	62,685	245,713	30,193	408,906	73,494	72,644
4	391-OFFICE FURNITURE & EQUIP	LABOR	190,963	1,227,691	294,734	41,535	162,811	20,006	270,943	48,697	48,134
5	392-TRANSPORTATION EQUIP	LABOR	721,627	4,639,305	1,113,765	156,957	615,243	75,601	1,023,864	184,022	181,894
6	393-STORES EQUIPMENT	LABOR	8,217	52,826	12,682	1,787	7,006	861	11,658	2,095	2,071
7	394-TOOLS, SHOP, & GARAGE EQUIP	LABOR	243,768	1,567,173	376,234	53,021	207,831	25,538	345,865	62,163	61,444
8	395-LABORATORY EQUIPMENT	LABOR	106,842	686,884	164,901	23,239	91,091	11,193	151,591	27,246	26,931
9	396-POWER OPERATED EQUIP	LABOR	153,969	989,856	237,636	33,489	131,270	16,131	218,455	39,263	38,809
10	397-COMMUNICATION EQUIPMENT	LABOR	163,548	1,051,443	252,421	35,573	139,437	17,134	232,047	41,706	41,224
11	398-MISCELLANEOUS EQUIPMENT	LABOR	12,441	79,983	19,202	2,706	10,607	1,303	17,652	3,173	3,136
12	399-OTHER TANGIBLE PROPERTY	LABOR	0	0	0	0	0	0	0	0	0
13	389-LAND & LAND RIGHTS - ACQ ADJ	LABOR	(2,132)	(13,706)	(3,290)	(464)	(1,818)	(223)	(3,025)	(544)	(537)
14	390-STRUCTURES & IMPROV - ACQ AD	LABOR	(50,979)	(327,741)	(78,681)	(11,088)	(43,463)	(5,341)	(72,330)	(13,000)	(12,850)
15	391-OFFICE FURNITURE & EQ - ACQ A	LABOR	(46,990)	(302,095)	(72,524)	(10,220)	(40,062)	(4,923)	(66,670)	(11,983)	(11,844)
16	392-TRANSPORTATION EQUIP - ACQ A	LABOR	8,689	55,863	13,411	1,890	7,408	910	12,329	2,216	2,190
17	393-STORES EQUIPMENT - ACQ ADJ	LABOR	(3,349)	(21,533)	(5,169)	(729)	(2,856)	(351)	(4,752)	(854)	(844)
18	394-TOOLS, SHOP, & GAR EQ - ACQ AD	LABOR	(61,756)	(397,023)	(95,314)	(13,432)	(52,651)	(6,470)	(87,620)	(15,748)	(15,566)
19	395-LABORATORY EQUIP - ACQ ADJ	LABOR	(22,504)	(144,674)	(34,732)	(4,895)	(19,186)	(2,358)	(31,929)	(5,739)	(5,672)
20	396-POWER OPER EQUIP - ACQ ADJ	LABOR	(10,809)	(69,488)	(16,682)	(2,351)	(9,215)	(1,132)	(15,336)	(2,756)	(2,724)
21	397-COMMUNICATION EQUIP - ACQ AD	LABOR	(25,747)	(165,529)	(39,739)	(5,600)	(21,952)	(2,697)	(36,531)	(6,566)	(6,490)
22	398-MISCELLANEOUS EQUIP - ACQ AD	LABOR	(1,409)	(9,057)	(2,174)	(306)	(1,201)	(148)	(1,999)	(359)	(355)
23	TOTAL GENERAL PLANT		$1,676,015	$10,775,013	$2,586,773	$364,541	$1,428,932	$175,588	$2,377,975	$427,399	$422,458
24											
25											
26	COMMON PLANT	LABOR	$0	$0	$0	$0	$0	$0	$0	$0	$0
27											
28											
29	TOTAL PLANT IN SERVICE		$77,159,826	$328,594,559	$68,925,876	$14,434,620	$9,563,009	$175,588	$2,377,975	$427,399	$5,466,259
30											
31											
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42											
43											
44											

			TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
45									
	ELECTRIC PLANT IN SERVICE CONTINUED								
1	LESS: RESERVE FOR DEPRECIATION								
2									
3	INTANGIBLE PLANT RESERVE								
4	302-FRANCH & CONSENTS	PISXGENL	$0	$0	$0	$0	$0	$0	$0
5	303-MISC. INTANG PLT	PISXGENL	2,877,462	2,725,209	0	152,253	0	156,875	0
6	302-FRANCH & CONSENTS - ACQ ADJ	PISXGENL	(135)	(128)	0	(7)	0	(7)	0
7	303-MISC. INTANG PLT - ACQ ADJ	PISXGENL	(346,772)	(328,424)	0	(18,348)	0	(18,905)	0
8	TOTAL INTANGIBLE PLANT RESERVE		$2,530,555	$2,396,657	$0	$133,897	$0	$137,962	$0
9									
10	PRODUCTION PLANT RESERVE								
11	340-LAND & LAND RIGHTS	PRODPIS	$0	$0	$0	$0	$0	$0	$0
12	341-STRUCT & IMPROVE	PRODPIS	457,715	457,715	0	0	0	457,715	0
13	342-FUEL HLD\, PROD, & ACC	PRODPIS	210,915	210,915	0	0	0	210,915	0
14	343-PRIME MOVERS	PRODPIS	5,051,791	5,051,791	0	0	0	5,051,791	0
15	344-GENERATORS	PRODPIS	652,862	652,862	0	0	0	652,862	0
16	345-ACCESSORY ELECT EQ	PRODPIS	1,089,296	1,089,296	0	0	0	1,089,296	0
17	346-MISC POWER PLT EQUIP	PRODPIS	152,170	152,170	0	0	0	152,170	0
18	340-LAND & LAND RIGHTS - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0
19	341-STRUCT & IMPROVE - ACQ ADJ	PRODPIS	(14,139)	(14,139)	0	0	0	(14,139)	0
20	342-FUEL HLD\, PROD, & ACC - ACQ AI	PRODPIS	(39,375)	(39,375)	0	0	0	(39,375)	0
21	343-PRIME MOVERS - ACQ ADJ	PRODPIS	(492,580)	(492,580)	0	0	0	(492,580)	0
22	344-GENERATORS - ACQ ADJ	PRODPIS	(55,998)	(55,998)	0	0	0	(55,998)	0
23	345-ACCESSORY ELECT EQ - ACQ AD\	PRODPIS	(113,453)	(113,453)	0	0	0	(113,453)	0
24	346-MISC POWER PLT EQUIP - ACQ AI	PRODPIS	(24,779)	(24,779)	0	0	0	(24,779)	0
25	TOTAL PRODUCTION PLANT RESERVE		$6,874,425	$6,874,425	$0	$0	$0	$6,874,425	$0
26									
27	TRANSMISSION PLANT RESERVE								
28	350-LAND	TRANPIS	$130,588	$130,588	$0	$0	$0	$0	$0
29	352-STRUCTURES & IMPROV.	TRANPIS	243,686	243,686	0	0	0	0	0
30	353-STATION EQUIPMENT	TRANPIS	11,840,743	11,840,743	0	0	0	0	0
31	354-TOWERS & FIXTURES	TRANPIS	432,787	432,787	0	0	0	0	0
32	355-POLES & FIXTURES	TRANPIS	13,216,631	13,216,631	0	0	0	0	0
33	356-OVHD COND. & DEVICES	TRANPIS	9,601,308	9,601,308	0	0	0	0	0
34	358-UNDERGROUND CONDUCTORS &	TRANPIS	3,005	3,005	0	0	0	0	0
34	359-ROADS & TRAILS	TRANPIS	133,202	133,202	0	0	0	0	0
35	350-LAND - ACQ ADJ	TRANPIS	(2,015)	(2,015)	0	0	0	0	0
36	352-STRUCTURES & IMPROV.- ACQ AI	TRANPIS	(7,905)	(7,905)	0	0	0	0	0
37	353-STATION EQUIPMENT - ACQ ADJ	TRANPIS	(1,212,474)	(1,212,474)	0	0	0	0	0
38	354-TOWERS & FIXTURES - ACQ ADJ	TRANPIS	(100,145)	(100,145)	0	0	0	0	0
39	355-POLES & FIXTURES - ACQ ADJ	TRANPIS	(978,985)	(978,985)	0	0	0	0	0
40	356-OVHD COND. & DEVICES - ACQ AI	TRANPIS	(801,106)	(801,106)	0	0	0	0	0
41	359-ROADS & TRAILS - ACQ ADJ	TRANPIS	(12,022)	(12,022)	0	0	0	0	0
42	TOTAL TRANSMISSION PLANT RESERVE		$32,487,299	$32,487,299	$0	$0	$0	$0	$0
43									

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
45											
	ELECTRIC PLANT IN SERVICE CONTINUED										
1	LESS: RESERVE FOR DEPRECIATION										
2											
3	INTANGIBLE PLANT RESERVE										
4	302-FRANCH & CONSENTS	PISXGENL	$0	$0	$0	$0	$0	$0	$0	$0	$0
5	303-MISC. INTANG PLT	PISXGENL	421,779	1,775,874	370,682	78,619	45,451	0	0	0	28,183
6	302-FRANCH & CONSENTS - ACQ ADJ	PISXGENL	(20)	(84)	(17)	(4)	(2)	0	0	0	(1)
7	303-MISC. INTANG PLT - ACQ ADJ	PISXGENL	(50,830)	(214,016)	(44,672)	(9,475)	(5,477)	0	0	0	(3,396)
8	TOTAL INTANGIBLE PLANT RESERVE		$370,930	$1,561,774	$325,992	$69,141	$39,971	$0	$0	$0	$24,785
9											
10	PRODUCTION PLANT RESERVE										
11	340-LAND & LAND RIGHTS	PRODPIS	$0	$0	$0	$0	$0	$0	$0	$0	$0
12	341-STRUCT & IMPROVE	PRODPIS	0	0	0	0	0	0	0	0	0
13	342-FUEL HLD\, PROD, & ACC	PRODPIS	0	0	0	0	0	0	0	0	0
14	343-PRIME MOVERS	PRODPIS	0	0	0	0	0	0	0	0	0
15	344-GENERATORS	PRODPIS	0	0	0	0	0	0	0	0	0
16	345-ACCESSORY ELECT EQ	PRODPIS	0	0	0	0	0	0	0	0	0
17	346-MISC POWER PLT EQUIP	PRODPIS	0	0	0	0	0	0	0	0	0
18	340-LAND & LAND RIGHTS - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0	0	0
19	341-STRUCT & IMPROVE - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0	0	0
20	342-FUEL HLD\, PROD, & ACC - ACQ AI	PRODPIS	0	0	0	0	0	0	0	0	0
21	343-PRIME MOVERS - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0	0	0
22	344-GENERATORS - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0	0	0
23	345-ACCESSORY ELECT EQ - ACQ AD.	PRODPIS	0	0	0	0	0	0	0	0	0
24	346-MISC POWER PLT EQUIP - ACQ AI	PRODPIS	0	0	0	0	0	0	0	0	0
25	TOTAL PRODUCTION PLANT RESERVE		$0	$0	$0	$0	$0	$0	$0	$0	$0
26											
27	TRANSMISSION PLANT RESERVE										
28	350-LAND	TRANPIS	$130,588	$0	$0	$0	$0	$0	$0	$0	$0
29	352-STRUCTURES & IMPROV.	TRANPIS	243,686	0	0	0	0	0	0	0	0
30	353-STATION EQUIPMENT	TRANPIS	11,840,743	0	0	0	0	0	0	0	0
31	354-TOWERS & FIXTURES	TRANPIS	432,787	0	0	0	0	0	0	0	0
32	355-POLES & FIXTURES	TRANPIS	13,216,631	0	0	0	0	0	0	0	0
33	356-OVHD COND. & DEVICES	TRANPIS	9,601,308	0	0	0	0	0	0	0	0
34	358-UNDERGROUND CONDUCTORS &	TRANPIS	3,005	0	0	0	0	0	0	0	0
34	359-ROADS & TRAILS	TRANPIS	133,202	0	0	0	0	0	0	0	0
35	350-LAND - ACQ ADJ	TRANPIS	(2,015)	0	0	0	0	0	0	0	0
36	352-STRUCTURES & IMPROV.- ACQ AI	TRANPIS	(7,905)	0	0	0	0	0	0	0	0
37	353-STATION EQUIPMENT - ACQ ADJ	TRANPIS	(1,212,474)	0	0	0	0	0	0	0	0
38	354-TOWERS & FIXTURES - ACQ ADJ	TRANPIS	(100,145)	0	0	0	0	0	0	0	0
39	355-POLES & FIXTURES - ACQ ADJ	TRANPIS	(978,985)	0	0	0	0	0	0	0	0
40	356-OVHD COND. & DEVICES - ACQ AI	TRANPIS	(801,106)	0	0	0	0	0	0	0	0
41	359-ROADS & TRAILS - ACQ ADJ	TRANPIS	(12,022)	0	0	0	0	0	0	0	0
42	TOTAL TRANSMISSION PLANT RESERVE		$32,487,299	$0	$0	$0	$0	$0	$0	$0	$0
43											

UNS ELECTRIC COMPANY
RETAIL COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2008

			TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
44									
45									
	ELECTRIC PLANT IN SERVICE CONTINUED								
1	DISTRIBUTION PLANT RESERVE								
2	360-LAND & LAND RIGHTS	PLT360	$39,431	$39,431	$0	$0	$0	$0	$0
3	361-STRUCTURES & IMPROV	PLT361	1,604,690	1,604,690	0	0	0	0	0
4	362-STATION EQUIPMENT	PLT362	29,319,311	29,319,311	0	0	0	0	0
5	364-POLES, TOWERS & FIXTURES	PLT364	64,768,141	64,768,141	0	0	0	0	0
6	365-OVHD CONDUCTORS & DEVICES	PLT365	47,778,302	47,778,302	0	0	0	0	0
7	366-UDGR CONDUCTORS & DEVICES	PLT366	7,432,398	7,432,398	0	0	0	0	0
8	367-UDGR CONDUIT	PLT367	19,653,085	19,653,085	0	0	0	0	0
9	368-LINE TRANSFORMER	PLT368	41,461,410	41,461,410	0	0	0	0	0
10	369-SERVICE DROP	PLT369	8,211,453	0	0	8,211,453	0	0	0
11	370-METERS	PLT370	2,120,609	0	0	2,120,609	0	0	0
12	371-INSTAL. ON CUST. PREMISE	PLT371	0	0	0	0	0	0	0
13	373-STREET LIGHTS	PLT373	2,621,600	0	0	2,621,600	0	0	0
14	360-LAND & LAND RIGHTS - ACQ ADJ	PLT360	(507)	(507)	0	0	0	0	0
15	361-STRUCTURES & IMPROV - ACQ AI	PLT361	(259,412)	(259,412)	0	0	0	0	0
16	362-STATION EQUIPMENT - ACQ ADJ	PLT362	(2,714,433)	(2,714,433)	0	0	0	0	0
17	364-POLES, TOWERS & FIX - ACQ ADJ	PLT364	(5,370,117)	(5,370,117)	0	0	0	0	0
18	365-OVHD COND & DEVICES - ACQ AD	PLT365	(3,731,981)	(3,731,981)	0	0	0	0	0
19	366-UDGR COND & DEVICES - ACQ AD	PLT366	(963,713)	(963,713)	0	0	0	0	0
20	367-UDGR CONDUIT - ACQ ADJ	PLT367	(1,613,992)	(1,613,992)	0	0	0	0	0
21	368-LINE TRANSFORMER - ACQ ADJ	PLT368	(3,064,870)	(3,064,870)	0	0	0	0	0
22	369-SERVICE DROP - ACQ ADJ	PLT369	(916,869)	0	0	(916,869)	0	0	0
23	370-METERS - ACQ ADJ	PLT370	(500,406)	0	0	(500,406)	0	0	0
24	373-STREET LIGHTS - ACQ ADJ	PLT373	(321,166)	0	0	(321,166)	0	0	0
25	TOTAL DISTRIBUTION PLANT RESV		$205,552,964	$194,337,743	$0	$11,215,221	$0	$0	$0
26									
27	GENERAL PLANT RESERVE								
28	389-LAND & LAND RIGHTS	GENLPIS	$0	$0	$0	$0	$0	$0	$0
29	390-STRUCT & IMPROVE	GENLPIS	1,062,849	816,291	0	246,558	27,416	75,432	0
30	391-OFFICE FURN & EQUIP	GENLPIS	1,767,385	1,357,390	0	409,995	45,589	125,433	0
31	392-TRANSP EQUIP	GENLPIS	3,007,290	2,309,663	0	697,626	77,572	213,431	0
32	393-STORES EQUIPMENT	GENLPIS	98,986	76,023	0	22,963	2,553	7,025	0
33	394-TOOLS, SHOP, & GAR EQ	GENLPIS	1,447,195	1,111,477	0	335,718	37,330	102,709	0
34	395-LABORATORY EQUIP	GENLPIS	398,707	306,216	0	92,491	10,284	28,297	0
35	396-POWER OPER EQUIP	GENLPIS	853,822	655,754	0	198,068	22,024	60,597	0
36	397-COMMUNICATION EQUIP	GENLPIS	632,410	485,705	0	146,705	16,313	44,883	0
37	398-MISCELLANEOUS EQUIP	GENLPIS	96,323	73,978	0	22,345	2,485	6,836	0
38									
39									
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41									
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43									

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
44											
45											
	ELECTRIC PLANT IN SERVICE CONTINUED										
1	DISTRIBUTION PLANT RESERVE										
2	360-LAND & LAND RIGHTS	PLT360	$0	$39,431	$0	$0	$0	$0	$0	$0	$0
3	361-STRUCTURES & IMPROV	PLT361	0	1,604,690	0	0	0	0	0	0	0
4	362-STATION EQUIPMENT	PLT362	0	29,319,311	0	0	0	0	0	0	0
5	364-POLES, TOWERS & FIXTURES	PLT364	0	64,768,141	0	0	0	0	0	0	0
6	365-OVHD CONDUCTORS & DEVICES	PLT365	0	47,778,302	0	0	0	0	0	0	0
7	366-UDGR CONDUCTORS & DEVICES	PLT366	0	0	7,432,398	0	0	0	0	0	0
8	367-UDGR CONDUIT	PLT367	0	0	19,653,085	0	0	0	0	0	0
9	368-LINE TRANSFORMER	PLT368	0	41,461,410	0	0	0	0	0	0	0
10	369-SERVICE DROP	PLT369	0	0	0	8,211,453	0	0	0	0	0
11	370-METERS	PLT370	0	0	0	0	2,120,609	0	0	0	0
12	371-INSTAL. ON CUST. PREMISE	PLT371	0	0	0	0	0	0	0	0	0
13	373-STREET LIGHTS	PLT373	0	0	0	0	0	0	0	0	2,621,600
14	360-LAND & LAND RIGHTS - ACQ ADJ	PLT360	0	(507)	0	0	0	0	0	0	0
15	361-STRUCTURES & IMPROV - ACQ AI	PLT361	0	(259,412)	0	0	0	0	0	0	0
16	362-STATION EQUIPMENT - ACQ ADJ	PLT362	0	(2,714,433)	0	0	0	0	0	0	0
17	364-POLES, TOWERS & FIX - ACQ ADJ	PLT364	0	(5,370,117)	0	0	0	0	0	0	0
18	365-OVHD COND & DEVICES - ACQ AD	PLT365	0	(3,731,981)	0	0	0	0	0	0	0
19	366-UDGR COND & DEVICES - ACQ AD	PLT366	0	0	(963,713)	0	0	0	0	0	0
20	367-UDGR CONDUIT - ACQ ADJ	PLT367	0	0	(1,613,992)	0	0	0	0	0	0
21	368-LINE TRANSFORMER - ACQ ADJ	PLT368	0	(3,064,870)	0	0	0	0	0	0	0
22	369-SERVICE DROP - ACQ ADJ	PLT369	0	0	0	(916,869)	0	0	0	0	0
23	370-METERS - ACQ ADJ	PLT370	0	0	0	0	(500,406)	0	0	0	0
24	373-STREET LIGHTS - ACQ ADJ	PLT373	0	0	0	0	0	0	0	0	(321,166)
25	TOTAL DISTRIBUTION PLANT RESV		$0	$169,829,964	$24,507,779	$7,294,584	$1,620,203	$0	$0	$0	$2,300,434
26											
27	GENERAL PLANT RESERVE										
28	389-LAND & LAND RIGHTS	GENLPIS	$0	$0	$0	$0	$0	$0	$0	$0	$0
29	390-STRUCT & IMPROVE	GENLPIS	79,516	511,203	122,725	17,295	67,793	8,330	112,819	20,277	20,043
30	391-OFFICE FURN & EQUIP	GENLPIS	132,225	850,066	204,077	28,760	112,732	13,853	187,604	33,719	33,329
31	392-TRANSP EQUIP	GENLPIS	224,987	1,446,428	347,246	48,936	191,819	23,571	319,217	57,374	56,710
32	393-STORES EQUIPMENT	GENLPIS	7,406	47,610	11,430	1,611	6,314	776	10,507	1,888	1,867
33	394-TOOLS, SHOP, & GAR EQ	GENLPIS	108,270	696,063	167,105	23,549	92,309	11,343	153,617	27,610	27,291
34	395-LABORATORY EQUIP	GENLPIS	29,829	191,768	46,038	6,488	25,431	3,125	42,322	7,607	7,519
35	396-POWER OPER EQUIP	GENLPIS	63,878	410,666	98,589	13,894	54,461	6,692	90,631	16,289	16,101
36	397-COMMUNICATION EQUIP	GENLPIS	47,313	304,173	73,023	10,291	40,338	4,957	67,129	12,065	11,926
37	398-MISCELLANEOUS EQUIP	GENLPIS	7,206	46,329	11,122	1,567	6,144	755	10,225	1,838	1,816
38											
39											
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41											
42											
43											

UNS ELECTRIC COMPANY
RETAIL COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2008

		TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
44								
45								
1 GENERAL PLANT RESERVE CONTINUED								
2 389-LAND & LAND RIGHTS - ACQ ADJ	GENLPIS	$0	$0	$0	$0	$0	$0	$0
3 390-STRUCT & IMPROVE - ACQ ADJ	GENLPIS	(105,216)	(80,808)	0	(24,408)	(2,714)	(7,467)	0
4 391-OFFICE FURN & EQUIP - ACQ ADJ	GENLPIS	(454,710)	(349,227)	0	(105,483)	(11,729)	(32,271)	0
5 392-TRANSP EQUIP - ACQ ADJ	GENLPIS	187,860	144,280	0	43,579	4,846	13,333	0
6 393-STORES EQUIPMENT - ACQ ADJ	GENLPIS	(6,430)	(4,938)	0	(1,492)	(166)	(456)	0
7 394-TOOLS, SHOP, & GAR EQ - ACQ AI	GENLPIS	(136,469)	(104,811)	0	(31,658)	(3,520)	(9,685)	0
8 395-LABORATORY EQUIP - ACQ ADJ	GENLPIS	(39,240)	(30,137)	0	(9,103)	(1,012)	(2,785)	0
9 396-POWER OPER EQUIP - ACQ ADJ	GENLPIS	(28,962)	(22,243)	0	(6,719)	(747)	(2,055)	0
10 397-COMMUNICATION EQUIP - ACQ AI	GENLPIS	(77,071)	(59,192)	0	(17,879)	(1,988)	(5,470)	0
11 398-MISCELLANEOUS EQUIP - ACQ AI	GENLPIS	(5,545)	(4,258)	0	(1,286)	(143)	(394)	0
12 TOTAL GENERAL PLANT RESERVE		$8,699,184	$6,681,161	$0	$2,018,023	$224,392	$617,391	$0
13								
14 TOTAL RESERVE FOR DEPRECIATION		$256,144,427	$242,777,286	$0	$13,367,141	$224,392	$7,629,778	$0
15								
16 NET PLANT IN SERVICE		$281,223,562	$262,145,853	$0	$19,077,710	$353,471	$22,035,237	$0
17								
18								
19 ADDITIONS & DEDUCTIONS TO RATE BASE								
20								
21 DEFERRED TAXES AND TAX CREDITS								
22 PRODUCTION	PRODPIS	$0	$0	$0	$0	$0	$0	$0
23 TRANSMISSION	TRANPIS	0	0	0	0	0	0	0
24 DISTRIBUTION	DISTPIS	0	0	0	0	0	0	0
25 GENERAL	GENLPIS	(3,012,192)	(2,313,429)	0	(698,764)	(77,698)	(213,779)	0
26 TOTAL DEF. TAXES AND TAX CREDITS		($3,012,192)	($2,313,429)	$0	($698,764)	($77,698)	($213,779)	$0
27								
28 WORKING CAPITAL								
29 CASH WORKING CAPITAL	TOTPIS	($2,810,346)	($2,640,665)	$0	($169,681)	($3,022)	($155,143)	$0
30 MATERIALS & SUPPLIES	TOTPIS	8,261,763	7,762,940	0	498,823	8,884	456,085	0
31 FUEL RELATED	EFUEL	0	0	0	0	0	0	0
32 PREPAYMENTS	TOTPIS	634,351	596,051	0	38,300	682	35,019	0
33 TOTAL CASH WORKING CAPITAL		$6,085,768	$5,718,325	$0	$367,442	$6,544	$335,960	$0
34 CIAC & AMORT	DISTPIS	0	0	0	0	0	0	0
35 CUSTOMER ADVANCES	DISTPIS	(15,080,400)	(14,081,607)	0	(998,793)	0	0	0
36 CUSTOMER DEPOSITS	DDEPOS	(4,064,671)	(3,819,257)	0	(245,414)	(4,371)	(224,387)	0
37 TOTAL CASH WORKING CAPITAL		($13,059,303)	($12,182,538)	$0	($876,765)	$2,173	$111,573	$0
38								
39 TOTAL RATE BASE		$265,152,067	$247,649,886	$0	$17,502,181	$277,946	$21,933,031	$0
40								
41								
42								
43								

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
44											
45											
1	GENERAL PLANT RESERVE CONTINUED										
2	389-LAND & LAND RIGHTS - ACQ ADJ	GENLPIS	$0	$0	$0	$0	$0	$0	$0	$0	$0
3	390-STRUCT & IMPROVE - ACQ ADJ	GENLPIS	(7,872)	(50,606)	(12,149)	(1,712)	(6,711)	(825)	(11,168)	(2,007)	(1,984)
4	391-OFFICE FURN & EQUIP - ACQ ADJ	GENLPIS	(34,019)	(218,704)	(52,505)	(7,399)	(29,003)	(3,564)	(48,267)	(8,675)	(8,575)
5	392-TRANSP EQUIP - ACQ ADJ	GENLPIS	14,054	90,356	21,692	3,057	11,983	1,472	19,941	3,584	3,543
6	393-STORES EQUIPMENT - ACQ ADJ	GENLPIS	(481)	(3,093)	(742)	(105)	(410)	(50)	(683)	(123)	(121)
7	394-TOOLS, SHOP, & GAR EQ - ACQ AI	GENLPIS	(10,210)	(65,638)	(15,758)	(2,221)	(8,705)	(1,070)	(14,486)	(2,604)	(2,573)
8	395-LABORATORY EQUIP - ACQ ADJ	GENLPIS	(2,936)	(18,873)	(4,531)	(639)	(2,503)	(308)	(4,165)	(749)	(740)
9	396-POWER OPER EQUIP - ACQ ADJ	GENLPIS	(2,167)	(13,930)	(3,344)	(471)	(1,847)	(227)	(3,074)	(553)	(546)
10	397-COMMUNICATION EQUIP - ACQ AI	GENLPIS	(5,766)	(37,069)	(8,899)	(1,254)	(4,916)	(604)	(8,181)	(1,470)	(1,453)
11	398-MISCELLANEOUS EQUIP - ACQ AI	GENLPIS	(415)	(2,667)	(640)	(90)	(354)	(43)	(589)	(106)	(105)
12	TOTAL GENERAL PLANT RESERVE		$650,819	$4,184,081	$1,004,478	$141,556	$554,873	$68,183	$923,399	$165,965	$164,046
13											
14	TOTAL RESERVE FOR DEPRECIATION		$33,509,048	$175,575,819	$25,838,249	$7,505,281	$2,215,048	$68,183	$923,399	$165,965	$2,489,265
15											
16	NET PLANT IN SERVICE		$43,650,778	$153,018,739	$43,087,627	$6,929,339	$7,347,961	$107,405	$1,454,576	$261,434	$2,976,994
17											
18											
19	ADDITIONS & DEDUCTIONS TO RATE BASE										
20											
21	DEFERRED TAXES AND TAX CREDITS										
22	PRODUCTION	PRODPIS	$0	$0	$0	$0	$0	$0	$0	$0	$0
23	TRANSMISSION	TRANPIS	0	0	0	0	0	0	0	0	0
24	DISTRIBUTION	DISTPIS	0	0	0	0	0	0	0	0	0
25	GENERAL	GENLPIS	(225,353)	(1,448,786)	(347,812)	(49,015)	(192,131)	(23,609)	(319,738)	(57,467)	(56,803)
26	TOTAL DEF. TAXES AND TAX CREDITS		($225,353)	($1,448,786)	($347,812)	($49,015)	($192,131)	($23,609)	($319,738)	($57,467)	($56,803)
27											
28	WORKING CAPITAL										
29	CASH WORKING CAPITAL	TOTPIS	($403,533)	($1,718,495)	($360,471)	($75,491)	($50,013)	($918)	($12,436)	($2,235)	($28,588)
30	MATERIALS & SUPPLIES	TOTPIS	1,186,294	5,051,976	1,059,701	221,925	147,026	2,700	36,560	6,571	84,041
31	FUEL RELATED	EFUEL	0	0	0	0	0	0	0	0	0
32	PREPAYMENTS	TOTPIS	91,085	387,899	81,365	17,040	11,289	207	2,807	505	6,453
33	TOTAL CASH WORKING CAPITAL		$873,846	$3,721,379	$780,595	$163,474	$108,302	$1,989	$26,931	$4,840	$61,906
34	CIAC & AMORT	DISTPIS	0	0	0	0	0	0	0	0	0
35	CUSTOMER ADVANCES	DISTPIS	0	(11,649,900)	(2,431,707)	(515,749)	(298,160)	0	0	0	(184,884)
36	CUSTOMER DEPOSITS	DDEPOS	(583,640)	(2,485,501)	(521,358)	(109,184)	(72,335)	(1,328)	(17,987)	(3,233)	(41,347)
37	TOTAL CASH WORKING CAPITAL		$290,206	($10,414,022)	($2,172,469)	($461,459)	($262,193)	$660	$8,944	$1,607	($164,325)
38											
39	TOTAL RATE BASE		$43,715,631	$141,155,932	$40,567,345	$6,418,865	$6,893,637	$84,456	$1,143,782	$205,575	$2,755,867
40											
41											
42											
43											

OPERATING REVENUES

		TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
1 SALES REVENUES								
2 SALES OF ELECTRICITY		$159,280,447	39,171,395	109,789,968	7,884,147	(738,465)	1,117,867	(1,217,469)
3 SALES FOR RESALE	TOTPIS	(0)	(0)	0	(0)	(0)	(0)	0
4 TOTAL SALES REVENUE		159,280,446	39,171,394	109,789,968	7,884,147	(738,465)	1,117,867	(1,217,469)
5								
6 OTHER OPERATING REVENUES								
7 450-LATE FEES	SALESREV	0	0	0	0	0	0	0
8 451-MISCELLANEOUS SERVICE REV	SALESREV	1,220,716	1,220,716	1,220,716	1,220,716	1,220,716	1,220,716	1,220,716
9 454-RENT FROM ELECT PROPERTY	SALESREV	428,014	105,260	295,025	21,186	(1,984)	3,004	(3,272)
10 456-OTHER ELECTRIC REVENUES	SALESREV	(3,111)	(765)	(2,145)	(154)	14	(22)	24
11 TOTAL OTHER OPERATING REV		1,645,619	1,325,212	1,513,597	1,241,748	1,218,746	1,223,698	1,217,469
12								
13 TOTAL OPERATING REVENUES		$160,926,066	$40,496,606	$111,303,565	$9,125,895	$480,281	$2,341,565	$0

OPERATING REVENUES

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
1	SALES REVENUES										
2	SALES OF ELECTRICITY		3,833,270	24,840,416	5,248,432	(159,978)	838,056	(213,843)	3,066,658	(864,514)	(869,575)
3	SALES FOR RESALE	TOTPIS	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
4	TOTAL SALES REVENUE		3,833,270	24,840,416	5,248,432	(159,978)	838,056	(213,843)	3,066,658	(864,514)	(869,575)
5											
6	OTHER OPERATING REVENUES										
7	450-LATE FEES	SALESREV	0	0	0	0	0	0	0	0	0
8	451-MISCELLANEOUS SERVICE REV	SALESREV	1,220,716	1,220,716	1,220,716	1,220,716	1,220,716	1,220,716	1,220,716	1,220,716	1,220,716
9	454-RENT FROM ELECT PROPERTY	SALESREV	10,301	66,751	14,103	(430)	2,252	(575)	8,241	(2,323)	(2,337)
10	456-OTHER ELECTRIC REVENUES	SALESREV	(75)	(485)	(103)	3	(16)	4	(60)	17	17
11	TOTAL OTHER OPERATING REV		1,230,942	1,286,982	1,234,717	1,220,290	1,222,952	1,220,146	1,228,897	1,218,410	1,218,397
12											
13	TOTAL OPERATING REVENUES		$5,064,212	$26,127,398	$6,483,150	$1,060,312	$2,061,008	$1,006,303	$4,295,555	$353,896	$348,821

OPERATION & MAINTENANCE EXPENSE

		TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
POWER PRODUCTION EXPENSE								
OTHER POWER GENERATION								
OPERATION								
546-SUPERVISION & ENGINEERING	DPROD	$10,003	$10,003	$0	$0	$10,003	$0	$0
547-FUEL	EFUEL	7,621,714	0	7,621,714	0	0	0	0
548-GENERATION EXPENSES	PRODPIS	37,023	37,023	0	0	0	37,023	0
549-MISC OTH POWER GEN EXP	PRODPIS	116,207	116,207	0	0	0	116,207	0
550-RENTS	PRODPIS	0	0	0	0	0	0	0
550.1-OPER SUPPLIES & EXP	PRODPIS	0	0	0	0	0	0	0
TOTAL OPERATION EXPENSE		7,784,947	163,233	7,621,714	0	10,003	153,230	0
MAINTENANCE								
551-SUPERVISION & ENGINEER	LAB55254	0	0	0	0	0	0	0
552-STRUCTURES	PRODPIS	0	0	0	0	0	0	0
553-GENERATING & ELECT PLT	PRODPIS	127,265	127,265	0	0	0	127,265	0
554-MISC OTH POWER GEN PLT	PRODPIS	65,564	65,564	0	0	0	65,564	0
BLANK	PRODPIS	0	0	0	0	0	0	0
TOTAL MAINTENANCE EXPENSE		192,829	192,829	0	0	0	192,829	0
TOT OTH POWER GENERATION EXP		$7,977,777	$356,063	$7,621,714	$0	$10,003	$346,059	$0
OTHER POWER SUPPLY EXPENSES								
555-PURCHASED POWER								
DEMAND CHARGES	DPROD	0	0	0	0	0	0	0
ENERGY CHARGES	EFUEL	95,598,854	0	95,598,854	0	0	0	0
ENERGY CHARGES	EFUEL	0	0	0	0	0	0	0
OTHER CHARGES	EPROD	0	0	0	0	0	0	0
TOTAL PURCHASED POWER		95,598,854	0	95,598,854	0	0	0	0
556-SYS CONTRL & LOAD DISP	DPROD	3,220	3,220	0	0	3,220	0	0
557-OTHER EXPENSES	DPROD	224,398	224,398	0	0	224,398	0	0
TOTAL OTHER POWER SUPPLY EXP		$95,826,472	$227,618	$95,598,854	$0	$227,618	$0	$0
TOTAL POWER PRODUCTION EXP		$103,804,248	$583,681	$103,220,568	$0	$237,621	$346,059	$0

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
44											
45											
	OPERATION & MAINTENANCE EXPENSE										
1	POWER PRODUCTION EXPENSE										
2	OTHER POWER GENERATION										
3	OPERATION										
4	546-SUPERVISION & ENGINEERING	DPROD	$0	$0	$0	$0	$0	$0	$0	$0	$0
5	547-FUEL	EFUEL	0	0	0	0	0	0	0	0	0
6	548-GENERATION EXPENSES	PRODPIS	0	0	0	0	0	0	0	0	0
7	549-MISC OTH POWER GEN EXP	PRODPIS	0	0	0	0	0	0	0	0	0
8	550-RENTS	PRODPIS	0	0	0	0	0	0	0	0	0
9	550.1-OPER SUPPLIES & EXP	PRODPIS	0	0	0	0	0	0	0	0	0
10	TOTAL OPERATION EXPENSE		0	0	0	0	0	0	0	0	0
11	MAINTENANCE										
12	551-SUPERVISION & ENGINEER	LAB55254	0	0	0	0	0	0	0	0	0
13	552-STRUCTURES	PRODPIS	0	0	0	0	0	0	0	0	0
14	553-GENERATING & ELECT PLT	PRODPIS	0	0	0	0	0	0	0	0	0
15	554-MISC OTH POWER GEN PLT	PRODPIS	0	0	0	0	0	0	0	0	0
16	BLANK	PRODPIS	0	0	0	0	0	0	0	0	0
17	TOTAL MAINTENANCE EXPENSE		0	0	0	0	0	0	0	0	0
18	TOT OTH POWER GENERATION EXP		$0	$0	$0	$0	$0	$0	$0	$0	$0
19											
20	OTHER POWER SUPPLY EXPENSES										
21	555-PURCHASED POWER										
22	DEMAND CHARGES	DPROD	0	0	0	0	0	0	0	0	0
23	ENERGY CHARGES	EFUEL	0	0	0	0	0	0	0	0	0
24	ENERGY CHARGES	EFUEL	0	0	0	0	0	0	0	0	0
25	OTHER CHARGES	EPROD	0	0	0	0	0	0	0	0	0
26	TOTAL PURCHASED POWER		0	0	0	0	0	0	0	0	0
27	556-SYS CONTRL & LOAD DISP	DPROD	0	0	0	0	0	0	0	0	0
28	557-OTHER EXPENSES	DPROD	0	0	0	0	0	0	0	0	0
29	TOTAL OTHER POWER SUPPLY EXP		$0	$0	$0	$0	$0	$0	$0	$0	$0
30											
31											
32											
33											
34											
35											
36											
37											
38											
39											
40	TOTAL POWER PRODUCTION EXP		$0	$0	$0	$0	$0	$0	$0	$0	$0
41											
42											
43											

OPERATION & MAINTENANCE EXPENSE

			TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
1	TRANSMISSION EXPENSES								
2	OPERATION								
3	560-SUPERVISION & ENGINEER	TRANPIS	$0	$0	$0	$0	$0	$0	$0
4	561-LOAD DISPATCHING	TRANPIS	6,095	6,095	0	0	0	0	0
5	562-STATION EXPENSES	TRANPIS	33,073	33,073	0	0	0	0	0
6	563-OVERHEAD LINE EXPENSES	TRANPIS	26,672	26,672	0	0	0	0	0
7	564-UNDERGROUND LINE EXP	TRANPIS	15,619	15,619	0	0	0	0	0
8	565-TRANSM ELECT BY OTHERS	EFUEL	8,082,997	0	8,082,997	0	0	0	0
9	566-MISCELLANEOUS TRNSM EXP	TRANPIS	100,085	100,085	0	0	0	0	0
10	567-RENTS	TRANPIS	27,940	27,940	0	0	0	0	0
11	565-TRANSM ELECT BY OTHERS	EFUEL	0	0	0	0	0	0	0
12	TOTAL OPERATION EXPENSE		8,292,481	209,484	8,082,997	0	0	0	0
13	MAINTENANCE								
14	568-SUPERVISION & ENGINEER	LAB56973	0	0	0	0	0	0	0
15	569-STRUCTURES	TRANPIS	0	0	0	0	0	0	0
16	570-STATION EQUIPMENT	TRANPIS	22,997	22,997	0	0	0	0	0
17	571-OVERHEAD LINES	TRANPIS	37,340	37,340	0	0	0	0	0
18	572-MAINT OF UNDRGRND LINES	TRANPIS	23	23	0	0	0	0	0
19	573-MAINT MISC TRANSM PLT	TRANPIS	0	0	0	0	0	0	0
20	TOTAL MAINTENANCE EXPENSE		60,360	60,360	0	0	0	0	0
21	TOTAL TRANSMISSION EXPENSES		$8,352,841	$269,844	$8,082,997	$0	$0	$0	$0

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
44											
45											
	OPERATION & MAINTENANCE EXPENSE										
1	TRANSMISSION EXPENSES										
2	OPERATION										
3	560-SUPERVISION & ENGINEER	TRANPIS	$0	$0	$0	$0	$0	$0	$0	$0	$0
4	561-LOAD DISPATCHING	TRANPIS	6,095	0	0	0	0	0	0	0	0
5	562-STATION EXPENSES	TRANPIS	33,073	0	0	0	0	0	0	0	0
6	563-OVERHEAD LINE EXPENSES	TRANPIS	26,672	0	0	0	0	0	0	0	0
7	564-UNDERGROUND LINE EXP	TRANPIS	15,619	0	0	0	0	0	0	0	0
8	565-TRANSM ELECT BY OTHERS	EFUEL	0	0	0	0	0	0	0	0	0
9	566-MISCELLANEOUS TRNSM EXP	TRANPIS	100,085	0	0	0	0	0	0	0	0
10	567-RENTS	TRANPIS	27,940	0	0	0	0	0	0	0	0
11	565-TRANSM ELECT BY OTHERS	EFUEL	0	0	0	0	0	0	0	0	0
12	TOTAL OPERATION EXPENSE		209,484	0	0	0	0	0	0	0	0
13	MAINTENANCE										
14	568-SUPERVISION & ENGINEER	LAB56973	0	0	0	0	0	0	0	0	0
15	569-STRUCTURES	TRANPIS	0	0	0	0	0	0	0	0	0
16	570-STATION EQUIPMENT	TRANPIS	22,997	0	0	0	0	0	0	0	0
17	571-OVERHEAD LINES	TRANPIS	37,340	0	0	0	0	0	0	0	0
18	572-MAINT OF UNDRGRND LINES	TRANPIS	23	0	0	0	0	0	0	0	0
19	573-MAINT MISC TRANSM PLT	TRANPIS	0	0	0	0	0	0	0	0	0
20	TOTAL MAINTENANCE EXPENSE		60,360	0	0	0	0	0	0	0	0
21	TOTAL TRANSMISSION EXPENSES		$269,844	$0	$0	$0	$0	$0	$0	$0	$0
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OPERATION & MAINTENANCE EXPENSE CONTINUED

		TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
DISTRIBUTION EXPENSES								
OPERATION								
580-SUPERVISION & ENGINEER	LAB58189	$423,430	$268,825	$0	$154,605	$0	$0	$0
581-LOAD DISPATCHING	DISTPIS	582,583	543,997	0	38,585	0	0	0
582-STATION EXPENSES	PLTDSUB	74,790	74,790	0	0	0	0	0
583-OVERHEAD LINE EXPENSES	PLTDOHL	499,849	499,849	0	0	0	0	0
584-UNDERGROUND LINE EXP	PLTDUGL	490,312	490,312	0	0	0	0	0
585-STREET LIGHT & SIGNAL	PLT373	1,894	0	0	1,894	0	0	0
586-METER EXPENSES	PLT370	778,885	0	0	778,885	0	0	0
587-CUST INSTALLATIONS EXP	DISTPIS	35,827	33,454	0	2,373	0	0	0
588-MISC DISTRIBUTION EXP	DISTPIS	1,097,758	1,025,052	0	72,706	0	0	0
589-RENTS	DISTPIS	83,088	77,585	0	5,503	0	0	0
TOTAL OPERATION EXPENSE		4,068,416	3,013,865	0	1,054,551	0	0	0
MAINTENANCE								
590-SUPERVISION & ENGINEER	LAB59198	0	0	0	0	0	0	0
591-STRUCTURES	PLT361	0	0	0	0	0	0	0
592-STATION EQUIPMENT	PLT362	734,286	734,286	0	0	0	0	0
593-OVERHEAD LINES	DISTSUB	763,922	763,922	0	0	0	0	0
594-UNDERGROUND LINES	PLTDUGL	108,736	108,736	0	0	0	0	0
595-LINE TRANSFORMERS	PLT368	104,881	104,881	0	0	0	0	0
596-STREET LIGHT & SIGNAL	PLT373	315,846	0	0	315,846	0	0	0
597-METERS	PLT370	614	0	0	614	0	0	0
598-MISC DISTRIBUTION PLANT	DISTPIS	15,555	14,525	0	1,030	0	0	0
BLANK	SALESREV	0	0	0	0	0	0	0
TOTAL MAINTENANCE EXPENSE		2,043,840	1,726,350	0	317,490	0	0	0
TOTAL DISTRIBUTION EXPENSES		$6,112,256	$4,740,215	$0	$1,372,041	$0	$0	$0

OPERATION & MAINTENANCE EXPENSE CONTINUED

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
1	DISTRIBUTION EXPENSES										
2	OPERATION										
3	580-SUPERVISION & ENGINEER	LAB58189	$0	$164,155	$104,670	$4,696	$147,939	$0	$0	$0	$1,971
4	581-LOAD DISPATCHING	DISTPIS	0	450,056	93,941	19,924	11,518	0	0	0	7,142
5	582-STATION EXPENSES	PLTDSUB	0	74,790	0	0	0	0	0	0	0
6	583-OVERHEAD LINE EXPENSES	PLTDOHL	0	499,849	0	0	0	0	0	0	0
7	584-UNDERGROUND LINE EXP	PLTDUGL	0	0	490,312	0	0	0	0	0	0
8	585-STREET LIGHT & SIGNAL	PLT373	0	0	0	0	0	0	0	0	1,894
9	586-METER EXPENSES	PLT370	0	0	0	0	778,885	0	0	0	0
10	587-CUST INSTALLATIONS EXP	DISTPIS	0	27,677	5,777	1,225	708	0	0	0	439
11	588-MISC DISTRIBUTION EXP	DISTPIS	0	848,039	177,013	37,543	21,704	0	0	0	13,458
12	589-RENTS	DISTPIS	0	64,187	13,398	2,842	1,643	0	0	0	1,019
13	TOTAL OPERATION EXPENSE		0	2,128,753	885,111	66,230	962,398	0	0	0	25,923
14	MAINTENANCE										
15	590-SUPERVISION & ENGINEER	LAB59198	0	0	0	0	0	0	0	0	0
16	591-STRUCTURES	PLT361	0	0	0	0	0	0	0	0	0
17	592-STATION EQUIPMENT	PLT362	0	734,286	0	0	0	0	0	0	0
18	593-OVERHEAD LINES	DISTSUB	0	763,922	0	0	0	0	0	0	0
19	594-UNDERGROUND LINES	PLTDUGL	0	0	108,736	0	0	0	0	0	0
20	595-LINE TRANSFORMERS	PLT368	0	104,881	0	0	0	0	0	0	0
21	596-STREET LIGHT & SIGNAL	PLT373	0	0	0	0	0	0	0	0	315,846
22	597-METERS	PLT370	0	0	0	0	614	0	0	0	0
23	598-MISC DISTRIBUTION PLANT	DISTPIS	0	12,017	2,508	532	308	0	0	0	191
24	BLANK	SALESREV	0	0	0	0	0	0	0	0	0
25	TOTAL MAINTENANCE EXPENSE		0	1,615,106	111,244	532	922	0	0	0	316,036
26	TOTAL DISTRIBUTION EXPENSES		$0	$3,743,859	$996,355	$66,762	$963,319	$0	$0	$0	$341,960

			TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
44									
45									
	OPERATION & MAINTENANCE EXPENSE CONTINUED								
1	CUSTOMER ACCOUNTS EXPENSES								
2	901-SUPERVISION	LAB90205	$260,950	$0	$0	$260,950	$0	$0	$0
3	902-METER READING EXPENSE	CMETRDG	915,625	0	0	915,625	0	0	0
4	903-CUST RECORDS & COLL EXP	CBILLCOL	3,070,993	0	0	3,070,993	0	0	0
5	904-UNCOLLECTIBLE ACCOUNTS	DISTPIS	764,063	713,458	0	50,605	0	0	0
6	905-MISC CUST ACCTS EXP	CUST	39,451	0	0	39,451	0	0	0
7	TOTAL CUSTOMER ACCTS EXPENSE		$5,051,083	$713,458	$0	$4,337,624	$0	$0	$0
8									
9	CUSTOMER SERVICE & INFO EXP								
10	431-CUSTOMER DEPOSIT INTEREST	DISTPIS	$14,499	$13,539	$0	$960	$0	$0	$0
11	908-CUSTOMER ASSISTANCE EXP	CINFO	94,671	0	0	94,671	0	0	0
12	909-INFO & INSTRUCT EXP	CINFO	49,423	0	0	49,423	0	0	0
13	910-MISC CUST SERV & INFO EX	CINFO	31,336	0	0	31,336	0	0	0
14	TOTAL CUST SERVICE & INFO EXP		$189,930	$13,539	$0	$176,391	$0	$0	$0
15									
16	SALES EXPENSES								
17	911-SUPERVISION	LAB91217	$0	$0	$0	$0	$0	$0	$0
18	912-DEMONSTRATING & SELLING	CUST	0	0	0	0	0	0	0
19	913-ADVERTISING EXPENSE								
20	SAFETY	CUST	0	0	0	0	0	0	0
21	DSM	CDSM	0	0	0	0	0	0	0
22	ENVIRONMENTAL	CENVIRON	0	0	0	0	0	0	0
23	OTHER	CUST	0	0	0	0	0	0	0
24	TOTAL ACCOUNT 913		0	0	0	0	0	0	0
25	914-MISCELLANEOUS SALES EXP	CUST	0	0	0	0	0	0	0
26	TOTAL SALES EXPENSES		$0	$0	$0	$0	$0	$0	$0
27									
28	TOTAL OPER & MAINT EXCL A&G		$123,510,358	$6,320,736	$111,303,565	$5,886,056	$237,621	$346,059	$0
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43									

		CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
OPERATION & MAINTENANCE EXPENSE CONTINUED										
CUSTOMER ACCOUNTS EXPENSES										
901-SUPERVISION	LAB90205	$0	$0	$0	$0	$0	$17,635	$238,825	$0	$4,490
902-METER READING EXPENSE	CMETRDG	0	0	0	0	0	915,625	0	0	0
903-CUST RECORDS & COLL EXP	CBILLCOL	0	0	0	0	0	0	3,070,993	0	0
904-UNCOLLECTIBLE ACCOUNTS	DISTPIS	0	590,254	123,205	26,131	15,107	0	0	0	9,367
905-MISC CUST ACCTS EXP	CUST	0	0	0	0	0	0	0	0	39,451
TOTAL CUSTOMER ACCTS EXPENSE		$0	$590,254	$123,205	$26,131	$15,107	$933,260	$3,309,819	$0	$53,308
CUSTOMER SERVICE & INFO EXP										
431-CUSTOMER DEPOSIT INTEREST	DISTPIS	$0	$11,201	$2,338	$496	$287	$0	$0	$0	$178
908-CUSTOMER ASSISTANCE EXP	CINFO	0	0	0	0	0	0	0	94,671	0
909-INFO & INSTRUCT EXP	CINFO	0	0	0	0	0	0	0	49,423	0
910-MISC CUST SERV & INFO EX	CINFO	0	0	0	0	0	0	0	31,336	0
TOTAL CUST SERVICE & INFO EXP		$0	$11,201	$2,338	$496	$287	$0	$0	$175,431	$178
SALES EXPENSES										
911-SUPERVISION	LAB91217	$0	$0	$0	$0	$0	$0	$0	$0	$0
912-DEMONSTRATING & SELLING	CUST	0	0	0	0	0	0	0	0	0
913-ADVERTISING EXPENSE										
SAFETY	CUST	0	0	0	0	0	0	0	0	0
DSM	CDSM	0	0	0	0	0	0	0	0	0
ENVIRONMENTAL	CENVIRON	0	0	0	0	0	0	0	0	0
OTHER	CUST	0	0	0	0	0	0	0	0	0
TOTAL ACCOUNT 913		0	0	0	0	0	0	0	0	0
914-MISCELLANEOUS SALES EXP	CUST	0	0	0	0	0	0	0	0	0
TOTAL SALES EXPENSES		$0	$0	$0	$0	$0	$0	$0	$0	$0
TOTAL OPER & MAINT EXCL A&G		$269,844	$4,345,314	$1,121,898	$93,389	$978,713	$933,260	$3,309,819	$175,431	$395,446

OPERATION & MAINTENANCE EXPENSE CONTINUED

		TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
ADMINISTRATIVE & GENERAL EXP								
OPERATION								
920-ADMIN & GEN SALARIES	LABXAG	$2,958,987	$2,174,493	$0	$784,494	$89,534	$104,447	$0
921-OFFICE SUPPLIES & EXP	LABXAG	971,717	714,093	0	257,624	29,403	34,300	0
922-ADMIN EXP TRANSF-CREDIT	LABXAG	(1,004,502)	(738,186)	0	(266,316)	(30,395)	(35,457)	0
923-OUTSIDE SERVICES EMPLOY	LABXAG	1,174,772	863,314	0	311,458	35,547	41,467	0
924-PROPERTY INSURANCE								
PRODUCTION RELATED	PRODPIS	0	0	0	0	0	0	0
TRANSMISSION RELATED	TRANPIS	0	0	0	0	0	0	0
DISTRIBUTION RELATED	DISTPIS	81,780	76,363	0	5,416	0	0	0
OTHER	TOTPIS	0	0	0	0	0	0	0
925-INJURIES & DAMAGES	LABXAG	511,137	375,623	0	135,514	15,466	18,042	0
926-EMPLOYEE PENSNS & BENE	LABXAG	1,990,376	1,462,683	0	527,693	60,226	70,257	0
927-FRANCHISE REQUIREMENTS	TOTPIS	0	0	0	0	0	0	0
928-REGULATORY COMMISSION EXP	TOTPIS	197,223	185,315	0	11,908	212	10,888	0
929-DUPLICATE CHARGES-CR.	TOTPIS	(86,769)	(81,530)	0	(5,239)	(93)	(4,790)	0
930-GENERL ADVERTISING EX	TOTPIS	350,073	328,937	0	21,136	376	19,326	0
931-RENTS	TOTPIS	54,001	50,740	0	3,260	58	2,981	0
933-TRANSPORTATION EXPT	TOTPIS	0	0	0	0	0	0	0
TOTAL OPERATION EXPENSE		7,198,796	5,411,846	0	1,786,950	200,335	261,460	0
MAINTENANCE								
935-MAINT OF GENERAL PLANT	GENLPIS	20,026	15,380	0	4,646	517	1,421	0
TOTAL ADMIN & GENERAL EXPENSE		7,218,822	5,427,226	0	1,791,595	200,851	262,881	0
PAYROLL EXPENSE ADJUSTMENT	LABXAG	0	0	0	0	0	0	0
TOTAL OPERATION & MAINT EXP		130,729,179	11,747,963	111,303,565	7,677,652	438,472	608,941	0

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
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45											
	OPERATION & MAINTENANCE EXPENSE CONTINUED										
1	ADMINISTRATIVE & GENERAL EXP										
2	OPERATION										
3	920-ADMIN & GEN SALARIES	LABXAG	$202,294	$1,427,857	$350,360	$45,785	$215,215	$27,206	$368,445	$66,221	$61,621
4	921-OFFICE SUPPLIES & EXP	LABXAG	66,433	468,901	115,057	15,036	70,676	8,934	120,996	21,747	20,236
5	922-ADMIN EXP TRANSF-CREDIT	LABXAG	(68,674)	(484,722)	(118,939)	(15,543)	(73,060)	(9,236)	(125,078)	(22,481)	(20,919)
6	923-OUTSIDE SERVICES EMPLOY	LABXAG	80,315	566,886	139,099	18,178	85,444	10,801	146,279	26,291	24,465
7	924-PROPERTY INSURANCE										
8	PRODUCTION RELATED	PRODPIS	0	0	0	0	0	0	0	0	0
9	TRANSMISSION RELATED	TRANPIS	0	0	0	0	0	0	0	0	0
10	DISTRIBUTION RELATED	DISTPIS	0	63,176	13,187	2,797	1,617	0	0	0	1,003
11	OTHER	TOTPIS	0	0	0	0	0	0	0	0	0
12											
13	925-INJURIES & DAMAGES	LABXAG	34,944	246,649	60,521	7,909	37,176	4,700	63,645	11,439	10,644
14	926-EMPLOYEE PENSNS & BENE	LABXAG	136,074	960,455	235,671	30,798	144,766	18,300	247,836	44,544	41,450
15	927-FRANCHISE REQUIREMENTS	TOTPIS	0	0	0	0	0	0	0	0	0
16	928-REGULATORY COMMISSION EXP	TOTPIS	28,319	120,600	25,297	5,298	3,510	64	873	157	2,006
17	929-DUPLICATE CHARGES-CR.	TOTPIS	(12,459)	(53,058)	(11,129)	(2,331)	(1,544)	(28)	(384)	(69)	(883)
18	930-GENERL ADVERTISING EX	TOTPIS	50,266	214,066	44,902	9,404	6,230	114	1,549	278	3,561
19	931-RENTS	TOTPIS	7,754	33,021	6,926	1,451	961	18	239	43	549
20	933-TRANSPORTATION EXPT	TOTPIS	0	0	0	0	0	0	0	0	0
21	TOTAL OPERATION EXPENSE		525,267	3,563,831	860,954	118,780	490,991	60,873	824,400	148,171	143,734
22	MAINTENANCE										
23	935-MAINT OF GENERAL PLANT	GENLPIS	1,498	9,632	2,312	326	1,277	157	2,126	382	378
24	TOTAL ADMIN & GENERAL EXPENSE		526,765	3,573,463	863,266	119,106	492,268	61,030	826,526	148,554	144,112
25	PAYROLL EXPENSE ADJUSTMENT	LABXAG	0	0	0	0	0	0	0	0	0
26	TOTAL OPERATION & MAINT EXP		796,609	7,918,777	1,985,164	212,495	1,470,981	994,290	4,136,345	323,984	539,558
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			TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
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	DEPRECIATION & AMORTIZATION EXPENSE								
1	DEPRECIATION EXPENSE								
2									
3	INTANGIBLE DEPREC EXP								
4	302-FRANCH & CONSENTS	PISXGENL	$20	$19	$0	$1	$0	$1	$0
5	303-MISC. INTANG PLT	PISXGENL	1,160,542	1,099,135	0	61,407	0	63,271	0
6	302-FRANCH & CONSENTS - ACQ ADJ	PISXGENL	(153)	(145)	0	(8)	0	(8)	0
7	303-MISC. INTANG PLT - ACQ ADJ	PISXGENL	(119,427)	(113,108)	0	(6,319)	0	(6,511)	0
8	TOTAL INTANGIBLE DEPREC EXPENSE		$1,040,982	$985,901	$0	$55,081	$0	$56,753	$0
9									
10	PRODUCTION DEPREC EXP								
11	340-LAND & LAND RIGHTS	PRODPIS	$0	$0	$0	$0	$0	$0	$0
12	341-STRUCT & IMPROVE	PRODPIS	32,914	32,914	0	0	0	32,914	0
13	342-FUEL HLD\, PROD, & ACC	PRODPIS	19,643	19,643	0	0	0	19,643	0
14	343-PRIME MOVERS	PRODPIS	308,783	308,783	0	0	0	308,783	0
15	344-GENERATORS	PRODPIS	96,843	96,843	0	0	0	96,843	0
16	345-ACCESSORY ELECT EQ	PRODPIS	53,906	53,906	0	0	0	53,906	0
17	346-MISC POWER PLT EQUIP	PRODPIS	28,904	28,904	0	0	0	28,904	0
18	340-LAND & LAND RIGHTS - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0
19	341-STRUCT & IMPROVE - ACQ ADJ	PRODPIS	(2,258)	(2,258)	0	0	0	(2,258)	0
20	342-FUEL HLD\, PROD, & ACC - ACQ AI	PRODPIS	(6,296)	(6,296)	0	0	0	(6,296)	0
21	343-PRIME MOVERS - ACQ ADJ	PRODPIS	(74,538)	(74,538)	0	0	0	(74,538)	0
22	344-GENERATORS - ACQ ADJ	PRODPIS	(15,953)	(15,953)	0	0	0	(15,953)	0
23	345-ACCESSORY ELECT EQ - ACQ AD.	PRODPIS	(14,093)	(14,093)	0	0	0	(14,093)	0
24	346-MISC POWER PLT EQUIP - ACQ AI	PRODPIS	(4,797)	(4,797)	0	0	0	(4,797)	0
25	TOTAL PRODUCTION DEPREC EXPENSE		$423,060	$423,060	$0	$0	$0	$423,060	$0
26									
27	TRANSMISSION DEPREC EXP								
28	350-LAND	TRANPIS	$3,823	$3,823	$0	$0	$0	$0	$0
29	352-STRUCTURES & IMPROV.	TRANPIS	13,625	13,625	0	0	0	0	0
30	353-STATION EQUIPMENT	TRANPIS	542,398	542,398	0	0	0	0	0
31	354-TOWERS & FIXTURES	TRANPIS	22,677	22,677	0	0	0	0	0
32	355-POLES & FIXTURES	TRANPIS	959,507	959,507	0	0	0	0	0
33	356-OVHD COND. & DEVICES	TRANPIS	369,804	369,804	0	0	0	0	0
34	358-UNDERGROUND CONDUCTORS &	TRANPIS	1,121	1,121	0	0	0	0	0
34	359-ROADS & TRAILS	TRANPIS	3,475	3,475	0	0	0	0	0
35	350-LAND - ACQ ADJ	TRANPIS	(1,898)	(1,898)	0	0	0	0	0
36	352-STRUCTURES & IMPROV.- ACQ AI	TRANPIS	(965)	(965)	0	0	0	0	0
37	353-STATION EQUIPMENT - ACQ ADJ	TRANPIS	(152,537)	(152,537)	0	0	0	0	0
38	354-TOWERS & FIXTURES - ACQ ADJ	TRANPIS	(9,443)	(9,443)	0	0	0	0	0
39	355-POLES & FIXTURES - ACQ ADJ	TRANPIS	(135,224)	(135,224)	0	0	0	0	0
40	356-OVHD COND. & DEVICES - ACQ AI	TRANPIS	(84,215)	(84,215)	0	0	0	0	0

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
44											
45											
	DEPRECIATION & AMORTIZATION EXPENSE										
1	DEPRECIATION EXPENSE										
2											
3	INTANGIBLE DEPREC EXP										
4	302-FRANCH & CONSENTS	PISXGENL	$3	$12	$3	$1	$0	$0	$0	$0	$0
5	303-MISC. INTANG PLT	PISXGENL	170,113	716,248	149,504	31,709	18,331	0	0	0	11,367
6	302-FRANCH & CONSENTS - ACQ ADJ	PISXGENL	(22)	(95)	(20)	(4)	(2)	0	0	0	(2)
7	303-MISC. INTANG PLT - ACQ ADJ	PISXGENL	(17,506)	(73,706)	(15,385)	(3,263)	(1,886)	0	0	0	(1,170)
8	TOTAL INTANGIBLE DEPREC EXPENSE		$152,587	$642,459	$134,102	$28,442	$16,443	$0	$0	$0	$10,196
9											
10	PRODUCTION DEPREC EXP										
11	340-LAND & LAND RIGHTS	PRODPIS	$0	$0	$0	$0	$0	$0	$0	$0	$0
12	341-STRUCT & IMPROVE	PRODPIS	0	0	0	0	0	0	0	0	0
13	342-FUEL HLD\, PROD, & ACC	PRODPIS	0	0	0	0	0	0	0	0	0
14	343-PRIME MOVERS	PRODPIS	0	0	0	0	0	0	0	0	0
15	344-GENERATORS	PRODPIS	0	0	0	0	0	0	0	0	0
16	345-ACCESSORY ELECT EQ	PRODPIS	0	0	0	0	0	0	0	0	0
17	346-MISC POWER PLT EQUIP	PRODPIS	0	0	0	0	0	0	0	0	0
18	340-LAND & LAND RIGHTS - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0	0	0
19	341-STRUCT & IMPROVE - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0	0	0
20	342-FUEL HLD\, PROD, & ACC - ACQ AI	PRODPIS	0	0	0	0	0	0	0	0	0
21	343-PRIME MOVERS - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0	0	0
22	344-GENERATORS - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0	0	0
23	345-ACCESSORY ELECT EQ - ACQ AD.	PRODPIS	0	0	0	0	0	0	0	0	0
24	346-MISC POWER PLT EQUIP - ACQ AI	PRODPIS	0	0	0	0	0	0	0	0	0
25	TOTAL PRODUCTION DEPREC EXPENSE		$0	$0	$0	$0	$0	$0	$0	$0	$0
26											
27	TRANSMISSION DEPREC EXP										
28	350-LAND	TRANPIS	$3,823	$0	$0	$0	$0	$0	$0	$0	$0
29	352-STRUCTURES & IMPROV.	TRANPIS	13,625	0	0	0	0	0	0	0	0
30	353-STATION EQUIPMENT	TRANPIS	542,398	0	0	0	0	0	0	0	0
31	354-TOWERS & FIXTURES	TRANPIS	22,677	0	0	0	0	0	0	0	0
32	355-POLES & FIXTURES	TRANPIS	959,507	0	0	0	0	0	0	0	0
33	356-OVHD COND. & DEVICES	TRANPIS	369,804	0	0	0	0	0	0	0	0
34	358-UNDERGROUND CONDUCTORS &	TRANPIS	1,121	0	0	0	0	0	0	0	0
34	359-ROADS & TRAILS	TRANPIS	3,475	0	0	0	0	0	0	0	0
35	350-LAND - ACQ ADJ	TRANPIS	(1,898)	0	0	0	0	0	0	0	0
36	352-STRUCTURES & IMPROV.- ACQ AI	TRANPIS	(965)	0	0	0	0	0	0	0	0
37	353-STATION EQUIPMENT - ACQ ADJ	TRANPIS	(152,537)	0	0	0	0	0	0	0	0
38	354-TOWERS & FIXTURES - ACQ ADJ	TRANPIS	(9,443)	0	0	0	0	0	0	0	0
39	355-POLES & FIXTURES - ACQ ADJ	TRANPIS	(135,224)	0	0	0	0	0	0	0	0
40	356-OVHD COND. & DEVICES - ACQ AI	TRANPIS	(84,215)	0	0	0	0	0	0	0	0

			TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
41	358-UNDERGROUND DEVICES - ACQ A	TRANPIS	0	0	0	0	0	0	0
41	359-ROADS & TRAILS - ACQ ADJ	TRANPIS	(1,121)	(1,121)	0	0	0	0	0
42	TOTAL TRANSMISSION DEPREC EXPENSE		$1,531,028	$1,531,028	$0	$0	$0	$0	$0
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DEPRECIATION & AMORTIZATION EXPENSE

1	DISTRIBUTION DEPREC EXPENSE								
2	360-LAND RIGHTS	PLT360	$1,480	$1,480	$0	$0	$0	$0	$0
3	361-STRUCTURES & IMPROV	PLT361	175,281	175,281	0	0	0	0	0
4	362-STATION EQUIPMENT	PLT362	1,691,289	1,691,289	0	0	0	0	0
5	364-POLES, TOWERS & FIXTURES	PLT364	3,293,750	3,293,750	0	0	0	0	0
6	365-OVERHEAD CONDUCT & DEV	PLT365	2,342,026	2,342,026	0	0	0	0	0
7	366-UNDERGROUND CONDUIT	PLT366	612,122	612,122	0	0	0	0	0
8	367-UNDERGROUND COND & DEV	PLT367	1,646,348	1,646,348	0	0	0	0	0
9	368-LINE TRANSFORMERS	PLT368	2,798,122	2,798,122	0	0	0	0	0
10	369-SERVICES	PLT369	537,690	0	0	537,690	0	0	0
11	370-METERS	PLT370	255,143	0	0	255,143	0	0	0
12	371-INSTALLATIONS CUST PREM	PLT371	0	0	0	0	0	0	0
13	373-STRT LGHT & SIGNAL SYS	PLT373	162,199	0	0	162,199	0	0	0
14	360-LAND RIGHTS - ACQ ADJ	PLT360	(477)	(477)	0	0	0	0	0
15	361-STRUCTURES & IMPROV - ACQ AI	PLT361	(40,378)	(40,378)	0	0	0	0	0
16	362-STATION EQUIPMENT - ACQ ADJ	PLT362	(358,189)	(358,189)	0	0	0	0	0
17	364-POLES, TOWERS & FIX - ACQ ADJ	PLT364	(799,568)	(799,568)	0	0	0	0	0
18	365-OVERHEAD COND & DEV - ACQ A	PLT365	(482,646)	(482,646)	0	0	0	0	0
19	366-UNDERGRND CONDUIT - ACQ AD	PLT366	(152,216)	(152,216)	0	0	0	0	0
20	367-UNDERGR COND & DEV - ACQ AD	PLT367	(225,545)	(225,545)	0	0	0	0	0
21	368-LINE TRANSFORMERS - ACQ ADJ	PLT368	(431,512)	(431,512)	0	0	0	0	0
22	369-SERVICES - ACQ ADJ	PLT369	(134,150)	0	0	(134,150)	0	0	0
23	370-METERS - ACQ ADJ	PLT370	(81,914)	0	0	(81,914)	0	0	0
24	373-ST LIGHT & SIGNAL SYS - ACQ AD	PLT373	(43,073)	0	0	(43,073)	0	0	0
25	TOTAL DISTRIBUTION DEPREC EXPENSE		$10,765,782	$10,069,887	$0	$695,895	$0	$0	$0
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			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
41	358-UNDERGROUND DEVICES - ACQ /	TRANPIS	0	0	0	0	0	0	0	0	0
41	359-ROADS & TRAILS - ACQ ADJ	TRANPIS	(1,121)	0	0	0	0	0	0	0	0
42	TOTAL TRANSMISSION DEPREC EXPENSE		$1,531,028	$0	$0	$0	$0	$0	$0	$0	$0
43											
44											
45											

DEPRECIATION & AMORTIZATION EXPENSE

1	DISTRIBUTION DEPREC EXPENSE										
2	360-LAND RIGHTS	PLT360	$0	$1,480	$0	$0	$0	$0	$0	$0	$0
3	361-STRUCTURES & IMPROV	PLT361	0	175,281	0	0	0	0	0	0	0
4	362-STATION EQUIPMENT	PLT362	0	1,691,289	0	0	0	0	0	0	0
5	364-POLES, TOWERS & FIXTURES	PLT364	0	3,293,750	0	0	0	0	0	0	0
6	365-OVERHEAD CONDUCT & DEV	PLT365	0	2,342,026	0	0	0	0	0	0	0
7	366-UNDERGROUND CONDUIT	PLT366	0	0	612,122	0	0	0	0	0	0
8	367-UNDERGROUND COND & DEV	PLT367	0	0	1,646,348	0	0	0	0	0	0
9	368-LINE TRANSFORMERS	PLT368	0	2,798,122	0	0	0	0	0	0	0
10	369-SERVICES	PLT369	0	0	0	537,690	0	0	0	0	0
11	370-METERS	PLT370	0	0	0	0	255,143	0	0	0	0
12	371-INSTALLATIONS CUST PREM	PLT371	0	0	0	0	0	0	0	0	0
13	373-STRT LGHT & SIGNAL SYS	PLT373	0	0	0	0	0	0	0	0	162,199
14	360-LAND RIGHTS - ACQ ADJ	PLT360	0	(477)	0	0	0	0	0	0	0
15	361-STRUCTURES & IMPROV - ACQ AI	PLT361	0	(40,378)	0	0	0	0	0	0	0
16	362-STATION EQUIPMENT - ACQ ADJ	PLT362	0	(358,189)	0	0	0	0	0	0	0
17	364-POLES, TOWERS & FIX - ACQ ADJ	PLT364	0	(799,568)	0	0	0	0	0	0	0
18	365-OVERHEAD COND & DEV - ACQ A	PLT365	0	(482,646)	0	0	0	0	0	0	0
19	366-UNDERGRND CONDUIT - ACQ AD	PLT366	0	0	(152,216)	0	0	0	0	0	0
20	367-UNDERGR COND & DEV - ACQ AC	PLT367	0	0	(225,545)	0	0	0	0	0	0
21	368-LINE TRANSFORMERS - ACQ ADJ	PLT368	0	(431,512)	0	0	0	0	0	0	0
22	369-SERVICES - ACQ ADJ	PLT369	0	0	0	(134,150)	0	0	0	0	0
23	370-METERS - ACQ ADJ	PLT370	0	0	0	0	(81,914)	0	0	0	0
24	373-ST LIGHT & SIGNAL SYS - ACQ AC	PLT373	0	0	0	0	0	0	0	0	(43,073)
25	TOTAL DISTRIBUTION DEPREC EXPENSE		$0	$8,189,177	$1,880,709	$403,540	$173,229	$0	$0	$0	$119,127
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			TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
	OPERATION & MAINTENANCE EXPENSE CONTINUED								
1	GENERAL DEPREC EXPENSE								
2	389-LAND & LAND RIGHTS	GENLPIS	$0	$0	$0	$0	$0	$0	$0
3	390-STRUCT & IMPROVE	GENLPIS	76,639	58,860	0	17,779	1,977	5,439	0
4	391-OFFICE FURN & EQUIP	GENLPIS	426,158	327,298	0	98,859	10,993	30,245	0
5	392-TRANSP EQUIP	GENLPIS	(68,346)	(52,491)	0	(15,855)	(1,763)	(4,851)	0
6	393-STORES EQUIPMENT	GENLPIS	1,657	1,273	0	384	43	118	0
7	394-TOOLS, SHOP, & GAR EQ	GENLPIS	84,270	64,722	0	19,549	2,174	5,981	0
8	395-LABORATORY EQUIP	GENLPIS	33,558	25,773	0	7,785	866	2,382	0
9	396-POWER OPER EQUIP	GENLPIS	97,285	74,717	0	22,568	2,509	6,904	0
10	397-COMMUNICATION EQUIP	GENLPIS	17,394	13,359	0	4,035	449	1,234	0
11	398-MISCELLANEOUS EQUIP	GENLPIS	8,184	6,285	0	1,899	211	581	0
12	389-LAND & LAND RIGHTS - ACQ ADJ	GENLPIS	0	0	0	0	0	0	0
13	390-STRUCT & IMPROVE - ACQ ADJ	GENLPIS	(14,725)	(11,309)	0	(3,416)	(380)	(1,045)	0
14	391-OFFICE FURN & EQUIP - ACQ ADJ	GENLPIS	(130,566)	(100,277)	0	(30,288)	(3,368)	(9,266)	0
15	392-TRANSP EQUIP - ACQ ADJ	GENLPIS	0	0	0	0	0	0	0
16	393-STORES EQUIPMENT - ACQ ADJ	GENLPIS	(979)	(752)	0	(227)	(25)	(69)	0
17	394-TOOLS, SHOP, & GAR EQ - ACQ AI	GENLPIS	(23,740)	(18,233)	0	(5,507)	(612)	(1,685)	0
18	395-LABORATORY EQUIP - ACQ ADJ	GENLPIS	(7,528)	(5,782)	0	(1,746)	(194)	(534)	0
19	396-POWER OPER EQUIP - ACQ ADJ	GENLPIS	(7,895)	(6,063)	0	(1,831)	(204)	(560)	0
20	397-COMMUNICATION EQUIP - ACQ AI	GENLPIS	(15,968)	(12,264)	0	(3,704)	(412)	(1,133)	0
21	398-MISCELLANEOUS EQUIP - ACQ AI	GENLPIS	(1,027)	(789)	0	(238)	(26)	(73)	0
22	TOTAL GENERAL DEPREC EXPENSE		$474,371	$364,327	$0	$110,044	$12,236	$33,667	$0
23									
24	TOTAL DEPREC & AMORT EXPENSE		$14,235,222	$13,374,202	$0	$861,020	$12,236	$513,479	$0
25									
26									
27	TAXES OTHER THAN INCOME TAXES								
28									
29	TAXES OTHER THAN INCOME TAXES								
30	PRODUCTION PROPERTY TAX	PRODPIS	$198,106	$198,106	$0	$0	$0	$198,106	$0
31	TRANSMISSTION PROPERTY TAX	TRANPIS	437,531	437,531	0	0	0	0	0
32	DISTRIBUTION PROPERTY TAX	DISTPIS	2,500,847	2,335,213	0	165,634	0	0	0

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
	OPERATION & MAINTENANCE EXPENSE CONTINUED										
1	GENERAL DEPREC EXPENSE										
2	389-LAND & LAND RIGHTS	GENLPIS	$0	$0	$0	$0	$0	$0	$0	$0	$0
3	390-STRUCT & IMPROVE	GENLPIS	5,734	36,861	8,849	1,247	4,888	601	8,135	1,462	1,445
4	391-OFFICE FURN & EQUIP	GENLPIS	31,882	204,971	49,208	6,935	27,182	3,340	45,236	8,130	8,036
5	392-TRANSP EQUIP	GENLPIS	(5,113)	(32,873)	(7,892)	(1,112)	(4,359)	(536)	(7,255)	(1,304)	(1,289)
6	393-STORES EQUIPMENT	GENLPIS	124	797	191	27	106	13	176	32	31
7	394-TOOLS, SHOP, & GAR EQ	GENLPIS	6,305	40,532	9,731	1,371	5,375	661	8,945	1,608	1,589
8	395-LABORATORY EQUIP	GENLPIS	2,511	16,140	3,875	546	2,140	263	3,562	640	633
9	396-POWER OPER EQUIP	GENLPIS	7,278	46,791	11,233	1,583	6,205	763	10,327	1,856	1,835
10	397-COMMUNICATION EQUIP	GENLPIS	1,301	8,366	2,008	283	1,109	136	1,846	332	328
11	398-MISCELLANEOUS EQUIP	GENLPIS	612	3,936	945	133	522	64	869	156	154
12	389-LAND & LAND RIGHTS - ACQ ADJ	GENLPIS	0	0	0	0	0	0	0	0	0
13	390-STRUCT & IMPROVE - ACQ ADJ	GENLPIS	(1,102)	(7,083)	(1,700)	(240)	(939)	(115)	(1,563)	(281)	(278)
14	391-OFFICE FURN & EQUIP - ACQ ADJ	GENLPIS	(9,768)	(62,799)	(15,076)	(2,125)	(8,328)	(1,023)	(13,859)	(2,491)	(2,462)
15	392-TRANSP EQUIP - ACQ ADJ	GENLPIS	0	0	0	0	0	0	0	0	0
16	393-STORES EQUIPMENT - ACQ ADJ	GENLPIS	(73)	(471)	(113)	(16)	(62)	(8)	(104)	(19)	(18)
17	394-TOOLS, SHOP, & GAR EQ - ACQ AI	GENLPIS	(1,776)	(11,418)	(2,741)	(386)	(1,514)	(186)	(2,520)	(453)	(448)
18	395-LABORATORY EQUIP - ACQ ADJ	GENLPIS	(563)	(3,621)	(869)	(123)	(480)	(59)	(799)	(144)	(142)
19	396-POWER OPER EQUIP - ACQ ADJ	GENLPIS	(591)	(3,797)	(912)	(128)	(504)	(62)	(838)	(151)	(149)
20	397-COMMUNICATION EQUIP - ACQ AI	GENLPIS	(1,195)	(7,680)	(1,844)	(260)	(1,019)	(125)	(1,695)	(305)	(301)
21	398-MISCELLANEOUS EQUIP - ACQ AI	GENLPIS	(77)	(494)	(119)	(17)	(66)	(8)	(109)	(20)	(19)
22	TOTAL GENERAL DEPREC EXPENSE		$35,489	$228,160	$54,775	$7,719	$30,258	$3,718	$50,353	$9,050	$8,946
23											
24	TOTAL DEPREC & AMORT EXPENSE		$1,719,105	$9,059,796	$2,069,586	$439,701	$219,929	$3,718	$50,353	$9,050	$138,268
25											
26											
27	TAXES OTHER THAN INCOME TAXES										
28											
29	TAXES OTHER THAN INCOME TAXES										
30	PRODUCTION PROPERTY TAX	PRODPIS	$0	$0	$0	$0	$0	$0	$0	$0	$0
31	TRANSMISSTION PROPERTY TAX	TRANPIS	437,531	0	0	0	0	0	0	0	0
32	DISTRIBUTION PROPERTY TAX	DISTPIS	0	1,931,953	403,260	85,529	49,445	0	0	0	30,660

			TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
33	GENERAL PROPERTY TAX	TOTPIS	171,505	161,150	0	10,355	184	9,468	0
34	PAYROLL TAX	LABXAG	445,648	327,497	0	118,151	13,485	15,731	0
35	MEDICAL AND DENTAL	LABXAG	5,173	3,801	0	1,371	157	183	0
36	REGULATORY & OTHER	LABXAG	78,240	57,497	0	20,743	2,367	2,762	0
37	TOTAL TAXES OTHER THAN INCOME		$3,837,049	$3,520,795	$0	$316,255	$16,193	$226,249	$0
38									
39									
40	TOTAL EXPENSES BEFORE INCOME TAX		$148,801,451	$28,642,960	$111,303,565	$8,854,927	$466,902	$1,348,668	$0
41									
42	OPERATING INCOME BEFORE INCOME TAX		$12,124,615	$11,853,646	$0	$270,968	$13,380	$992,897	$0
43									
44									
45									

DEVELOPMENT OF INCOME TAXES

1	TOTAL OPERATING REVENUES		160,926,066	40,496,606	111,303,565	9,125,895	480,281	2,341,565	0
2									
3	LESS:								
4	OPERATION & MAINT EXPENSE		130,729,179	11,747,963	111,303,565	7,677,652	438,472	608,941	0
5	DEPREC & AMORT EXPENSE		0	0	0	0	0	0	0
6	TAXES OTHER THAN INCOME		3,837,049	3,520,795	0	316,255	16,193	226,249	0
7									
8	OPERATING INCOME BEFORE TAXES		26,359,837	25,227,849	0	1,131,988	25,616	1,506,376	0
9									
10	LESS:								
11	INTEREST	TOTPIS	0	0	0	0	0	0	0
12									
13	STATE TAXABLE INCOME		26,359,837	25,227,849	0	1,131,988	25,616	1,506,376	0
14	TOTAL STATE INCOME TAX		0	0	0	0	0	0	0
15									
16									
17	FEDERAL TAXABLE INCOME		26,359,837	25,227,849	0	1,131,988	25,616	1,506,376	0
18									
19	STATE AND FEDERAL INCOME TAX	TOTPIS	0	0	0	0	0	0	0
20	INC TAX	TOTPIS	2,121,267	1,993,191	0	128,076	2,281	117,103	0
21	DEF INC TAX	TOTPIS	0	0	0	0	0	0	0

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
33	GENERAL PROPERTY TAX	TOTPIS	24,626	104,873	21,998	4,607	3,052	56	759	136	1,745
34	PAYROLL TAX	LABXAG	30,467	215,047	52,767	6,896	32,413	4,097	55,491	9,973	9,281
35	MEDICAL AND DENTAL	LABXAG	354	2,496	613	80	376	48	644	116	108
36	REGULATORY & OTHER	LABXAG	5,349	37,755	9,264	1,211	5,691	719	9,742	1,751	1,629
37	TOTAL TAXES OTHER THAN INCOME		$498,327	$2,292,124	$487,902	$98,322	$90,977	$4,920	$66,636	$11,977	$43,422
38											
39											
40	TOTAL EXPENSES BEFORE INCOME TAX		$3,014,041	$19,270,697	$4,542,652	$750,518	$1,781,888	$1,002,928	$4,253,334	$345,011	$721,248
41											
42	OPERATING INCOME BEFORE INCOME TAX		$2,050,171	$6,856,701	$1,940,497	$309,794	$279,121	$3,374	$42,220	$8,885	($372,427)
43											
44											
45											
	DEVELOPMENT OF INCOME TAXES										
1	TOTAL OPERATING REVENUES		5,064,212	26,127,398	6,483,150	1,060,312	2,061,008	1,006,303	4,295,555	353,896	348,821
2											
3	LESS:										
4	OPERATION & MAINT EXPENSE		796,609	7,918,777	1,985,164	212,495	1,470,981	994,290	4,136,345	323,984	539,558
5	DEPREC & AMORT EXPENSE		0	0	0	0	0	0	0	0	0
6	TAXES OTHER THAN INCOME		498,327	2,292,124	487,902	98,322	90,977	4,920	66,636	11,977	43,422
7											
8	OPERATING INCOME BEFORE TAXES		3,769,276	15,916,497	4,010,083	749,495	499,050	7,093	92,574	17,935	(234,159)
9											
10	LESS:										
11	INTEREST	TOTPIS	0	0	0	0	0	0	0	0	0
12											
13	STATE TAXABLE INCOME		3,769,276	15,916,497	4,010,083	749,495	499,050	7,093	92,574	17,935	(234,159)
14	TOTAL STATE INCOME TAX		0	0	0	0	0	0	0	0	0
15											
16											
17	FEDERAL TAXABLE INCOME		3,769,276	15,916,497	4,010,083	749,495	499,050	7,093	92,574	17,935	(234,159)
18											
19	STATE AND FEDERAL INCOME TAX	TOTPIS	0	0	0	0	0	0	0	0	0
20	INC TAX	TOTPIS	304,589	1,297,131	272,086	56,981	37,750	693	9,387	1,687	21,578
21	DEF INC TAX	TOTPIS	0	0	0	0	0	0	0	0	0

UNS ELECTRIC COMPANY
RETAIL COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2008

PRESENT RATE OF RETURN SUMMARY SCHEDULE - REVENUE REQUIREMENTS

		TOTAL	RESIDENTIAL	SGS	LGS	LPS	INTERRUPTIBLE	STREET LIGHTING
		1	2	3	4	5	6	7
	RATE OF RETURN	3.77%	2.42%	6.76%	10.53%	-5.33%	-2.86%	-14.43%
	REVENUES REQUIRED							
1	**DEMAND COMPONENTS**	40,496,606	20,352,968	3,280,445	14,879,655	1,654,275	336,005	(6,742)
2	DEMAND PRODUCTION	480,281	244,439	28,510	145,237	55,855	5,511	730
3	DEMAND TRANSMISSION (PEAKING)	2,341,565	1,025,781	172,212	1,100,061	36,397	10,008	(2,893)
4	DEMAND TRANSMISSION (WAPA)	0	0	0	0	0	0	0
5	DEMAND SUBTRANSMISSION	5,064,212	2,248,505	366,446	2,308,295	121,365	24,691	(5,091)
6	DEMAND DISTRIBUTION PRIMARY	26,127,398	13,502,371	2,159,837	8,975,876	1,193,007	295,796	512
7	DEMAND DISTRIBUTION SECPMDARY	6,483,150	3,331,872	553,440	2,350,186	247,651	0	0
8	**ENERGY COMPONENTS**	111,303,565	54,866,812	6,328,497	32,658,900	15,102,131	2,134,174	213,051
9	**CUSTOMER COMPONENTS**	9,125,895	6,492,211	1,144,766	876,573	236,050	18,474	357,820
10	CUSTOMER SERVICE DROP	1,060,312	542,068	89,047	375,792	42,559	11,163	(316)
11	CUSTOMER METER	2,061,008	1,591,275	309,813	157,375	849	1,696	0
12	CUSTOMER METER READING	1,006,303	775,750	131,774	60,284	37,487	1,008	0
13	CUSTOMER BILLING & COLLECTION	4,295,555	3,252,363	556,821	256,457	154,925	4,186	70,802
14	CUSTOMER INFORMATION	353,896	281,688	48,883	22,772	196	356	0
15	CUSTOMER OTHER	348,821	49,068	8,429	3,893	35	63	287,334
21	**TOTAL COMPANY**	160,926,066	81,711,991	10,753,709	48,415,127	16,992,456	2,488,654	564,129

UNS ELECTRIC COMPANY
RETAIL COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2008

		TOTAL	RESIDENTIAL	SGS	LGS	LPS	INTERRUPTIBLE	STREET LIGHTING
		1	2	3	4	5	6	7
	PRESENT RATE OF RETURN SUMMARY SCHEDULE - UNIT COST							
	RATE OF RETURN	3.77%	2.42%	6.76%	10.53%	-5.33%	-2.86%	-14.43%
	$/KWH							
1	**DEMAND COMPONENTS**	0.0246	0.0251	0.0351	0.0309	0.0074	0.0107	(0.0021)
2	DEMAND PRODUCTION	0.0003	0.0003	0.0003	0.0003	0.0003	0.0002	0.0002
3	DEMAND TRANSMISSION (PEAKING)	0.0014	0.0013	0.0018	0.0023	0.0002	0.0003	(0.0009)
4	DEMAND TRANSMISSION (WAPA)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
5	DEMAND SUBTRANSMISSION	0.0031	0.0028	0.0039	0.0048	0.0005	0.0008	(0.0016)
6	DEMAND DISTRIBUTION PRIMARY	0.0159	0.0167	0.0231	0.0186	0.0054	0.0094	0.0002
7	DEMAND DISTRIBUTION SECPMDARY	0.0039	0.0041	0.0059	0.0049	0.0011	0.0000	0.0000
8	**ENERGY COMPONENTS**	0.0677	0.0677	0.0677	0.0677	0.0677	0.0677	0.0677
9	**CUSTOMER COMPONENTS**	0.0056	0.0080	0.0123	0.0018	0.0011	0.0006	0.1138
10	CUSTOMER SERVICE DROP	0.0006	0.0007	0.0010	0.0008	0.0002	0.0004	(0.0001)
11	CUSTOMER METER	0.0013	0.0020	0.0033	0.0003	0.0000	0.0001	0.0000
12	CUSTOMER METER READING	0.0006	0.0010	0.0014	0.0001	0.0002	0.0000	0.0000
13	CUSTOMER BILLING & COLLECTION	0.0026	0.0040	0.0060	0.0005	0.0007	0.0001	0.0225
14	CUSTOMER INFORMATION	0.0002	0.0003	0.0005	0.0000	0.0000	0.0000	0.0000
15	CUSTOMER OTHER	0.0002	0.0001	0.0001	0.0000	0.0000	0.0000	0.0914
16								
17								
18								
19								
20								
21	**TOTAL COMPANY**	0.0979	0.1009	0.1151	0.1004	0.0762	0.0790	0.1794
	DELIVERY	0.030200	0.033143	0.047366	0.032680	0.008479	0.011251	0.111623
	FUEL	0.067738	0.067738	0.067738	0.067738	0.067738	0.067738	0.067738
	TOTAL	0.097937	0.100880	0.115104	0.100418	0.076216	0.078989	0.179360

UNS ELECTRIC COMPANY
RETAIL COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2008

CLAIMED RATE OF RETURN SUMMARY SCHEDULE - REVENUE REQUIREMENTS

		TOTAL	RESIDENTIAL	SGS	LGS	LPS	INTERRUPTIBLE	STREET LIGHTING
		1	2	3	4	5	6	7
	RATE OF RETURN	6.88%	6.88%	6.88%	6.88%	6.88%	6.88%	6.88%
	REVENUES REQUIRED							
1	**DEMAND COMPONENTS**	52,258,858	30,327,169	3,316,178	10,974,161	6,613,628	864,670	163,053
2	DEMAND PRODUCTION	493,430	254,861	28,545	140,405	62,685	6,040	895
3	DEMAND TRANSMISSION (PEAKING)	3,379,184	1,848,159	174,913	718,776	575,403	51,807	10,127
4	DEMAND TRANSMISSION (WAPA)	(0)	0	0	0	0	0	0
5	DEMAND SUBTRANSMISSION	7,132,334	3,887,621	371,831	1,548,339	1,195,680	108,003	20,860
6	DEMAND DISTRIBUTION PRIMARY	32,931,009	19,302,698	2,181,185	6,842,453	3,774,681	698,820	131,171
7	DEMAND DISTRIBUTION SECPMDARY	8,322,901	5,033,831	559,704	1,724,187	1,005,178	(0)	(0)
8	**ENERGY COMPONENTS**	111,303,565	54,866,812	6,328,497	32,658,900	15,102,131	2,134,174	213,051
9	**CUSTOMER COMPONENTS**	10,863,642	7,240,372	1,148,105	749,003	363,344	38,183	1,324,636
10	CUSTOMER SERVICE DROP	1,369,697	805,829	90,017	278,777	159,957	29,490	5,626
11	CUSTOMER METER	2,442,598	1,994,367	311,783	131,948	1,654	2,846	(0)
12	CUSTOMER METER READING	1,011,429	780,506	131,797	59,984	38,120	1,022	0
13	CUSTOMER BILLING & COLLECTION	4,370,673	3,315,659	557,130	252,465	163,356	4,367	77,696
14	CUSTOMER INFORMATION	365,275	293,708	48,942	22,014	220	391	(0)
15	CUSTOMER OTHER	1,303,970	50,303	8,435	3,815	37	66	1,241,314
16	**TOTAL COMPANY**	174,426,065	92,434,354	10,792,779	44,382,063	22,079,103	3,037,027	1,700,739
17								
18								
19	**CUSTOMER COMPONENT $/MO/CUST**	10.08736	7.72310	12.30077	31.05317	1,593.61476	93.58530	61.98867
20								
21		1,643,153,389	809,988,329	93,426,398	482,137,131	222,949,894	31,506,409	3,145,228
		89,746	78,125	7,778	2,010	19	34	1,781
	Service Drop	(309,385)	0.859556	0.964445	11.557927	701.563820	72.280365	0.263266
	Metering	(381,590)	2.127336	3.340440	5.470472	7.254002	6.976405	(0.000000)
	Meter Reading	(5,126)	0.832544	1.412069	2.486878	167.194747	2.504646	0.000000
	Billing & Collections	(75,118)	3.536722	5.969083	10.467030	716.472678	10.703500	3.635923
	Customer Services	(11,379)	0.313291	0.524363	0.912689	0.965876	0.957598	(0.000000)
	Customer Other	(955,149)	0.053656	0.090370	0.158176	0.163640	0.162790	58.089477
			7.723	12.301	31.053	1,593.615	93.585	61.989
	Service Drop		0.89	0.98	11.17	176.09	12.36	0.06
	Metering		2.20	3.39	5.28	1.82	1.19	(0.00)
	Meter Reading		0.86	1.43	2.40	41.97	0.43	0.00
	Billing & Collections		3.66	6.07	10.11	179.84	1.83	0.76
	Customer Services		0.32	0.53	0.88	0.24	0.16	(0.00)
	Customer Other		0.06	0.09	0.15	0.04	0.03	12.18
			8.000	12.500	30.000	400.000	16.000	13.000
			8.000000	12.500000	30.000000	400.000000	16.000000	13.000000
	Energy	0.067738	0.067738	0.067738	0.067738	0.067738	0.067738	0.067738

UNS ELECTRIC COMPANY
RETAIL COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2008

		TOTAL	RESIDENTIAL	SGS	LGS	LPS	INTERRUPTIBLE	STREET LIGHTING
		1	2	3	4	5	6	7
	CLAIMED RATE OF RETURN SUMMARY SCHEDULE - UNIT COSTS							
	RATE OF RETURN	6.88%	6.88%	6.88%	6.88%	6.88%	6.88%	6.88%
	$/KWH							
1	**DEMAND COMPONENTS**	$0.0318	$0.0374	$0.0355	$0.0228	$0.0297	$0.0274	$0.0518
2	DEMAND PRODUCTION	$0.0003	$0.0003	$0.0003	$0.0003	$0.0003	$0.0002	$0.0003
3	DEMAND TRANSMISSION (PEAKING)	$0.0021	$0.0023	$0.0019	$0.0015	$0.0026	$0.0016	$0.0032
4	DEMAND TRANSMISSION (WAPA)	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000
5	DEMAND SUBTRANSMISSION	$0.0043	$0.0048	$0.0040	$0.0032	$0.0054	$0.0034	$0.0066
6	DEMAND DISTRIBUTION PRIMARY	$0.0200	$0.0238	$0.0233	$0.0142	$0.0169	$0.0222	$0.0417
7	DEMAND DISTRIBUTION SECPMDARY	$0.0051	$0.0062	$0.0060	$0.0036	$0.0045	$0.0000	$0.0000
8	**ENERGY COMPONENTS**	$0.0677	$0.0677	$0.0677	$0.0677	$0.0677	$0.0677	$0.0677
9	**CUSTOMER COMPONENTS**	$0.0066	$0.0089	$0.0123	$0.0016	$0.0016	$0.0012	$0.4212
10	DEMAND DISTRIBUTION TRANSF & SVCS	$0.0008	$0.0010	$0.0010	$0.0006	$0.0007	$0.0009	$0.0018
11	CUSTOMER METER	$0.0015	$0.0025	$0.0033	$0.0003	$0.0000	$0.0001	$0.0000
12	CUSTOMER METER READING	$0.0006	$0.0010	$0.0014	$0.0001	$0.0002	$0.0000	$0.0000
13	CUSTOMER BILLING & COLLECTION	$0.0027	$0.0041	$0.0060	$0.0005	$0.0007	$0.0001	$0.0247
14	CUSTOMER INFORMATION	$0.0002	$0.0004	$0.0005	$0.0000	$0.0000	$0.0000	$0.0000
15	CUSTOMER OTHER	$0.0008	$0.0001	$0.0001	$0.0000	$0.0000	$0.0000	$0.3947
16	**SYSTEM BENEFITS**	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000
17	RENEWABLES							
18	ENVIRONMENTAL							
19	DSM							
20	LOW INCOME							
21	**TOTAL COMPANY**	$0.1062	$0.1141	$0.1155	$0.0921	$0.0990	$0.0964	$0.5407

DEVELOPMENT OF LABOR ALLOCATON FACTOR

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	POWER PRODUCTION LABOR								
2	OTHER POWER GENERATION								
3	OPERATION								
4	546-SUPERVISION & ENGINEER	OX546	0	0	0	0	0	0	0
5	547-FUEL	OX547	0	0	0	0	0	0	0
6	548-GENERATION EXPENSES	OX548	0	0	0	0	0	0	0
7	549-MISC OTH POWER GEN EXP	OX549	0	0	0	0	0	0	0
8	550-RENTS	OX550	0	0	0	0	0	0	0
9	550.1-OPER SUPPLIES & EXP	OX5501	0	0	0	0	0	0	0
10	TOTAL OPERATION LABOR		0	0	0	0	0	0	0
11	MAINTENANCE								
12	551-SUPERVISION & ENGINEER	MX551	0	0	0	0	0	0	0
13	552-STRUCTURES	MX552	0	0	0	0	0	0	0
14	553-GENERATING & ELECT PLT	MX553	67,025	34,425	3,916	19,529	8,239	801	114
15	554-MISC OTH POWER GEN PLT	MX554	45,896	23,573	2,682	13,373	5,642	548	78
16	554.1-OTHER PLANT MAINT	MX5541	0	0	0	0	0	0	0
17	TOTAL MAINTENANCE LABOR		112,921	57,998	6,598	32,902	13,881	1,349	192
18	TOT OTH POWER GENERATION LABOR		112,921	57,998	6,598	32,902	13,881	1,349	192
19	OTHER POWER SUPPLY LABOR								
20	555-PURCHASED POWER	OX555	0	0	0	0	0	0	0
21	556-SYS CONTRL & LOAD DISP	OX556	1,230	632	72	358	151	15	2
22	557-OTHER EXPENSES	OX557	276,007	141,762	16,126	80,422	33,930	3,298	470
23	TOTAL OTHER POWER SUPPLY LABOR		277,237	142,394	16,198	80,780	34,081	3,312	472
24	TOTAL POWER PRODUCTION LABOR		390,158	200,392	22,796	113,683	47,962	4,661	664
25									
26	TRANSMISSION LABOR								
27	OPERATION								
28	560-SUPERVISION & ENGINEER	OX560	0	0	0	0	0	0	0
29	561-LOAD DISPATCHING	OX561	28,539	14,658	1,667	8,316	3,508	341	49
30	562-STATION EXPENSES	OX562	21,914	11,255	1,280	6,385	2,694	262	37
31	563-OVERHEAD LINE EXPENSES	OX563	13,801	7,088	806	4,021	1,697	165	23
32	564-UNDERGROUND LINE EXP	OX564	0	0	0	0	0	0	0
33	565-TRANSM ELECT BY OTHERS	OX565	0	0	0	0	0	0	0
34	566-MISCELLANEOUS TRNSM EXP	OX566	24,624	12,647	1,439	7,175	3,027	294	42
35	567-RENTS	OX567	0	0	0	0	0	0	0
36	TOTAL OPERATION LABOR		88,878	45,649	5,193	25,897	10,926	1,062	151
37	MAINTENANCE								
38	568-SUPERVISION & ENGINEER	MX568	0	0	0	0	0	0	0
39	569-STRUCTURES	MX569	0	0	0	0	0	0	0
40	570-STATION EQUIPMENT	MX570	15,938	8,186	931	4,644	1,959	190	27
41	571-OVERHEAD LINES	MX571	24,951	12,815	1,458	7,270	3,067	298	42
42	572-MAINT OF UNDRGRND LINES	MX572	0	0	0	0	0	0	0
43	573-MAINT MISC TRANSM PLT	MX573	0	0	0	0	0	0	0
44	TOTAL MAINTENANCE LABOR		40,889	21,001	2,389	11,914	5,026	489	70
45	TOTAL TRANSMISSION LABOR		129,767	66,651	7,582	37,811	15,952	1,550	221

DEVELOPMENT OF LABOR ALLOCATON FACTOR CONTINUED

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	DISTRIBUTION LABOR								
2	OPERATION								
3	580-SUPERVISION & ENGINEER	LAB58189	27,291	17,640	2,568	5,091	1,631	205	156
4	581-LOAD DISPATCHING	OX581	428,693	241,181	31,025	106,012	38,102	6,199	6,173
5	582-STATION EXPENSES	OX582	13,851	7,797	994	3,509	1,267	248	37
6	583-OVERHEAD LINE EXPENSES	OX583	216,119	121,650	15,506	54,749	19,772	3,868	573
7	584-UNDERGROUND LINE EXP	OX584	326,755	187,785	23,936	84,513	30,522	0	0
8	585-STREET LIGHT & SIGNAL	OX585	1,137	0	0	0	0	0	1,137
9	586-METER EXPENSES	OX586	574,975	460,544	77,947	35,547	336	601	0
10	587-CUST INSTALLATIONS EXP	OX587	22,093	12,429	1,599	5,463	1,964	319	318
11	588-MISC DISTRIBUTION EXP	OX588	92,833	52,227	6,719	22,957	8,251	1,342	1,337
12	589-RENTS	OX589	0	0	0	0	0	0	0
13	TOTAL OPERATION LABOR		1,703,747	1,101,254	160,293	317,840	101,845	12,784	9,732
14	MAINTENANCE								
15	590-SUPERVISION & ENGINEER	LAB59198	0	0	0	0	0	0	0
16	591-STRUCTURES	MX591	0	0	0	0	0	0	0
17	592-STATION EQUIPMENT	MX592	339,146	190,900	24,333	85,915	31,028	6,071	900
18	593-OVERHEAD LINES	MX593	588,573	331,299	42,228	149,101	53,848	10,535	1,562
19	594-UNDERGROUND LINES	OX584	84,357	48,480	6,179	21,818	7,880	0	0
20	595-LINE TRANSFORMERS	MX595	57,469	32,348	4,123	14,558	5,258	1,029	152
21	596-STREET LIGHT & SIGNAL	MX596	117,379	0	0	0	0	0	117,379
22	597-METERS	MX597	105	84	14	6	0	0	0
23	598-MISC DISTRIBUTION PLANT	MX598	0	0	0	0	0	0	0
24	TOTAL MAINTENANCE LABOR		1,187,029	603,111	76,878	271,399	98,013	17,635	119,993
25	TOTAL DISTRIBUTION LABOR		2,890,776	1,704,365	237,171	589,239	199,858	30,418	129,725
26									
27	CUSTOMER ACCOUNTS LABOR								
28	901-SUPERVISION	LAB90205	189,091	143,604	24,305	11,084	6,862	187	3,049
29	902-METER READING EXPENSE	OX902	71,462	55,124	9,330	4,255	2,681	72	0
30	903-CUST RECORDS & COLL EXP	OX903	967,804	733,644	124,169	56,626	35,685	958	16,722
31	904-UNCOLLECTIBLE ACCOUNTS	OX904	0	0	0	0	0	0	0
32	905-MISCEL CUST ACCTS EXP	OX905	18,196	14,313	2,423	1,105	10	19	326
33	TOTAL CUSTOMER ACCTS LABOR		1,246,553	946,685	160,227	73,069	45,239	1,236	20,097
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UNS ELECTRIC COMPANY
RETAIL COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2008

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	DEVELOPMENT OF LABOR ALLOCATON FACTOR CONTINUED								
1	CUSTOMER SERVICE & INFO LABOR								
2	907-SUPERVISION	OX907	0	0	0	0	0	0	0
3	908-CUSTOMER ASSISTANCE EXP	OX908	141,597	113,416	19,196	8,754	83	148	0
4	909-INFO & INSTRUCT EXP	OX909	38,343	30,712	5,198	2,370	22	40	0
5	910-MISC CUST SERV & INFO EX	OX910	25,110	20,113	3,404	1,552	15	26	0
6	TOTAL CUST SERV & INFO LABOR		205,050	164,241	27,798	12,677	120	214	0
7									
8	SALES EXPENSES								
9	911-SUPERVISION	OX911	0	0	0	0	0	0	0
10	912-DEMONSTRATING & SELLING	OX912	0	0	0	0	0	0	0
11	913-ADVERTISING EXPENSE	OX913	0	0	0	0	0	0	0
12	914-MISCELLANEOUS SALES EXP	OX914	0	0	0	0	0	0	0
13	TOTAL SALES EXPENSES		0	0	0	0	0	0	0
14									
15	ADMINISTRATIVE & GENERAL LABOR								
16	OPERATION								
17	920-ADMIN & GENRL SALARIES	OX920	2,146,264	1,280,609	177,306	449,994	167,579	23,070	47,705
18	921-OFFICE SUPPLIES & EXP	OX921	0	0	0	0	0	0	0
19	922-ADMIN EXP TRANSF-CREDIT	OX922	0	0	0	0	0	0	0
20	923-OUTSIDE SERVICES EMPLOY	TOTPIS	0	0	0	0	0	0	0
21	924-PROPERTY INSURANCE	TOTPIS	0	0	0	0	0	0	0
22	925-INJURIES & DAMAGES	TOTPIS	65,443	36,272	4,582	16,659	6,226	906	798
23	926-EMPLOYEE PENSNS & BENE	TOTPIS	87,829	48,679	6,149	22,357	8,356	1,215	1,072
24	927-FRANCHISE REQUIREMENTS	TOTPIS	0	0	0	0	0	0	0
25	928-REGULATRY COMMISSION EX	TOTPIS	0	0	0	0	0	0	0
26	929-DUPLICATE CHARGES-CR.	TOTPIS	0	0	0	0	0	0	0
27	930-MISC GENERAL EXPENSE	TOTPIS	24,959	13,834	1,748	6,353	2,375	345	305
28	931-RENTS	TOTPIS	0	0	0	0	0	0	0
29	933-TRANSPORTATION EXP	TOTPIS	0	0	0	0	0	0	0
30	TOTAL OPERATION LABOR		2,324,495	1,379,394	189,785	495,364	184,536	25,536	49,879
31	MAINTENANCE								
32	xxx-OTHER LABOR	PRODPIS	460,725	236,636	26,919	134,244	56,637	5,505	784
33	TOTAL ADMIN & GENERAL LABOR		2,785,220	1,616,030	216,704	629,608	241,173	31,041	50,663
34									
35	CAPITALIZED LABOR								
36	PRODUCTION	PRODPIS	210,491	108,112	12,298	61,332	25,876	2,515	358
37	TRANSMISSION	TRANPIS	496,623	255,074	29,017	144,704	61,050	5,933	845
38	DISTRIBUTION	DISTPIS	3,592,871	2,021,336	260,023	888,486	319,331	51,955	51,739
39	GENERAL	TOTPIS	1,383,136	766,604	96,841	352,085	131,590	19,140	16,876
40	TOTAL CAPITALIZED LABOR		5,683,121	3,151,126	398,179	1,446,607	537,847	79,544	69,818
41									
42	TOT OPER & MAINTENANCE LABOR		13,330,645	7,849,489	1,070,457	2,902,694	1,088,151	148,666	271,188
43									
44									
45									

ALLOCATION FACTOR TABLE

	ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
CAPACITY RELATED								
CAPACITY - PRODUCTION RELATED								
DEMAND PRODUCTION	DPROD	259,850	133,463	15,182	75,714	31,943	3,105	442
CAPACITY - TRANSMISSION RELATED								
DEMAND TRANSMISSION (PEAKING)	DTRAN	259,850	133,463	15,182	75,714	31,943	3,105	442
DEMAND TRANSMISSION (WAPA)	DTRAN2	259,850	133,463	15,182	75,714	31,943	3,105	442
CAPACITY - SUBTRANSMISSION RELATED								
DEMAND SUBTRANSMISSION	DTRANSUB	259,850	133,463	15,182	75,714	31,943	3,105	442
CAPACITY - DISTRIBUTION RELATED								
DIST - PRI DIST SUBSTATIONS	DDISPSUB	442,547	249,103	31,751	112,109	40,488	7,921	1,174
DIST - PRIMARY OVERHEAD LINES	DDISTPOL	442,547	249,103	31,751	112,109	40,488	7,921	1,174
DIST - PRIMARY UNDERGROUND LINES	DDISTPUL	442,547	249,103	31,751	112,109	40,488	7,921	1,174
DIST - SEC DIST SUBSTATIONS	DDISSSUB	442,547	249,103	31,751	112,109	40,488	7,921	1,174
DIST - SEC OVERHEAD LINES	DDISTSOL	434,626	249,103	31,751	112,109	40,488	0	1,174
DIST - SEC UNDERGROUND LINES	DDISTSUL	433,451	249,103	31,751	112,109	40,488	0	0
DIST - STREET LIGHTING	DDISTLTG	1	0	0	0	0	0	1
CUSTOMER - DIST SERVICE RELATED								
DIST - OVERHEAD LINE TRANSFRMRS	DDISTSOT	434,626	249,103	31,751	112,109	40,488	0	1,174
DIST - UNDERGROUND LINE TRANSFRMRS	DDISTSUT	433,451	249,103	31,751	112,109	40,488	0	0
DIST - OVERHEAD SERVICES	DDISTSOS	442,547	249,103	31,751	112,109	40,488	7,921	1,174
DIST - UNDERGROUND SERVICES	DDISTSUS	441,373	249,103	31,751	112,109	40,488	7,921	0

ALLOCATION FACTOR TABLE CONTINUED

	ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
ENERGY RELATED								
ENERGY PRODUCTION PWR SUPPLY	EPROD	259,850	133,463	15,182	75,714	31,943	3,105	442
ENERGY PRODUCTION PWR SUPPLY	EFUEL	1,643,153,389	809,988,329	93,426,398	482,137,131	222,949,894	31,506,409	3,145,228
CUSTOMER RELATED - DISTRIBUTION								
UNWEIGHTED CUSTOMER BILLS	CUSTAVG	89,746	78,125	7,778	2,010	19	34	1,781
WEIGHTED CUSTOMER BILLS	CUST	99,317	78,125	13,223	6,030	57	102	1,781
BILLING AND COLLECTION	CBILLCOL	103,060	78,125	13,223	6,030	3,800	102	1,781
CUSTOMER INFORMATION	CINFO	97,536	78,125	13,223	6,030	57	102	0
METERS	CMETERS	97,536	78,125	13,223	6,030	57	102	0
STREET LIGHTING	CLIGHT	1	0	0	0	0	0	1
METER READING	CMETRDG	101,279	78,125	13,223	6,030	3,800	102	0
MISC SERVICE REVENUES	CMSREV	1,220,716	1,054,918	155,680	225	8,753	950	191
CUSTOMER DEPOSITS	DDEPOS	3,611,478	1,719,187	1,341,984	150	214,661	335,496	0
REVENUE RELATED								
904-UNCOLLECTIBLE ACCOUNT EXP		159,280,447	80,442,482	10,569,832	48,286,092	16,938,518	2,481,085	562,438
	EXP904	159,280,447	80,442,482	10,569,832	48,286,092	16,938,518	2,481,085	562,438

ALLOCATION FACTOR TABLE CONTINUED

	ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
INTERNALLY DEVELOPED								
PLANT IN SERVICE EXCL GENERAL	PISXGENL	508,416,989	281,025,732	35,369,469	130,234,432	48,669,108	7,095,127	6,023,121
TOTAL PLANT IN SERVICE	TOTPIS	537,367,989	297,836,666	37,623,965	136,789,928	51,124,641	7,436,350	6,556,439
PRODUCTION PLANT IN SERVICE	PRODPIS	27,718,071	14,236,470	1,619,502	8,076,377	3,407,390	331,165	47,168
TRANSMISSION PLANT IN SERVICE	TRANPIS	74,523,928	38,276,749	4,354,259	21,714,474	9,161,247	890,383	126,817
DISTRIBUTION PLANT IN SERVICE	DISTPIS	406,174,990	228,512,514	29,395,708	100,443,582	36,100,471	5,873,580	5,849,136
DISTRIBUTION SUBSTATIONS	DISTSUB	49,687,180	27,968,168	3,564,910	12,587,067	4,545,804	889,386	131,845
TOTAL TRANSMISSION & DISTRIBUTION	TDPLT	480,698,918	266,789,262	33,749,967	122,158,056	45,261,718	6,763,962	5,975,953
GENERAL PLANT	GENLPIS	22,402,487	13,191,266	1,798,930	4,878,050	1,828,666	249,837	455,739
BASE RATE SALES REVENUE	SALESREV	159,280,447	80,442,482	10,569,832	48,286,092	16,938,518	2,481,085	562,438
TOTAL O&M LESS FUEL & PP& WAPA	OM	19,425,615	12,052,010	1,748,315	3,526,411	1,346,938	174,612	577,329
ACCOUNT 360	PLT360	777,627	437,714	55,792	196,993	71,144	13,919	2,063
ACCOUNT 361	PLT361	5,584,527	3,143,447	400,674	1,414,707	510,920	99,961	14,819
ACCOUNT 362	PLT362	49,687,180	27,968,168	3,564,910	12,587,067	4,545,804	889,386	131,845
ACCOUNT 364	PLT364	94,295,758	53,077,667	6,765,445	23,887,590	8,626,975	1,687,866	250,215
ACCOUNT 365	PLT365	79,531,590	44,767,139	5,706,159	20,147,439	7,276,224	1,423,592	211,038
ACCOUNT 366	PLT366	15,762,500	9,058,659	1,154,645	4,076,847	1,472,349	0	0
ACCOUNT 367	PLT367	49,733,008	28,581,404	3,643,075	12,863,053	4,645,476	0	0
ACCOUNT 368	PLT368	83,901,339	47,226,805	6,019,676	21,254,411	7,676,005	1,501,809	222,633
ACCOUNT 369	PLT369	13,891,158	7,819,124	996,650	3,518,995	1,270,881	248,648	36,860
ACCOUNT 370	PLT370	8,030,640	6,432,386	1,088,683	496,480	4,693	8,398	0
ACCOUNT 371	PLT371	0	0	0	0	0	0	0
ACCOUNT 373	PLT373	4,979,662	0	0	0	0	0	4,979,662
DISTRIBUTION SUBSTATIONS	PLTDSUB	49,687,180	27,968,168	3,564,910	12,587,067	4,545,804	889,386	131,845
DISTRIBUTION OVERHEAD LINES	PLTDOHL	79,531,590	44,767,139	5,706,159	20,147,439	7,276,224	1,423,592	211,038
DISTRIBUTION UNDERGROUND LINES	PLTDUGL	65,495,508	37,640,063	4,797,720	16,939,900	6,117,825	0	0

ALLOCATION FACTOR TABLE CONTINUED

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	INTERNALLY DEVELOPED CONTINUED								
2	----------								
3	ACCOUNT 546	OX546	10,003	5,138	584	2,915	1,230	120	17
4	ACCOUNT 547	OX547	7,621,714	3,757,105	433,355	2,236,377	1,034,146	146,141	14,589
5	ACCOUNT 548	OX548	37,023	19,015	2,163	10,787	4,551	442	63
6	ACCOUNT 549	OX549	116,207	59,686	6,790	33,860	14,285	1,388	198
7	ACCOUNT 550	OX550	0	0	0	0	0	0	0
8	ACCOUNT 550.1	OX5501	0	0	0	0	0	0	0
9	LABOR ACCOUNT 547-550.1	LAB54750	112,921	58,161	6,300	32,999	13,916	1,353	192
10	ACCOUNT 551	MX551	0	0	0	0	0	0	0
11	ACCOUNT 552	MX552	0	0	0	0	0	0	0
12	ACCOUNT 553	MX553	127,265	65,366	7,436	37,082	15,645	1,521	217
13	ACCOUNT 554	MX554	65,564	33,675	3,831	19,104	8,060	783	112
14	ACCOUNT 554.1	MX5541	0	0	0	0	0	0	0
15	LABOR ACCOUNT 552-554.1	LAB55254	112,921	57,998	6,598	32,902	13,881	1,349	192
16	ACCOUNT 555	OX555	95,598,854	47,125,215	5,435,559	28,050,794	12,971,251	1,833,047	182,990
17	ACCOUNT 556	OX556	3,220	1,654	188	938	396	38	5
18	ACCOUNT 557	OX557	224,398	115,255	13,111	65,384	27,585	2,681	382
19	ACCOUNT 560	OX560	0	0	0	0	0	0	0
20	ACCOUNT 561	OX561	6,095	3,130	356	1,776	749	73	10
21	ACCOUNT 562	OX562	33,073	16,987	1,932	9,637	4,066	395	56
22	ACCOUNT 563	OX563	26,672	13,699	1,558	7,772	3,279	319	45
23	ACCOUNT 564	OX564	15,619	8,022	913	4,551	1,920	187	27
24	ACCOUNT 565	OX565	8,082,997	3,984,493	459,583	2,371,728	1,096,735	154,986	15,472
25	ACCOUNT 566	OX566	100,085	51,405	5,848	29,162	12,303	1,196	170
26	ACCOUNT 567	OX567	27,940	14,350	1,632	8,141	3,435	334	48
27	LABOR ACCOUNT 561-567	LAB56167	88,878	45,649	5,193	25,897	10,926	1,062	151
28	ACCOUNT 568	MX568	0	0	0	0	0	0	0
29	ACCOUNT 569	MX569	0	0	0	0	0	0	0
30	ACCOUNT 570	MX570	22,997	11,811	1,344	6,701	2,827	275	39
31	ACCOUNT 571	MX571	37,340	19,179	2,182	10,880	4,590	446	64
32	ACCOUNT 572	MX572	23	12	1	7	3	0	0
33	ACCOUNT 573	MX573	0	0	0	0	0	0	0
34	LABOR ACCOUNT 569-573	LAB56973	40,889	21,001	2,389	11,914	5,026	489	70
35	ACCOUNT 580	OX580	423,430	273,693	39,837	78,992	25,311	3,177	2,419
36	ACCOUNT 581	OX581	582,583	327,759	42,163	144,068	51,779	8,425	8,389
37	ACCOUNT 582	OX582	74,790	42,098	5,366	18,946	6,842	1,339	198
38	ACCOUNT 583	OX583	499,849	281,357	35,863	126,625	45,730	8,947	1,326
39	ACCOUNT 584	OX584	490,312	281,781	35,917	126,815	45,799	0	0
40	ACCOUNT 585	OX585	1,894	0	0	0	0	0	1,894
41	ACCOUNT 586	OX586	778,885	623,872	105,590	48,153	455	815	0
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ALLOCATION FACTOR TABLE CONTINUED

INTERNALLY DEVELOPED CONTINUED

	ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
ACCOUNT 587	OX587	35,827	20,156	2,593	8,860	3,184	518	516
ACCOUNT 588	OX588	1,097,758	617,595	79,447	271,466	97,568	15,874	15,808
ACCOUNT 589	OX589	83,088	46,745	6,013	20,547	7,385	1,202	1,197
LABOR ACCOUNTS 581-589	LAB58189	1,676,456	1,083,614	157,725	312,749	100,214	12,579	9,576
ACCOUNT 590	MX590	0	0	0	0	0	0	0
ACCOUNT 591	MX591	0	0	0	0	0	0	0
ACCOUNT 592	MX592	734,286	413,319	52,683	186,014	67,179	13,144	1,948
ACCOUNT 593	MX593	763,922	430,000	54,809	193,522	69,890	13,674	2,027
ACCOUNT 594	MX594	108,736	62,490	7,965	28,124	10,157	0	0
ACCOUNT 595	MX595	104,881	59,036	7,525	26,569	9,595	1,877	278
ACCOUNT 596	MX596	315,846	0	0	0	0	0	315,846
ACCOUNT 597	MX597	614	492	83	38	0	1	0
ACCOUNT 598	MX598	15,555	8,751	1,126	3,847	1,383	225	224
LABOR ACCOUNTS 591-598	LAB59198	1,187,029	603,111	76,878	271,399	98,013	17,635	119,993
ACCOUNT 901	OX901	260,950	198,177	33,541	15,296	9,470	259	4,207
ACCOUNT 902	OX902	915,625	706,293	119,540	54,515	34,354	922	0
ACCOUNT 903	OX903	3,070,993	2,327,967	394,009	179,683	113,233	3,039	53,063
ACCOUNT 904	OX904	764,063	429,859	55,297	188,946	67,909	11,049	11,003
ACCOUNT 905	OX905	39,451	31,033	5,252	2,395	23	41	707
LABOR ACCOUNTS 902-905	LAB90205	1,057,462	803,081	135,922	61,985	38,376	1,049	17,049
ACCOUNT907	OX907	14,499	8,157	1,049	3,585	1,289	210	209
ACCOUNT908	OX908	94,671	75,830	12,834	5,853	55	99	0
ACCOUNT909	OX909	49,423	39,587	6,700	3,055	29	52	0
ACCOUNT910	OX910	31,336	25,100	4,248	1,937	18	33	0
LABOR ACCOUNTS 908-910	LAB90810	205,050	164,241	27,798	12,677	120	214	0
ACCOUNT 911	OX911	0	0	0	0	0	0	0
ACCOUNT 912	OX912	0	0	0	0	0	0	0
ACCOUNT 913	OX913	0	0	0	0	0	0	0
ACCOUNT 914	OX914	0	0	0	0	0	0	0
LABOR ACCOUNTS 912-917	LAB91217	0	0	0	0	0	0	0
ACCOUNT 920	OX920	2,958,987	1,765,536	244,447	620,393	231,037	31,806	65,769
ACCOUNT 921	OX921	0	0	0	0	0	0	0
ACCOUNT 922	OX922	0	0	0	0	0	0	0
ACCOUNT 923	OX923	0	0	0	0	0	0	0
ACCOUNT 924	OX924	0	0	0	0	0	0	0
ACCOUNT 925	OX925	511,137	304,980	42,226	107,167	39,909	5,494	11,361
ACCOUNT 926	OX926	1,990,376	1,187,596	164,428	417,310	155,408	21,394	44,240
ACCOUNT 927	OX927	0	0	0	0	0	0	0
ACCOUNT 928	OX928	197,223	109,311	13,809	50,204	18,764	2,729	2,406
ACCOUNT 929	OX929	(86,769)	(48,092)	(6,075)	(22,088)	(8,255)	(1,201)	(1,059)

	ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
ALLOCATION FACTOR TABLE CONTINUED								
INTERNALLY DEVELOPED CONTINUED								
ACCOUNT 930	OX930	350,073	194,028	24,510	89,113	33,306	4,844	4,271
ACCOUNT 931	OX931	54,001	29,930	3,781	13,746	5,138	747	659
ACCOUNT 933	OX933	0	0	0	0	0	0	0
ACCOUNT 935	OX935	20,026	11,792	1,608	4,361	1,635	223	407
LABOR ACCOUNTS 921-935	LAB92135	638,956	335,421	39,398	179,614	73,594	7,971	2,959
LABOR EXCLUDING A&G	LABXAG	9,162,289	5,466,855	756,912	1,921,001	715,388	98,484	203,649
LABOR	LABOR	13,330,645	7,849,489	1,070,457	2,902,694	1,088,151	148,666	271,188
ACCOUNTS 581-589	OX58189	3,644,986	2,241,363	312,952	765,480	258,743	37,119	29,329
ACCOUNTS 591-598	MX59198	2,043,840	974,088	124,191	438,113	158,204	28,920	320,323
O&M EXP LESS FUEL, PP, & WAPA								
RESIDENTIAL		12,052,010	12,052,010	0	0	0	0	0
SGS		1,748,315	0	1,748,315	0	0	0	0
LGS		3,526,411	0	0	3,526,411	0	0	0
LPS		1,346,938	0	0	0	1,346,938	0	0
INTERRUPTIBLE		174,612	0	0	0	0	174,612	0
STREET LIGHTING		577,329	0	0	0	0	0	577,329
REVENUES FROM SALES								
SALES OF ELECTRICITY REVENUES		159,280,447	80,442,482	10,569,832	48,286,092	16,938,518	2,481,085	562,438
REVENUE REQUIREMENTS INPUTS								
CLAIMED RATE OF RETURN		6.88%	6.88%	6.88%	6.88%	6.88%	6.88%	6.88%
AVERAGE ANNUAL CUSTOMERS		89,746	78,125	7,778	2,010	19	34	1,781
ANNUAL KWH SALES		1,643,153,389	809,988,329	93,426,398	482,137,131	222,949,894	31,506,409	3,145,228
TOTAL PROPOSED SALES REVENUES		172,780,447	86,680,496	11,543,449	52,733,859	18,498,772	2,709,624	614,247
PROPOSED SALES REVENUES NON-MARGIN		111,303,565	54,866,812	6,328,497	32,658,900	15,102,131	2,134,174	213,051
PROPOSED SALES REVENUES MARGIN		61,476,882	31,813,683	5,214,952	20,074,959	3,396,641	575,450	401,196

	RATIO TABLE	ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	CAPACITY RELATED								
2	----------								
1	CAPACITY - PRODUCTION RELATED								
2	DEMAND PRODUCTION	DPROD	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
3									
4									
5									
6	CAPACITY - TRANSMISSION RELATED								
7	DEMAND TRANSMISSION (PEAKING)	DTRAN	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
8	DEMAND TRANSMISSION (WAPA)	DTRAN2	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
9									
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11									
12	CAPACITY - SUBTRANSMISSION RELATED								
13	DEMAND SUBTRANSMISSION	DTRANSUB	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
14									
17									
18									
19	CAPACITY - DISTRIBUTION RELATED								
20	DIST - PRI DIST SUBSTATIONS	DDISPSUB	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
21	DIST - PRIMARY OVERHEAD LINES	DDISTPOL	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
22	DIST - PRIMARY UNDERGROUND LINES	DDISTPUL	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
23	DIST - SEC DIST SUBSTATIONS	DDISSSUB	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
24	DIST - SEC OVERHEAD LINES	DDISTSOL	1.00000	0.57314	0.07305	0.25794	0.09316	0.00000	0.00270
25	DIST - SEC UNDERGROUND LINES	DDISTSUL	1.00000	0.57470	0.07325	0.25864	0.09341	0.00000	0.00000
26	DIST - STREET LIGHTING	DDISTLTG	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000
27									
28									
29	CUSTOMER - DIST SERVICE RELATED								
30	DIST - OVERHEAD LINE TRANSFRMRS	DDISTSOT	1.00000	0.57314	0.07305	0.25794	0.09316	0.00000	0.00270
31	DIST - UNDERGROUND LINE TRANSFRMRS	DDISTSUT	1.00000	0.57470	0.07325	0.25864	0.09341	0.00000	0.00000
32	DIST - OVERHEAD SERVICES	DDISTSOS	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
33	DIST - UNDERGROUND SERVICES	DDISTSUS	1.00000	0.56438	0.07194	0.25400	0.09173	0.01795	0.00000
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RATIO TABLE CONTINUED

	ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
ENERGY RELATED								
ENERGY PRODUCTION PWR SUPPLY	EPROD	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
ENERGY PRODUCTION PWR SUPPLY	EFUEL	1.00000	0.49295	0.05686	0.29342	0.13568	0.01917	0.00191
CUSTOMER RELATED - DISTRIBUTION								
UNWEIGHTED CUSTOMER BILLS	CUSTAVG	1.00000	0.87050	0.08667	0.02240	0.00021	0.00038	0.01984
WEIGHTED CUSTOMER BILLS	CUST	1.00000	0.78662	0.13314	0.06071	0.00057	0.00103	0.01793
BILLING AND COLLECTION	CBILLCOL	1.00000	0.75805	0.12830	0.05851	0.03687	0.00099	0.01728
CUSTOMER INFORMATION	CINFO	1.00000	0.80098	0.13557	0.06182	0.00058	0.00105	0.00000
METERS	CMETERS	1.00000	0.80098	0.13557	0.06182	0.00058	0.00105	0.00000
STREET LIGHTING	CLIGHT	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000
METER READING	CMETRDG	1.00000	0.77138	0.13056	0.05954	0.03752	0.00101	0.00000
MISC SERVICE REVENUES	CMSREV	1.00000	0.86418	0.12753	0.00018	0.00717	0.00078	0.00016
CUSTOMER DEPOSITS	DDEPOS	1.00000	0.47603	0.37159	0.00004	0.05944	0.09290	0.00000
REVENUE RELATED								
904-UNCOLLECTIBLE ACCOUNT EXP	EXP904	1.00000	0.50504	0.06636	0.30315	0.10634	0.01558	0.00353

RATIO TABLE CONTINUED

INTERNALLY DEVELOPED

	ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
PLANT IN SERVICE EXCL GENERAL	PISXGENL	1.00000	0.55275	0.06957	0.25616	0.09573	0.01396	0.01185
TOTAL PLANT IN SERVICE	TOTPIS	1.00000	0.55425	0.07002	0.25456	0.09514	0.01384	0.01220
PRODUCTION PLANT IN SERVICE	PRODPIS	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
TRANSMISSION PLANT IN SERVICE	TRANPIS	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
DISTRIBUTION PLANT IN SERVICE	DISTPIS	1.00000	0.56260	0.07237	0.24729	0.08888	0.01446	0.01440
DISTRIBUTION SUBSTATIONS	DISTSUB	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
TOTAL TRANSMISSION & DISTRIBUTION	TDPLT	1.00000	0.55500	0.07021	0.25413	0.09416	0.01407	0.01243
GENERAL PLANT	GENLPIS	1.00000	0.58883	0.08030	0.21775	0.08163	0.01115	0.02034
BASE RATE SALES REVENUE	SALESREV	1.00000	0.50504	0.06636	0.30315	0.10634	0.01558	0.00353
TOTAL O&M LESS FUEL & PP& WAPA	OM	1.00000	0.62042	0.09000	0.18153	0.06934	0.00899	0.02972
ACCOUNT 360	PLT360	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
ACCOUNT 361	PLT361	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
ACCOUNT 362	PLT362	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
ACCOUNT 364	PLT364	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
ACCOUNT 365	PLT365	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
ACCOUNT 366	PLT366	1.00000	0.57470	0.07325	0.25864	0.09341	0.00000	0.00000
ACCOUNT 367	PLT367	1.00000	0.57470	0.07325	0.25864	0.09341	0.00000	0.00000
ACCOUNT 368	PLT368	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
ACCOUNT 369	PLT369	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
ACCOUNT 370	PLT370	1.00000	0.80098	0.13557	0.06182	0.00058	0.00105	0.00000
ACCOUNT 371	PLT371	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
ACCOUNT 373	PLT373	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000
DISTRIBUTION SUBSTATIONS	PLTDSUB	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
DISTRIBUTION OVERHEAD LINES	PLTDOHL	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
DISTRIBUTION UNDERGROUND LINES	PLTDUGL	1.00000	0.57470	0.07325	0.25864	0.09341	0.00000	0.00000

RATIO TABLE CONTINUED

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	INTERNALLY DEVELOPED CONTINUED								
2	----------								
3	ACCOUNT 546	OX546	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
4	ACCOUNT 547	OX547	1.00000	0.49295	0.05686	0.29342	0.13568	0.01917	0.00191
5	ACCOUNT 548	OX548	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
6	ACCOUNT 549	OX549	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
7	ACCOUNT 550	OX550	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
8	ACCOUNT 550.1	OX5501	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
9	LABOR ACCOUNT 547-550.1	LAB54750	1.00000	0.51506	0.05579	0.29223	0.12324	0.01198	0.00170
10	ACCOUNT 551	MX551	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
11	ACCOUNT 552	MX552	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
12	ACCOUNT 553	MX553	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
13	ACCOUNT 554	MX554	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
14	ACCOUNT 554.1	MX5541	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
15	LABOR ACCOUNT 552-554.1	LAB55254	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
16	ACCOUNT 555	OX555	1.00000	0.49295	0.05686	0.29342	0.13568	0.01917	0.00191
17	ACCOUNT 556	OX556	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
18	ACCOUNT 557	OX557	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
19	ACCOUNT 560	OX560	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
20	ACCOUNT 561	OX561	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
21	ACCOUNT 562	OX562	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
22	ACCOUNT 563	OX563	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
23	ACCOUNT 564	OX564	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
24	ACCOUNT 565	OX565	1.00000	0.49295	0.05686	0.29342	0.13568	0.01917	0.00191
25	ACCOUNT 566	OX566	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
26	ACCOUNT 567	OX567	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
27	LABOR ACCOUNT 561-567	LAB56167	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
28	ACCOUNT 568	MX568	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
29	ACCOUNT 569	MX569	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
30	ACCOUNT 570	MX570	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
31	ACCOUNT 571	MX571	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
32	ACCOUNT 572	MX572	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
33	ACCOUNT 573	MX573	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
34	LABOR ACCOUNT 569-573	LAB56973	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
35	ACCOUNT 580	OX580	1.00000	0.64637	0.09408	0.18655	0.05978	0.00750	0.00571
36	ACCOUNT 581	OX581	1.00000	0.56260	0.07237	0.24729	0.08888	0.01446	0.01440
37	ACCOUNT 582	OX582	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
38	ACCOUNT 583	OX583	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
39	ACCOUNT 584	OX584	1.00000	0.57470	0.07325	0.25864	0.09341	0.00000	0.00000
40	ACCOUNT 585	OX585	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000
41	ACCOUNT 586	OX586	1.00000	0.80098	0.13557	0.06182	0.00058	0.00105	0.00000
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		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	RATIO TABLE CONTINUED								
1	INTERNALLY DEVELOPED CONTINUED								
2	----------								
3	ACCOUNT 587	OX587	1.00000	0.56260	0.07237	0.24729	0.08888	0.01446	0.01440
4	ACCOUNT 588	OX588	1.00000	0.56260	0.07237	0.24729	0.08888	0.01446	0.01440
5	ACCOUNT 589	OX589	1.00000	0.56260	0.07237	0.24729	0.08888	0.01446	0.01440
6	LABOR ACCOUNTS 581-589	LAB58189	1.00000	0.64637	0.09408	0.18655	0.05978	0.00750	0.00571
7	ACCOUNT 590	MX590	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
8	ACCOUNT 591	MX591	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
9	ACCOUNT 592	MX592	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
10	ACCOUNT 593	MX593	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
11	ACCOUNT 594	MX594	1.00000	0.57470	0.07325	0.25864	0.09341	0.00000	0.00000
12	ACCOUNT 595	MX595	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
13	ACCOUNT 596	MX596	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000
14	ACCOUNT 597	MX597	1.00000	0.80098	0.13557	0.06182	0.00058	0.00105	0.00000
15	ACCOUNT 598	MX598	1.00000	0.56260	0.07237	0.24729	0.08888	0.01446	0.01440
16	LABOR ACCOUNTS 591-598	LAB59198	1.00000	0.50808	0.06477	0.22864	0.08257	0.01486	0.10109
17	ACCOUNT 901	OX901	1.00000	0.75944	0.12854	0.05862	0.03629	0.00099	0.01612
18	ACCOUNT 902	OX902	1.00000	0.77138	0.13056	0.05954	0.03752	0.00101	0.00000
19	ACCOUNT 903	OX903	1.00000	0.75805	0.12830	0.05851	0.03687	0.00099	0.01728
20	ACCOUNT 904	OX904	1.00000	0.56260	0.07237	0.24729	0.08888	0.01446	0.01440
21	ACCOUNT 905	OX905	1.00000	0.78662	0.13314	0.06071	0.00057	0.00103	0.01793
22	LABOR ACCOUNTS 902-905	LAB90205	1.00000	0.75944	0.12854	0.05862	0.03629	0.00099	0.01612
23	ACCOUNT907	OX907	1.00000	0.56260	0.07237	0.24729	0.08888	0.01446	0.01440
24	ACCOUNT908	OX908	1.00000	0.80098	0.13557	0.06182	0.00058	0.00105	0.00000
25	ACCOUNT909	OX909	1.00000	0.80098	0.13557	0.06182	0.00058	0.00105	0.00000
26	ACCOUNT910	OX910	1.00000	0.80098	0.13557	0.06182	0.00058	0.00105	0.00000
27	LABOR ACCOUNTS 908-910	LAB90810	1.00000	0.80098	0.13557	0.06182	0.00058	0.00105	0.00000
28	ACCOUNT 911	OX911	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
29	ACCOUNT 912	OX912	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
30	ACCOUNT 913	OX913	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
31	ACCOUNT 914	OX914	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
32	LABOR ACCOUNTS 912-917	LAB91217	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
33	ACCOUNT 920	OX920	1.00000	0.59667	0.08261	0.20966	0.07808	0.01075	0.02223
34	ACCOUNT 921	OX921	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
35	ACCOUNT 922	OX922	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
36	ACCOUNT 923	OX923	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
37	ACCOUNT 924	OX924	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
38	ACCOUNT 925	OX925	1.00000	0.59667	0.08261	0.20966	0.07808	0.01075	0.02223
39	ACCOUNT 926	OX926	1.00000	0.59667	0.08261	0.20966	0.07808	0.01075	0.02223
40	ACCOUNT 927	OX927	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
41	ACCOUNT 928	OX928	1.00000	0.55425	0.07002	0.25456	0.09514	0.01384	0.01220
42	ACCOUNT 929	OX929	1.00000	0.55425	0.07002	0.25456	0.09514	0.01384	0.01220
43									
44									
45									

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	RATIO TABLE CONTINUED								
1	INTERNALLY DEVELOPED CONTINUED								
2	----------								
3	ACCOUNT 930	OX930	1.00000	0.55425	0.07002	0.25456	0.09514	0.01384	0.01220
4	ACCOUNT 931	OX931	1.00000	0.55425	0.07002	0.25456	0.09514	0.01384	0.01220
5	ACCOUNT 933	OX933	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
6	ACCOUNT 935	OX935	1.00000	0.58883	0.08030	0.21775	0.08163	0.01115	0.02034
7	LABOR ACCOUNTS 921-935	LAB92135	1.00000	0.52495	0.06166	0.28111	0.11518	0.01248	0.00463
8	LABOR EXCLUDING A&G	LABXAG	1.00000	0.59667	0.08261	0.20966	0.07808	0.01075	0.02223
9	LABOR	LABOR	1.00000	0.58883	0.08030	0.21775	0.08163	0.01115	0.02034
10	ACCOUNTS 581-589	OX58189	1.00000	0.61492	0.08586	0.21001	0.07099	0.01018	0.00805
11	ACCOUNTS 591-598	MX59198	1.00000	0.47660	0.06076	0.21436	0.07741	0.01415	0.15673
12									
13									
14									
15									
16	O&M EXP LESS FUEL, PP, & WAPA								
17	----------								
18	RESIDENTIAL		1.00000	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000
19	SGS		1.00000	0.00000	1.00000	0.00000	0.00000	0.00000	0.00000
20	LGS		1.00000	0.00000	0.00000	1.00000	0.00000	0.00000	0.00000
21	LPS		1.00000	0.00000	0.00000	0.00000	1.00000	0.00000	0.00000
22	INTERRUPTIBLE		1.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000
23	STREET LIGHTING		1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000
24									
25									
26									
27									
28	REVENUES FROM SALES								
29	----------								
30	SALES OF ELECTRICITY REVENUES		1.00000	0.50504	0.06636	0.30315	0.10634	0.01558	0.00353
31									
32									
33									
34									
35									
36									
37									
38									
39									
40									
41									
42									
43									
44									
45									

Schedule H

UNS Electric, Inc.
Summary of Revenues by Customer Classifications
Adjusted Present Rates And Proposed Rates
Test Year Ended December 31, 2008
(Thousands of Dollars)

Line No.	Class of Service	Test Year Present Net Revenue	Adjusted Present Net Revenue	Proposed Net Revenue	Proposed Net Increase	Proposed Percent Increase to Test Year Revenues (a)	Proposed Percent Increase to Adjusted Test Year Revenues (a)	Line No.
1	Residential Service	$85,575,371	$74,148,720	$80,978,766	$6,830,046	7.98%	9.21%	1
2	Residential Cares	6,547,952	6,293,761	5,701,729	($592,032)	-9.04%	-9.41%	2
3	Small General Service	11,642,400	10,569,832	11,543,449	$973,617	8.36%	9.21%	3
4	Large General Service	55,358,044	48,286,092	52,733,859	$4,447,767	8.03%	9.21%	4
5	Large Power Service	19,626,605	16,938,518	18,498,772	$1,560,254	7.95%	9.21%	5
6	Interruptible Service	2,271,247	2,481,084	2,709,624	$228,540	10.06%	9.21%	6
7	Lighting DD	617,297	562,438	614,247	$51,809	8.39%	9.21%	7
8	Subtotal	181,638,915	159,280,446	172,780,447	13,500,000	7.43%	8.48%	8
9	Other Operating Revenue	$1,645,619	$1,645,619	1,645,619	$0	0.00%	0.00%	9
10	Total	$183,284,534	$160,926,065	$174,426,065	$13,500,000	7.37%	8.39%	10

Supporting Schedules	Recap Schedules	Recap Schedules
(a) H-2 (P2)	A-1	A-1

UNS Electric, Inc.
Comparisons of Revenues by Rate Schedules
Present And Proposed Rates
Test Year Ended December 31, 2008

Line No.	Class of Service	Rate Schedule Present	Proposed	Actual kWh Sales	Actual Average Number of Customers	Actual Average kWh per Customer	Test Year End Sales Adjustments	Adjusted kWh Sales	Adjusted Average Number of Customers	Adjusted Average Sales per Customer	Line No.
1	Residential Service	RES-01	RES-01	757,895,043	71,505	10,599	(17,627,814)	740,267,229	70,602	10,485	1
2	Residential Cares	CARES	CARES	63,995,155	6,869	9,317	5,725,945	69,721,100	7,522	9,269	2
3	Small General Service	SGS-10	SGS-10	92,855,781	7,711	12,042	570,617	93,426,398	7,778	12,012	3
4	Large General Service	LGS	LGS	498,893,145	2,069	241,167	(19,755,862)	479,137,283	2,000	239,569	4
5	Large General Service TOU	LGS-TOU	LGS-TOU	3,045,144	11	287,730	(45,296)	2,999,848	10	299,985	5
6	Large Power Service <69KV	LPS	LPS	60,317,878	9	6,520,852	3,946,904	64,264,781	11	5,842,253	6
7	Large Power Service >69KV	LPS	LPS	158,685,112	8	19,835,639	0	158,685,112	8	19,835,639	7
8	Interruptible Power Service	IPS	IPS	24,484,630	25	989,278	7,021,780	31,506,409	34	926,659	8
9	Lighting	LTG	LTG	3,145,228	1,781	1,766	0	3,145,228	1,781	1,766	9
10	Total Electric Retail Service			1,663,317,115	89,986	18,484	(20,163,726)	1,643,153,389	89,746	18,309	10

UNS Electric, Inc.
Comparisons of Revenues by Rate Schedules
Present And Proposed Rates
Test Year Ended December 31, 2008

Line No.	Class of Service	Test Year Booked Revenue	Test Year Revenue Annualization Adjustment	Test Year End Adjustments [1]	Adjusted Net Revenue	Proposed TY Delivery Charge Revenue	Proposed Increase Delivery		Proposed TY Base Power Supply Revenue	Proposed TY Total Revenue Requirement	Line No.
							$	%			
1	Residential Service	$85,575,371	$3,770,258	($15,196,909)	$74,148,720	$18,648,666	$6,949,229	37.26%	$55,380,872	$80,978,766	1
1	Residential Cares	6,547,952	$365,783	($619,974)	$6,293,761	$1,066,561	-361,046	-33.85%	4,996,214	$5,701,729	1
2	Small General Service	11,642,400	$510,373	($1,582,941)	$10,569,832	3,776,052	980,063	25.95%	6,787,334	11,543,449	2
3	Large General Service	55,025,876	$4,554,237	($11,587,760)	$47,992,353	17,307,444	4,285,715	24.76%	30,820,985	52,414,143	3
4	Large General Service TOU	332,168	$13,217	($51,646)	$293,739	101,622	25,125	24.72%	192,968	319,716	4
5	Large Power Service <69KV	6,110,689	$446,472	($820,509)	$5,736,652	2,507,990	458,138	18.27%	3,283,095	6,249,223	5
6	Large Power Service >69KV	13,515,916	$940,040	($3,254,091)	$11,201,866	3,229,525	913,277	28.28%	8,106,746	12,249,549	6
7	Interruptible Power Service	2,271,247	$132,056	$77,782	$2,481,084	827,912	204,720	24.73%	1,676,992	2,709,624	7
8	Lighting	617,297	$1,019	($55,878)	$562,438	511,110	44,793	8.76%	58,344	614,247	8
9	Total Electric Service	$181,638,915	$10,733,455	-$33,091,925	$159,280,446	$47,976,882	$13,500,014	28.14%	$111,303,550	$172,780,447	9

[1] Adjustments include Customer Annualization, Weather Normalization, Cares Discount and PPFAC Adjustment)

UNS Electric, Inc.
Comparison of Present and Proposed Rates
Test Year Ended December 31, 2008

	Present Rate	Proposed Rate	Increase $	Increase %
Residential Service				
Customer Charge	$7.50	$8.00	$0.50	6.67%
Energy Charge 1st 400 kWhs	$0.011255	$0.020070	$0.008815	78.32%
Energy Charge, all additional kWhs	$0.021269	$0.030084	$0.008815	41.45%
Base Power Supply Charge, all kWhs	$0.077993	$0.074812	-$0.003181	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Residential Service CARES				
Customer Charge	$7.50	$3.50	-$4.00	-53.33%
Energy Charge 1st 400 kWhs	$0.011255	$0.011255	$0.000000	0.00%
Energy Charge, all additional kWhs	$0.021269	$0.021269	$0.000000	0.00%
Base Power Supply Charge, all kWhs	$0.077993	$0.071660	-$0.006333	-8.12%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Residential Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.092183	$0.159138	$0.066955	72.63%
Summer Shoulder	$0.081803	$0.074812	-$0.006991	-8.55%
Summer off-peak	$0.077183	$0.054158	-$0.023025	-29.83%
Winter on-peak	$0.080873	$0.159138	$0.078265	96.78%
Winter off-peak	$0.065873	$0.041894	-$0.023979	-36.40%
Small General Service				
Customer Charge	$12.00	$12.50	$0.50	4.17%
Energy Charge 1st 400 kWhs	$0.022449	$0.032440	$0.009991	44.50%
Energy Charge, all additional kWhs	$0.032463	$0.042454	$0.009991	30.78%
Base Power Supply Charge, all kWhs	$0.075738	$0.072649	-$0.003089	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Small General Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.090348	$0.136759	$0.046411	51.37%
Summer Shoulder	$0.079658	$0.072649	-$0.007009	-8.80%
Summer off-peak	$0.075348	$0.046759	-$0.028589	-37.94%
Winter on-peak	$0.079448	$0.136759	$0.057311	72.14%
Winter off-peak	$0.064448	$0.038539	-$0.025909	-40.20%

Large General Service				
Customer Charge	$15.50	$16.00	$0.50	3.23%
Demand Charge, per kW	$10.71	$13.35	$2.643018	24.68%
Energy Charge (kWhs)	$0.003254	$0.004254	$0.001000	30.73%
Base Power Supply Charge, all kWhs	$0.067062	$0.064326	-$0.002736	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Large General Service TOU				
Customer Charge	$20.40	$20.90	$0.50	2.45%
Demand Charge, per kW	$10.71	$13.35	$2.643018	24.68%
Energy Charge (kWhs)	$0.003254	$0.004254	$0.001000	30.73%
Base Power Supply Charge, all kWhs	$0.067062	$0.064326	-$0.002736	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Large General Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.082832	$0.121221	$0.038389	46.35%
Summer Shoulder	$0.071452	$0.064326	-$0.007126	-9.97%
Summer off-peak	$0.067832	$0.046221	-$0.021611	-31.86%
Winter on-peak	$0.071072	$0.121221	$0.050149	70.56%
Winter off-peak	$0.056072	$0.032503	-$0.023569	-42.03%
Large Power Service (<69KV)				
Customer Charge	$365.00	$372.00	$7.00	1.92%
Demand Charge, per kW	$17.90	$21.22	$3.326211	18.59%
Energy Charge (kWhs)	$0.000000	($0.000000)	$0.000000	0.00%
Base Power Supply Charge, all kWhs	$0.053260	$0.051087	-$0.002173	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Large Power Service (>69KV)				
Customer Charge	$400.00	$407.00	$7.00	1.75%
Demand Charge, per kW	$11.61	$14.93	$3.320254	0.00%
Energy Charge (kWhs)	$0.000000	($0.000000)	$0.000000	0.00%
Base Power Supply Charge, all kWhs	$0.053260	$0.051087	-$0.002173	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	100.00%
Large Power Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.070170	$0.099047	$0.028877	41.15%
Summer Shoulder	$0.058180	$0.051087	-$0.007093	-12.19%
Summer off-peak	$0.055170	$0.039047	-$0.016123	-29.22%
Winter on-peak	$0.058170	$0.099047	$0.040877	70.27%
Winter off-peak	$0.043170	$0.027033	-$0.016137	-37.38%

Interruptible Power Service				
Customer Charge	$15.50	$16.00	$0.50	3.23%
Demand Charge, per kW	$3.40	$4.66	$1.26	37.17%
Energy Charge (kWhs)	$0.014800	$0.017100	$0.00	15.54%
Base Power Supply Charge, all kWhs	$0.055491	$0.053227	$0.00	-4.08%
PPFAC	$0.014746	$0.000000	-$0.01	-100.00%
Interruptible Power Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.071861	$0.101911	$0.030050	41.82%
Summer Shoulder	$0.059691	$0.053227	-$0.006464	-10.83%
Summer off-peak	$0.056861	$0.041911	-$0.014950	-26.29%
Winter on-peak	$0.059411	$0.101911	$0.042500	71.54%
Winter off-peak	$0.044411	$0.026779	-$0.017632	-39.70%
Lighting Dusk to Dawn				
New 30' Wood Pole (Class 6) - Overhead	$4.12	$4.535	$0.41	10.00%
New 30' Metal or Fiberglass - Overhead	$8.26	$9.083	$0.83	10.00%
Existing Wood Pole - Underground	$2.06	$2.268	$0.21	10.00%
New 30' Wood Pole (Class 6) - Underground	$6.20	$6.815	$0.62	10.00%
New 30' Metal or Fiberglass - Underground	$10.32	$11.350	$1.03	10.00%
Wattage, per Watt	$0.046577	$0.050422	$0.003845	8.26%
Lighting Base Power Supply Charge, per Watt	$0.007818	$0.007499	$0.00	100.00%

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

Residential Service	Present	Proposed
Customer Charge	$7.50	$8.00
Energy Charge 1st 400 kWhs	$0.011255	$0.020070
Energy Charge, all additional kWhs	$0.021269	$0.030084
Base Power Supply Charge, all kWhs	$0.077993	$0.074812
PPFAC	$0.014746	$0.000000

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$7.50	$8.00	$0.50	6.67%
50	$12.70	$12.74	$0.04	0.35%
100	$17.90	$17.49	($0.41)	-2.30%
200	$28.30	$26.98	($1.32)	-4.67%
400	$49.10	$45.95	($3.14)	-6.40%
600	$71.90	$66.93	($4.97)	-6.91%
800	$94.70	$87.91	($6.79)	-7.17%
1,000	$117.50	$108.89	($8.61)	-7.33%
2,000	$231.51	$213.79	($17.72)	-7.66%
2,500	$288.51	$266.23	($22.28)	-7.72%
5,000	$573.53	$528.47	($45.06)	-7.86%
10,000	$1,143.57	$1,052.95	($90.62)	-7.92%

Residential Service CARES	Present	Proposed	Discounts:	
Customer Charge	$7.50	$3.50	0-300 kWh	30.0%
Energy Charge 1st 400 kWhs	$0.011255	$0.011255	301-600 kWh	20.0%
Energy Charge, all additional kWhs	$0.021269	$0.021269	601-1000 kWh	10.0%
Base Power Supply Charge, all kWhs	$0.077993	$0.071660	1001+ kWh	$8.00
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$5.25	$2.45	($2.80)	-53.33%
50	$8.89	$5.35	($3.54)	-39.79%
100	$12.53	$8.25	($4.28)	-34.12%
200	$19.81	$14.06	($5.75)	-29.03%
400	$39.28	$29.33	($9.95)	-25.32%
600	$57.52	$44.20	($13.32)	-23.15%
800	$85.23	$66.45	($18.78)	-22.03%
1,000	$105.75	$83.18	($22.57)	-21.34%
2,000	$223.51	$177.35	($46.16)	-20.65%
2,500	$280.51	$223.82	($56.70)	-20.21%
5,000	$565.53	$456.14	($109.39)	-19.34%
10,000	$1,135.57	$920.78	($214.79)	-18.91%

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

Residential Service Time-of-Use Summer	Present	Proposed	Assume:	
Customer Charge	$7.50	$8.00	On Peak Usage:	16.6%
Energy Charge 1st 400 kWhs	$0.011255	$0.020070	Shoulder-Peak Usage:	15.4%
Energy Charge, all additional kWhs	$0.021269	$0.030084	Off-Peak Usage:	67.9%
Base Power Supply Charge				
On-Peak, all kWhs	$0.092183	$0.159138		
Shoulder-Peak, all kWhs	$0.081803	$0.074812		
Off-Peak, all kWhs	$0.077183	$0.054158		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$7.50	$8.00	$0.50	6.67%
50	$12.82	$12.74	($0.08)	-0.59%
100	$18.14	$17.49	($0.65)	-3.59%
200	$28.78	$26.98	($1.80)	-6.26%
400	$50.06	$45.95	($4.10)	-8.20%
600	$73.34	$66.93	($6.41)	-8.73%
800	$96.62	$87.91	($8.71)	-9.01%
1,000	$119.90	$108.89	($11.01)	-9.18%
2,000	$236.31	$213.79	($22.52)	-9.53%
2,500	$294.51	$266.24	($28.27)	-9.60%
5,000	$585.53	$528.48	($57.05)	-9.74%
10,000	$1,167.56	$1,052.96	($114.60)	-9.82%

Residential Service Time-of-Use Winter	Present	Proposed	Assume:	
Customer Charge	$7.50	$8.00	On Peak Usage:	28.1%
Energy Charge 1st 400 kWhs	$0.011255	$0.020070		
Energy Charge, all additional kWhs	$0.021269	$0.030084	Off-Peak Usage:	71.9%
Base Power Supply Charge				
On-Peak, all kWhs	$0.080873	$0.159138		
Shoulder-Peak, all kWhs				
Off-Peak, all kWhs	$0.065873	$0.041894		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$7.50	$8.00	$0.50	6.67%
50	$12.30	$12.74	$0.44	3.57%
100	$17.11	$17.49	$0.38	2.22%
200	$26.72	$26.98	$0.26	0.97%
400	$45.93	$45.95	$0.02	0.04%
600	$67.15	$66.93	($0.22)	-0.33%
800	$88.37	$87.91	($0.46)	-0.53%
1,000	$109.59	$108.89	($0.71)	-0.64%
2,000	$215.69	$213.78	($1.91)	-0.89%
2,500	$268.74	$266.23	($2.52)	-0.94%
5,000	$533.99	$528.46	($5.53)	-1.04%
10,000	$1,064.48	$1,052.92	($11.56)	-1.09%

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

Small General Service	Present	Proposed
Customer Charge	$12.00	$12.50
Energy Charge 1st 400 kWhs	$0.022449	$0.032440
Energy Charge, all additional kWhs	$0.032463	$0.042454
Base Power Supply Charge, all kWhs	$0.075738	$0.072649
PPFAC	$0.014746	$0.000000

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
50	$17.65	$17.75	$0.11	0.61%
100	$23.29	$23.01	($0.28)	-1.22%
250	$40.23	$38.77	($1.46)	-3.63%
500	$69.47	$66.05	($3.42)	-4.93%
1,000	$130.94	$123.60	($7.34)	-5.61%
2,000	$253.89	$238.70	($15.19)	-5.98%
3,500	$438.31	$411.35	($26.96)	-6.15%
5,000	$622.73	$584.01	($38.72)	-6.22%
10,000	$1,237.46	$1,159.52	($77.94)	-6.30%
30,000	$3,696.40	$3,461.58	($234.83)	-6.35%
50,000	$6,155.34	$5,763.63	($391.72)	-6.36%

Large General Service Delivery Charges	Present	Proposed		
Customer Charge	$15.50	$16.00		
Demand Charge, per kW	$10.71	$13.35	Assumes	
Energy Charge (kWhs)	$0.003254	$0.004254	Load Factor =	55.0%
Base Power Supply Charge, all kWhs	$0.067062	$0.064326		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
5,000	$574.18	$525.19	($49.00)	-8.53%
10,000	$1,132.87	$1,034.38	($98.49)	-8.69%
25,000	$2,808.92	$2,561.95	($246.98)	-8.79%
50,000	$5,602.35	$5,107.89	($494.46)	-8.83%
100,000	$11,189.20	$10,199.78	($989.41)	-8.84%
200,000	$22,362.89	$20,383.57	($1,979.33)	-8.85%
300,000	$33,536.59	$30,567.35	($2,969.24)	-8.85%
400,000	$44,710.29	$40,751.13	($3,959.16)	-8.86%
500,000	$55,883.98	$50,934.91	($4,949.07)	-8.86%
600,000	$67,057.68	$61,118.70	($5,938.98)	-8.86%

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

Large General Service TOU	Present	Proposed		
Customer Charge	$20.40	$20.90		
Demand Charge, per kW	$10.71	$13.35	Assumes	
Energy Charge (kWhs)	$0.003254	$0.004254	Load Factor =	55.0%
Base Power Supply Charge, all kWhs	$0.067062	$0.064326		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
5,000	$572.42	$521.77	($50.64)	-8.85%
10,000	$1,124.43	$1,022.65	($101.78)	-9.05%
25,000	$2,780.48	$2,525.27	($255.21)	-9.18%
50,000	$5,540.56	$5,029.65	($510.91)	-9.22%
100,000	$11,060.72	$10,038.39	($1,022.33)	-9.24%
200,000	$22,101.04	$20,055.89	($2,045.16)	-9.25%
300,000	$33,141.37	$30,073.38	($3,067.98)	-9.26%
400,000	$44,181.69	$40,090.87	($4,090.81)	-9.26%
500,000	$55,222.01	$50,108.37	($5,113.64)	-9.26%
600,000	$66,262.33	$60,125.86	($6,136.47)	-9.26%

Assumes maximum peak period demand is 5% lower than maximum demand in non-peak period.

Large Power Service (<69KV)	Present	Proposed		
Customer Charge	$365.00	$372.00		
Demand Charge, per kW	$17.90	$21.22	Assumes	
Energy Charge (kWhs)	$0.000000	($0.000000)	Load Factor =	65.0%
Base Power Supply Charge, all kWhs	$0.053260	$0.051087		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
300,000	$32,081	$29,115	($2,966)	-9.24%
450,000	$47,939	$43,487	($4,452)	-9.29%
650,000	$69,083	$62,649	($6,434)	-9.31%
850,000	$90,226	$81,811	($8,416)	-9.33%
950,000	$100,798	$91,392	($9,407)	-9.33%
1,500,000	$158,944	$144,087	($14,857)	-9.35%
1,750,000	$185,374	$168,040	($17,334)	-9.35%
2,000,000	$211,804	$191,993	($19,811)	-9.35%
2,500,000	$264,663	$239,898	($24,766)	-9.36%

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

Large Power Service (>69KV) Delivery Charges	Present	Proposed		
Customer Charge	$400.00	$407.00		
Demand Charge, per kW	$11.61	$14.93	Assumes	
Energy Charge (kWhs)	$0.000000	($0.000000)	Load Factor =	70.0%
Base Power Supply Charge, all kWhs	$0.053260	$0.051087		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
300,000	$27,617.85	$24,498.42	($3,119)	-11.29%
450,000	$41,226.77	$36,544.12	($4,683)	-11.36%
650,000	$59,372.00	$52,605.07	($6,767)	-11.40%
850,000	$77,517.23	$68,666.01	($8,851)	-11.42%
950,000	$86,589.85	$76,696.48	($9,893)	-11.43%
1,500,000	$136,489.23	$120,864.08	($15,625)	-11.45%
1,750,000	$159,170.77	$140,940.26	($18,231)	-11.45%
2,000,000	$181,852.31	$161,016.44	($20,836)	-11.46%
2,500,000	$227,215.39	$201,168.80	($26,047)	-11.46%

Interruptible Power Service Delivery Charges	Present	Proposed		
Customer Charge	$15.50	$16.00		
Demand Charge, per kW	$3.40	$4.66	50 Assumes	
Energy Charge (kWhs)	$0.014800	$0.017100	Load Factor =	55.0%
Base Power Supply Charge, all kWhs	$0.055491	$0.053227		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
10,001	$950.65	$835.51	($115.14)	-12.11%
15,000	$1,418.08	$1,245.14	($172.94)	-12.20%
20,000	$1,885.60	$1,654.85	($230.75)	-12.24%
30,000	$2,820.66	$2,474.28	($346.38)	-12.28%
50,000	$4,690.76	$4,113.13	($577.63)	-12.31%
75,000	$7,028.39	$6,161.70	($866.70)	-12.33%
100,000	$9,366.02	$8,210.26	($1,155.76)	-12.34%
125,000	$11,703.66	$10,258.83	($1,444.83)	-12.35%
150,000	$14,041.29	$12,307.39	($1,733.89)	-12.35%

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

	Present	Proposed	Proposed Increase $	Proposed Increase %
Lighting Dusk to Dawn Delivery Charges	Overhead Service			
New 30' Wood Pole (Class 6)	$4.12	$4.54	$0.41	10.00%
New 30' Metal or Fiberglass	$8.26	$9.08	$0.83	10.00%
	Underground Service			
Existing Wood Pole	$2.06	$2.27	$0.21	10.00%
New 30' Wood Pole (Class 6)	$6.20	$6.81	$0.62	10.00%
New 30' Metal or Fiberglass	$10.32	$11.35	$1.03	10.00%
Per Watt	$0.046577	$0.050422	$0.0038	8.26%
Lighting Base Power Supply Charge, per Watt	$0.007818	$0.00750		
PPFAC	$0.014746	$0.000000		
100 Watts - Overhead				
Existing Wood Pole	$4.67	$5.79	$1.13	24.15%
New 30' Wood Pole (Class 6)	$8.79	$10.33	$1.54	17.51%
New 30' Metal or Fiberglass	$12.92	$14.87	$1.95	15.11%
100 Watts - Underground				
Existing Wood Pole	$6.73	$8.06	$1.33	19.81%
New 30' Wood Pole (Class 6)	$10.86	$12.61	$1.75	16.08%
New 30' Metal or Fiberglass	$14.98	$17.14	$2.16	14.41%
200 Watts - Overhead				
Existing Wood Pole	$9.32	$11.58	$2.27	24.36%
New 30' Wood Pole (Class 6)	$13.44	$16.12	$2.68	19.95%
New 30' Metal or Fiberglass	$17.57	$20.67	$3.09	17.61%
200 Watts - Underground				
Existing Wood Pole	$12.94	$13.85	$0.91	7.04%
New 30' Wood Pole (Class 6)	$17.07	$18.40	$1.32	7.76%
New 30' Metal or Fiberglass	$19.63	$22.93	$3.30	16.81%
400 Watts - Overhead				
Existing Wood Pole	$21.76	$23.17	$1.41	6.48%
New 30' Wood Pole (Class 6)	$25.88	$27.70	$1.82	7.04%
New 30' Metal or Fiberglass	$30.02	$32.25	$2.24	7.45%
400 Watts - Underground				
Existing Wood Pole	$23.82	$25.44	$1.62	6.79%
New 30' Wood Pole (Class 6)	$27.95	$29.98	$2.03	7.26%
New 30' Metal or Fiberglass	$32.08	$34.52	$2.44	7.61%

UNS Electric, Inc
Bill Count by Rate Class
Test Period Ended December 31, 2008

RESIDENTIAL SERVCIE

Usage Range - kWhs				Cumulative Bills		Cumulative kWhs	
Lower	Upper	Number of Bills	kWhs	Bills	Percent of Total	kWhs	Percent of Total
0	4	23,272	7,875	23,272	2.75%	7,875	0.00%
5	9	2,839	19,603	26,111	3.08%	27,477	0.00%
10	14	4,707	54,364	30,819	3.64%	81,841	0.01%
15	19	2,820	48,148	33,639	3.97%	129,989	0.02%
20	24	3,842	82,194	37,480	4.42%	212,183	0.03%
25	29	2,091	57,044	39,571	4.67%	269,227	0.04%
30	34	3,402	106,961	42,972	5.07%	376,187	0.05%
35	39	1,901	70,954	44,873	5.30%	447,142	0.06%
40	44	3,370	139,715	48,244	5.69%	586,857	0.08%
45	49	1,866	88,539	50,110	5.91%	675,396	0.09%
50	54	3,328	171,578	53,438	6.31%	846,974	0.11%
55	99	22,937	1,770,923	76,375	9.01%	2,617,896	0.35%
100	149	27,371	3,402,317	103,746	12.25%	6,020,213	0.81%
150	199	27,750	4,847,682	131,496	15.52%	10,867,896	1.47%
200	249	29,020	6,533,102	160,515	18.95%	17,400,998	2.35%
250	299	29,812	8,214,483	190,328	22.46%	25,615,481	3.46%
300	349	30,980	10,091,281	221,308	26.12%	35,706,762	4.82%
350	399	31,254	11,764,136	252,562	29.81%	47,470,898	6.41%
400	449	31,856	13,592,071	284,417	33.57%	61,062,969	8.25%
450	499	31,678	15,111,742	316,095	37.31%	76,174,711	10.29%
500	549	31,234	16,468,704	347,329	41.00%	92,643,416	12.51%
550	599	30,035	17,356,789	377,364	44.54%	110,000,205	14.86%
600	649	29,183	18,331,128	406,547	47.99%	128,331,333	17.34%
650	699	27,534	18,685,624	434,081	51.24%	147,016,957	19.86%
700	749	26,191	19,088,478	460,273	54.33%	166,105,436	22.44%
750	799	24,847	19,368,319	485,120	57.26%	185,473,755	25.05%
800	849	23,463	19,468,073	508,583	60.03%	204,941,828	27.68%
850	899	22,008	19,376,275	530,591	62.63%	224,318,103	30.30%
900	949	20,538	19,116,807	551,129	65.05%	243,434,910	32.88%
950	999	19,466	19,099,037	570,595	67.35%	262,533,947	35.46%
1,000	1,199	65,831	72,655,332	636,426	75.12%	335,189,279	45.28%
1,200	1,399	51,339	66,991,356	687,766	81.18%	402,180,636	54.33%
1,400	1,599	39,421	59,396,603	727,187	85.83%	461,577,239	62.35%
1,600	1,799	29,879	51,030,077	757,066	89.36%	512,607,316	69.25%
1,800	1,999	22,573	43,108,338	779,639	92.02%	555,715,654	75.07%
2,000	2,999	51,726	124,361,908	831,365	98.13%	680,077,561	91.87%
3,000	3,999	11,881	40,416,199	843,246	99.53%	720,493,760	97.33%
4,000	4,999	2,747	12,150,015	845,992	99.85%	732,643,775	98.97%
5,000	5,999	772	4,205,357	846,764	99.95%	736,849,132	99.54%
6,000	9,999	440	3,087,215	847,203	100.00%	739,936,347	99.96%
≥ 10,000		26	330,882	847,229	100.00%	740,267,229	100.00%

Average Customers	70,602
Average kWhs	874
Median kWhs	685

UNS Electric, Inc
Bill Count by Rate Class
Test Period Ended December 31, 2008

RESIDENTIAL SERVCIE CARES

Usage Range - kWhs				Cumulative Bills		Cumulative kWhs	
Lower	Upper	Number of Bills	kWhs	Bills	Percent of Total	kWhs	Percent of Total
0	4	523	170	523	0.58%	170	0.00%
5	9	64	444	586	0.65%	615	0.00%
10	14	108	1,159	694	0.77%	1,774	0.00%
15	19	64	1,064	758	0.84%	2,838	0.00%
20	24	99	2,090	857	0.95%	4,928	0.01%
25	29	55	1,453	912	1.01%	6,382	0.01%
30	34	116	3,499	1,028	1.14%	9,881	0.01%
35	39	67	2,436	1,095	1.21%	12,317	0.02%
40	44	147	5,882	1,242	1.38%	18,199	0.03%
45	49	78	3,583	1,319	1.46%	21,782	0.03%
50	54	143	7,150	1,462	1.62%	28,932	0.04%
55	59	73	4,114	1,535	1.70%	33,046	0.05%
60	64	163	9,771	1,698	1.88%	42,817	0.06%
65	69	92	6,043	1,790	1.98%	48,860	0.07%
70	74	162	11,285	1,952	2.16%	60,145	0.09%
75	79	100	7,576	2,053	2.27%	67,721	0.10%
80	84	191	15,169	2,244	2.49%	82,891	0.12%
85	89	94	8,022	2,338	2.59%	90,912	0.13%
90	94	211	18,789	2,548	2.82%	109,701	0.16%
95	99	126	12,022	2,675	2.96%	121,724	0.17%
100	149	2,315	283,094	4,990	5.53%	404,817	0.58%
150	199	3,257	556,337	8,246	9.14%	961,154	1.38%
200	249	3,885	850,613	12,131	13.44%	1,811,767	2.60%
250	299	4,411	1,181,304	16,542	18.33%	2,993,071	4.29%
300	349	4,820	1,524,276	21,362	23.67%	4,517,347	6.48%
350	399	4,794	1,751,657	26,156	28.98%	6,269,003	8.99%
400	449	4,741	1,963,181	30,898	34.23%	8,232,184	11.81%
450	499	4,278	1,982,255	35,176	38.97%	10,214,439	14.65%
500	549	4,360	2,232,640	39,536	43.80%	12,447,079	17.85%
550	599	4,070	2,282,951	43,605	48.31%	14,730,029	21.13%
600	699	7,212	4,567,093	50,817	56.30%	19,297,122	27.68%
700	799	6,124	4,475,333	56,942	63.08%	23,772,455	34.10%
800	899	5,136	4,258,373	62,078	68.77%	28,030,828	40.20%
900	999	4,260	3,948,300	66,338	73.49%	31,979,128	45.87%
1,000	1,999	19,203	25,724,488	85,540	94.77%	57,703,616	82.76%
2,000	2,999	3,872	8,987,384	89,413	99.05%	66,691,000	95.65%
3,000	3,999	691	2,273,600	90,104	99.82%	68,964,600	98.91%
4,000	4,999	120	511,894	90,223	99.95%	69,476,494	99.65%
5,000	5,999	30	160,017	90,254	99.99%	69,636,511	99.88%
≥ 6,000		12	84,588	90,266	100.00%	69,721,100	100.00%

Average Customers	7,522
Average kWhs	772
Median kWhs	605

UNS Electric, Inc
Bill Count by Rate Class
Test Period Ended December 31, 2008

SMALL GENERAL SERVCIE

Usage Range - kWhs				Cumulative Bills		Cumulative kWhs	
Lower	Upper	Number of Bills	kWhs	Bills	Percent of Total	kWhs	Percent of Total
0	19	8,209	29,969	8,209	8.8%	29,969	0.03%
20	39	2,439	70,452	10,647	11.4%	100,421	0.11%
40	59	2,135	103,999	12,783	13.7%	204,420	0.22%
60	79	1,652	114,747	14,435	15.5%	319,167	0.34%
80	99	1,613	143,564	16,048	17.2%	462,731	0.50%
100	199	7,260	1,082,109	23,308	25.0%	1,544,840	1.65%
200	299	7,173	1,795,240	30,481	32.7%	3,340,080	3.58%
300	399	6,448	2,251,457	36,929	39.6%	5,591,537	5.98%
400	499	5,423	2,440,028	42,353	45.4%	8,031,564	8.60%
500	599	4,634	2,553,356	46,986	50.3%	10,584,920	11.33%
600	699	4,198	2,728,457	51,184	54.8%	13,313,378	14.25%
700	799	3,616	2,714,699	54,799	58.7%	16,028,077	17.16%
800	899	3,189	2,715,174	57,988	62.1%	18,743,251	20.06%
900	999	2,892	2,756,281	60,881	65.2%	21,499,533	23.01%
1,000	1,199	5,224	5,750,988	66,105	70.8%	27,250,521	29.17%
1,200	1,399	4,386	5,710,379	70,491	75.5%	32,960,900	35.28%
1,400	1,599	3,525	5,297,622	74,015	79.3%	38,258,521	40.95%
1,600	1,999	5,339	9,586,114	79,354	85.0%	47,844,636	51.21%
2,000	2,999	7,887	19,315,557	87,241	93.5%	67,160,192	71.89%
3,000	3,999	3,717	12,861,438	90,958	97.5%	80,021,630	85.65%
4,000	4,999	1,493	6,635,207	92,451	99.1%	86,656,837	92.75%
5,000	9,999	787	4,740,977	93,238	99.9%	91,397,815	97.83%
10,000	19,999	56	730,998	93,294	100.0%	92,128,813	98.61%
≥20,000		42	1,297,585	93,336	100.0%	93,426,398	100.00%

Average Customers	7,778
Average kWhs	1,001
Median kWhs	594

UNS Electric, Inc
Bill Count by Rate Class
Test Period Ended December 31, 2008

LARGE GENERAL SERVCIE

Usage Range - kWhs				Cumulative Bills		Cumulative kWhs	
Lower	Upper	Number of Bills	kWhs	Bills	Percent of Total	kWhs	Percent of Total
0	499	836	108,605	836	3.5%	108,605	0.02%
500	999	378	284,347	1,214	5.0%	392,953	0.08%
1,000	1,999	830	1,255,909	2,044	8.5%	1,648,861	0.34%
2,000	2,999	1,322	3,352,817	3,366	14.0%	5,001,678	1.04%
3,000	3,999	1,878	6,605,048	5,244	21.7%	11,606,726	2.41%
4,000	4,999	2,032	9,187,940	7,276	30.2%	20,794,666	4.31%
5,000	5,999	1,813	9,964,435	9,089	37.7%	30,759,100	6.38%
6,000	6,999	1,587	10,306,959	10,676	44.3%	41,066,060	8.52%
7,000	7,999	1,268	9,479,879	11,944	49.5%	50,545,939	10.48%
8,000	8,999	1,107	9,409,222	13,051	54.1%	59,955,160	12.44%
9,000	9,999	933	8,868,990	13,983	58.0%	68,824,150	14.27%
10,000	14,999	2,781	33,991,849	16,764	69.5%	102,815,999	21.33%
15,000	19,999	1,670	28,961,503	18,434	76.4%	131,777,502	27.33%
20,000	29,999	1,936	47,351,843	20,370	84.5%	179,129,345	37.15%
30,000	39,999	1,153	40,062,947	21,523	89.2%	219,192,292	45.46%
40,000	49,999	616	27,465,335	22,139	91.8%	246,657,627	51.16%
50,000	99,999	1,129	77,566,390	23,268	96.5%	324,224,017	67.25%
100,000	199,999	569	81,580,305	23,837	98.8%	405,804,322	84.17%
200,000	299,999	210	49,407,724	24,047	99.7%	455,212,046	94.42%
300,000	399,999	55	18,651,903	24,101	99.9%	473,863,949	98.28%
≥ 400,000		19	8,273,182	24,120	100.0%	482,137,131	100.00%

Average Customers	2,010
Average kWhs	19,989
Median kWhs	8,107

LARGE POWER SERVCIE

Usage Range - kWhs				Cumulative Bills		Cumulative kWhs	
Lower	Upper	Number of Bills	kWhs	Bills	Percent of Total	kWhs	Percent of Total
0	499,999	98	18,816,017	98	42.9%	18,816,017	8.44%
500,000	999,999	56	34,864,431	154	67.3%	53,680,448	24.08%
1,000,000	1,499,999	17	21,349,054	171	75.0%	75,029,503	33.65%
1,500,000	1,999,999	13	21,668,117	184	80.6%	96,697,620	43.37%
2,000,000	2,499,999	19	38,694,776	202	88.8%	135,392,396	60.73%
2,500,000	2,999,999	5	12,359,608	207	90.8%	147,752,004	66.27%
3,000,000	3,499,999	7	21,428,971	214	93.9%	169,180,975	75.88%
3,500,000	3,999,999	2	7,982,889	216	94.9%	177,163,864	79.46%
4,000,000	4,499,999	12	45,786,029	228	100.0%	222,949,894	100.00%

Average Customers	19
Average kWhs	977,850
Median kWhs	520,233

UNS Electric, Inc
Bill Count by Rate Class
Test Period Ended December 31, 2008

INTERRUPTIBLE POWER SERVCIE

Usage Range - kWhs				Cumulative Bills		Cumulative kWhs	
Lower	Upper	Number of Bills	kWhs	Bills	Percent of Total	kWhs	Percent of Total
0	99	31	546	31	7.6%	546	0.00%
100	999	30	11,240	61	14.9%	11,786	0.04%
1,000	4,999	30	61,792	90	22.1%	73,578	0.23%
5,000	9,999	32	213,698	123	30.1%	287,275	0.91%
10,000	19,999	48	669,388	171	41.9%	956,664	3.04%
20,000	29,999	30	665,736	200	49.1%	1,622,400	5.15%
30,000	49,999	38	1,418,001	239	58.5%	3,040,401	9.65%
50,000	99,999	54	3,445,493	292	71.6%	6,485,895	20.59%
100,000	199,999	51	6,718,257	343	84.1%	13,204,151	41.91%
200,000	299,999	32	7,691,723	376	92.0%	20,895,874	66.32%
300,000	399,999	25	7,655,663	401	98.3%	28,551,537	90.62%
≥ 400,000		7	2,954,873	408	100.0%	31,506,409	100.00%

Average Customers	34
Average kWhs	77,222
Median kWhs	29,053

LIGHTING DUSK TO DAWN

	Overhead Services
Existing Wood Pole	39,277
New 30' Wood Pole (Class 6)	8,579
New 30' Metal or Fiberglass	2,821
	Underground Services
Existing Wood Pole	1,145
New 30' Wood Pole (Class 6)	810
New 30' Metal or Fiberglass	8,013
TOTAL UNITS	60,645

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS
KRISTIN K. MAYES - CHAIRMAN
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

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.	)	DOCKET NO. E-04204A-09-____

UNS ELECTRIC, INC.

BLACK MOUNTAIN GENERATING STATION

SCHEDULES

"A" through "H"

VOLUME 4 OF 4

April 30, 2009

Index

UNS Electric, Inc.
Index to Schedules
Test Year Ended December 31, 2008

Schedule	Title of Schedule	Description
	Summary Information	
A-1	Computation of Increase in Gross Revenue Requirements	Increase in revenue requirements
A-2	Summary Results of Operations	Operating results for the test year, two prior years and the projected year
A-3	Summary of Capital Structure	Capital structure for the test year, two prior years and the projected year
A-4	Construction Expenditures and Gross Utility Plant in Service	Construction expenditures, net plant placed in service and gross utility plant in service for the test year, two prior years and three projected years
A-5	Summary Changes in Financial Position	Cash flows for the test year, two prior years and the projected year
	Rate Base Schedules	
B-1	Summary of Original Cost and RCND Rate Base	Elements of original cost and RCND rate base
B-2	Pro Forma Adjustments to Original Cost Rate Base	Pro forma adjustments to original cost rate base
B-3	Pro Forma Adjustments to RCND Rate Base	Pro forma adjustments to RCND rate base
B-4	RCND by Major Plant Accounts	Computation of RCND net utility plant
B-5	Computation of Working Capital	Computation of working capital allowance
	Test Year Income Statements	
C-1	Adjusted Test Year Income Statement	Test year income statement with pro forma adjustments
C-2	Income Statement Pro Forma Adjustments	Detail of pro forma income statement adjustments
C-3	Computation of Gross Revenue Conversion Factor	Calculation of gross revenue conversion factor
	Cost of Capital	
D-1	Summary Cost of Capital	Elements of capital structure for the test year and projected year
D-2	Cost of Long-Term Debt and Short-Term Debt	Cost of long-term and short-term debt for the test year and projected year
D-3	Cost of Preferred Stock	Not applicable - noted on schedule
D-4	Cost of Common Equity	Summary of conclusions for the required rate of return on common equity as of the end of the test year and projected year

UNS Electric, Inc.
Index to Schedules
Test Year Ended December 31, 2008

Schedule	Title of Schedule	Description
	Financial Statements and Statistical Schedules	
E-1	Comparative Balance Sheets	Balance sheets at the end of the test year and two prior years
E-2	Comparative Income Statements	Income statements for the test year and two prior years
E-3	Comparative Statements of Cash Flows	Cash flow statements for the test year and two prior years
E-4	Comparative Statements of Changes in Stockholders' Equity (Deficit)	Changes in stockholders' equity for the test year and two prior years
E-5	Detail of Electric Utility Plant	Electric utility plant balances by detailed account, at the end of the test year and at the end of the prior year
E-6	Comparative Departmental Operating Income Statements	Comparative departmental statements of operating income for the test year and two prior years
E-7	Electric Operating Statistics	Operating statistics (sales, revenues, customers and expenses) for the test year and two prior years
E-8	Taxes Charged to Operations	Significant taxes charged to operations for the test year and two prior years
E-9	Notes to Financial Statements	Reference to see the attached FERC Form 1 as of December 31, 2008.
	Projections and Forecasts	
F-1	Projected Income Statements - Present and Proposed Rates	Income statements for the test year and the projected year, at present and proposed rates
F-2	Projected Statements of Cash Flows - Present and Proposed Rates	Cash flow statements for the test year and the projected year, at present and proposed rates
F-3	Projected Construction Requirements	Construction requirements by property classification for the test year and three projected years
F-4	Key Assumptions Used in Preparing Forecasts	Important assumptions used in preparing forecasts and projections

UNS Electric, Inc.
Index to Schedules
Test Year Ended December 31, 2008

Schedule	Title of Schedule	Description
	Cost of Service Analyses	
G-1	Cost of Service Summary - Present Rates	Rates of return by customer classification at present rates
G-2	Cost of Service Summary - Equalized and Proposed Rates	Rates of return by customer classification at proposed rates
G-3	Rate Base Allocation to Classes of Service	Allocation of rate base and net utility plant to classes of service
G-4	Expense Allocation to Classes of Service	Allocation of operating expenses to classes of service
G-5	Distribution of Rate Base by Function	Classification of rate base by function
G-6	Distribution of Expenses by Function	Classification of expenses by function
G-7	Development of Allocation Factors	Allocation factors used in the cost of service study (indicating how demand, commodity and customer allocation factors were developed), and including explanation of the demand method used
	Effect of Proposed Rate Schedules	
H-1	Summary of Revenues by Customer Classification - Adjusted Present and Proposed Rates	Revenues by customer classification at present and proposed rates
H-2	Comparisons of Revenues by Rate Schedules - Present and Proposed Rates	Revenues by detailed class of service at present and proposed rates
H-3	Comparison of Present & Proposed Rates	Comparison of present and proposed rates by rate schedule
H-4	Typical Bill Comparison - Present (Prior to June 1, 2009 PPFAC Rate Change) & Proposed Rates	Comparison of typical customer bills at varying consumption levels at present and proposed rates
H-4-2	Typical Bill Comparison - Present (Includes June 1, 2009 PPFAC Rate Change) & Proposed Rates	Comparison of typical customer bills at varying consumption levels at present and proposed rates
H-5	Bill Count	Billing activity by block for the summer and winter periods for residential, commercial and industrial rate groups.

BMGS
Schedule A

Black Mountain Generating Station

UNS Electric, Inc.
Computation of Increase in Gross Revenue Requirements
Test Year Ended December 31, 2008

Line No.	Description	ACC Jurisdiction Original Cost BMGS		RCND BMGS		Fair Value BMGS		Line No.
1	Adjusted Rate Base	$237,208,845	(a)	$418,685,812	(a)	$327,947,328	(e)	1
2	Adjusted Operating Income	$15,657,039	(b)	$15,657,039	(b)	$15,657,039		2
3	Current Rate of Return (2/1)	6.60%		3.74%		4.77%		3
4	Required Operating Income	$23,907,360		$23,907,360		$23,907,360		4
5	Weighted Average Cost of Capital	9.04%	(c)	9.04%		9.04%		5
6	Fair Value Adjustment	1.04%		-3.33%		-1.75%		6
7	Required Rate of Return	10.08%		5.71%		7.29%	(e)	7
8	Operating Income Deficiency	$8,250,321		$8,250,321		$8,250,321		8
9	Gross Revenue Conversion Factor	1.6363	(d)	1.6363	(d)	1.6363	(d)	9
10	Increase in Gross Revenue Requirement	$13,500,000		$13,500,000		$13,500,000		10

	Customer Classification	Projected Revenue Increase (f)	% Dollar Increase (f)
11	Residential Service	$6,238,014	6.77%
12	Small General Service	973,617	8.36%
13	Large General Service	4,447,767	8.03%
14	Large Power Service	1,560,254	7.95%
15	Interruptible Service	228,540	10.06%
16	Lighting	51,809	8.39%
	Total	$13,500,000	7.43%

Supporting Schedules
(a) B-1 BMGS
(b) C-1 BMGS
(c) D-1 BMGS
(d) C-3 BMGS
(e) Rev Req Model BMGS
(f) H-1 BMGS

Black Mountain Generating Station

UNS Electric, Inc.
Summary Results of Operations
Prior Years Ended December 31, 2006 and 2007, Test Year Ended December 31, 2008,
and Projected Year Ended December 31, 2009

Line No.	Description	Prior Years Ended December 31,		Test Year Ended December 31, 2008		Projected Year Ended December 31, 2009		Line No.
		2006 (a)	2007 (a)	Original Adj. (b)	BMGS Adj. (b)	Present Rates (c)	Proposed Rates (c)	
1	Operating Revenues	$159,766,400	$168,958,769	$160,926,065	$160,926,065	$178,640,124	$193,029,867	1
2	Operating Expenses (includes income taxes)	149,762,819	159,775,021	150,922,718 (2)	145,269,026	169,846,005	168,981,265	2
3	Operating Income	10,003,581	9,183,748	10,003,347	15,657,039	8,794,119	24,048,602	3
4	Other Income and Deductions	340,822	1,271,020	399,049	399,049	336,467	345,913	4
5	Income Before Interest Expense	10,344,403	10,454,768	10,402,396	16,056,088	9,130,586	24,394,515	5
6	Interest Expense	5,239,444	5,700,509	6,421,845 (e)	9,368,773 (d)	9,110,492	9,105,520	6
7	Net Income	$5,104,959	$4,754,259	$3,980,551	$6,687,315	$20,094	$15,288,995	7
8	Earnings Per Average Common Share	N/A (1)	N/A	N/A	N/A	N/A	N/A	8
9	Dividends Per Common Share	N/A (1)	N/A	N/A	N/A	N/A	N/A	9
10	Payout Ratio	0% (1)	0%	0%	0%	0%	0%	10
11	Return on Year-End Invested Capital	7.21%	6.31%	5.45%	8.29%	3.67%	9.48%	11
12	Return on Average Invested Capital	8.02%	6.76%	5.83%	8.94%	4.15%	10.88%	12
13	Return on Year-End Common Equity	7.86%	5.96%	4.75%	7.73%	0.02%	12.31%	13
14	Return on Average Common Equity	8.89%	6.57%	4.87%	8.04%	0.02%	14.70%	14
15	Times Total Interest Earned - Before Income Taxes	2.57	2.24	1.94	2.16	1.00	3.78	15
16	Times Total Interest Earned - After Income Taxes	1.97	1.83	1.62	1.71	1.00	2.68	16

(1) UNS Electric, Inc. is a subsidiary of UniSource Energy Corporation and has no publicly traded stock; thus, such information is not meaningful.
(2) Includes reclasification of $160,200 for Customer Deposit Interest Expense From Other Interest Expense to Other O&M Expense.

Supporting Schedules
(a) E-2 BMGS
(b) C-1 BMGS
(c) F-1 BMGS
(d) D-2 BMGS
(e) A-2 Original

UNS Electric, Inc.
Summary of Capital Structure
Prior Years Ended December 31, 2006 and 2007, Test Year Ended December 31, 2008,
and Projected Year Ended December 31, 2009

Line No.	Description	Prior Years Ended December 31, 2006 (a)	Prior Years Ended December 31, 2007 (a)	Test Year Ended December 31, 2008 Actuals (b)	Projected Year December 31, 2009 Present Rates (c)	Projected Year December 31, 2009 Proposed Rates (c)	Line No.
	Capitalization						
1	Short-Term Debt	$0	$0	$0	$0	$0	1
2	Long-Term Debt (Net of Issuance Costs)	78,595,915	85,807,359	107,272,239	133,054,819	133,055,336	2
	Total Debt	78,595,915	85,807,359	107,272,239	133,054,819	133,055,336	
3	Common Stock Equity	64,936,560	79,788,855	83,755,206	115,505,452	124,198,930	3
4	Total Capital	$143,532,475	$165,596,214	$191,027,445	$248,560,271	$257,254,265	4
	Capitalization Ratios						
5	Short-Term Debt	0%	0.00%	0.00%	0.00%	0.00%	5
6	Long-Term Debt (Net of Issuance Costs)	54.76%	51.82%	56.16%	53.53%	51.72%	6
7	Common Stock Equity	45.24%	48.18%	43.84%	46.47%	48.28%	7
8	Total Capital	100.00%	100.00%	100.00%	100.00%	100.00%	8
9	Weighted Cost of Short-Term Debt	0.00%	0.00%	0.00%	0.00%	0.00%	9
10	Weighted Cost of Long-Term Debt	4.01%	3.79%	4.11%	3.76%	3.63%	10
11	Weighted Cost of Common Equity	5.16%	5.49%	5.00%	5.30%	5.50%	11

Supporting Schedules
(a) E-1 BMGS
(b) D-1 BMGS

UNS Electric, Inc.
Construction Expenditures and Gross Utility Plant in Service
Prior Years Ended December 31, 2006 and 2007, Test Year Ended December 31, 2008,
and Projected Years Ended December 31, 2009, 2010 and 2011

Line No.	Year		Construction Expenditures	Net Plant Placed in Service	Gross Utility Plant in Service	Line No.
1	Prior Year Ended December 31, 2006	(a)	$38,947,000	$139,477,021	$291,884,596	1
2	Prior Year Ended December 31, 2007	(a)	$37,582,000	$164,114,994	$325,590,600	2
3	Test Year Ended December 31, 2008	(a)	$29,664,000	$234,680,892	$406,043,216	3
4	Projected Year Ended December 31, 2009	(b)	$29,512,000	$258,601,415	$451,262,606	4
5	Projected Year Ended December 31, 2010	(b)	$23,902,000	$265,454,884	$480,110,747	5
6	Projected Year Ended December 31, 2011	(b)	$22,231,000	$268,085,873	$505,230,295	6

Supporting Schedules
(a) E-1 BMGS & E-3 BMGS
(b) F-3 BMGS

Black Mountain Generating Station

UNS Electric, Inc.
Summary Changes in Financial Position
Prior Years Ended December 31, 2006 and 2007, Test Year Ended December 31, 2008,
and Projected Year Ended December 31, 2009
(Thousands of Dollars)

Line No.	Description	Prior Years Ended December 31, 2006 (a)	Prior Years Ended December 31, 2007 (a)	Test Year Ended December 31 2008 (a)	Projected Year Ended December 31, 2009 Present Rates (b)	Projected Year Ended December 31, 2009 Proposed Rates (b)	Line No.
1	Net Cash Flows from Operating Activities	$13,772	$21,807	$13,551	$31,691	$50,215	1
2	Net Cash Flows From Investing Activities	(38,947)	(36,206)	(29,584)	(29,512)	(29,512)	2
3	Net Cash Flows from Financing Activities	22,238	12,238	22,172	(7,418)	(10,163)	3
4	Net Increase (Decrease) in Cash	($2,937)	($2,161)	$6,139	($5,239)	$10,540	4

Supporting Schedules
(a) E-3 BMGS
(b) F-2 BMGS

BMGS
Schedule B

Black Mountain Generating Station

UNS Electric, Inc.
Summary of Original Cost and RCND Rate Base
Test Year Ended December 31, 2008

Line No.	Description	Total		ACC Jurisdiction		Line No.
		Adjusted Original Cost Rate Base (a)	Adjusted RCND Rate Base (b)	Adjusted Original Cost Rate Base (a)	Adjusted RCND Rate Base (b)	
1	Gross Utility Plant in Service	$517,156,721	$910,137,088	$517,156,721	$910,137,088	1
2	Less: Accumulated Depreciation	194,357,558	368,645,682	194,357,558	368,645,682	2
3	Net Utility Plant in Service	322,799,162	541,491,406	322,799,162	541,491,406	3
4	Citizens Acquisition Discount	(93,273,341)	(130,469,005)	(93,273,341)	(130,469,005)	4
5	Less: Accum. Amort. - Citizens Acq. Discount	(20,876,317)	(27,773,948)	(20,876,317)	(27,773,948)	5
6	Net Citizens Acquisition Discount	(72,397,024)	(102,695,057)	(72,397,024)	(102,695,057)	6
7	Total Net Utility Plant	250,402,138	438,796,349	250,402,138	438,796,349	7
8	Customer Advances for Construction	(12,605,744)	(17,555,056)	(12,605,744)	(17,555,056)	8
9	Customer Deposits	(4,064,671)	(4,064,671)	(4,064,671)	(4,064,671)	9
10	Accumulated Deferred Income Taxes	(2,028,227)	(3,996,158)	(2,028,227)	(3,996,158)	10
11	Total Deductions	(18,698,641)	(25,615,885)	(18,698,641)	(25,615,885)	11
12	Allowance for Working Capital	5,505,348	5,505,348	5,505,348	5,505,348	12
13	Regulatory Assets	0	0	0	0	13
14	Regulatory Liabilities	0	0	0	0	14
15	Total Rate Base	$237,208,845	$418,685,812	$237,208,845	$418,685,812	15

Supporting Schedules
(a) B-2 BMGS
(b) B-3 BMGS

Recap Schedules
A-1 BMGS

Black Mountain Generating Station

UNS Electric, Inc.
Pro Forma Adjustments to Original Cost Rate Base
Test Year Ended December 31, 2008

Line No.	Description		Adjusted (Original) at End of Test Period	Total Adjustments (a)	BMGS Adjusted at End of Test Period	ACC Jurisdiction	Line No.
1	Gross Utility Plant in Service		$454,177,170	$62,979,551	$517,156,721	$517,156,721	1
2	Less: Accumulated Depreciation		193,348,359	1,009,199	194,357,558	194,357,558	2
3	Net Utility Plant in Service		260,828,810	61,970,352	322,799,162	322,799,162	3
4	Citizens Acquisition Discount		(93,273,341)	0	(93,273,341)	(93,273,341)	4
5	Less: Accum. Amort. - Citizens Acq. Discount		(20,876,317)	0	(20,876,317)	(20,876,317)	5
6	Net Citizens Acquisition Discount		(72,397,024)	0	(72,397,024)	(72,397,024)	6
7	Total Net Utility Plant		188,431,786	61,970,352	250,402,138	250,402,138	7
8	Customer Advances for Construction		(12,605,744)	0	(12,605,744)	(12,605,744)	8
9	Customer Deposits		(4,064,671)	0	(4,064,671)	(4,064,671)	9
10	Accumulated Deferred Income Taxes		(2,028,227)	0	(2,028,227)	(2,028,227)	10
11	Total Deductions		(18,698,641)	0	(18,698,641)	(18,698,641)	11
12	Allowance for Working Capital	(b)	6,085,768	(580,420)	5,505,348	5,505,348	12
13	Regulatory Assets		0	0	0	0	13
14	Regulatory Liabilities		0	0	0	0	14
15	Total Original Cost Rate Base		$175,818,913	$61,389,932	$237,208,845	$237,208,845	15

Supporting Schedules	Recap Schedules
(a) B-1 (Original), B-2 BMGS (P2)	B-1 BMGS
(b) B-5 BMGS	

Black Mountain Generating Station

UNS Electric, Inc.
Pro Forma Adjustments to Original Cost Rate Base
Test Year Ended December 31, 2008

Line No.	Description	BMGS Plant in Service	Working Capital				Total Page Adjustments	Line No.
1	Gross Utility Plant in Service	$62,979,551	$0				$62,979,551	1
							0	
2	Less: Accumulated Depreciation	1,009,199	0				1,009,199	2
3	Net Utility Plant in Service	61,970,352	0				61,970,352	3
4	Citizens Acquisition Discount	0	0				0	4
5	Less: Accum. Amort. - Citizens Acq. Discount	0	0				0	5
6	Net Citizens Acquisition Discount	0	0				0	6
7	Total Net Utility Plant	61,970,352	0				61,970,352	7
8	Customer Advances for Construction	0	0				0	8
9	Customer Deposits	0	0				0	9
10	Accumulated Deferred Income Taxes	0	0				0	10
11	Total Deductions	0	0				0	11
12	Allowance for Working Capital	0	(580,420)				(580,420)	12
13	Regulatory Assets	0	0				0	13
14	Regulatory Liabilities	0	0				0	14
15	Total Original Cost Rate Base	$61,970,352	($580,420)				$61,389,932	15

Supporting Schedules	Recap Schedules
N/A	B-1 BMGS

Black Mountain Generating Station

UNS Electric, Inc.
Pro Forma Adjustments to RCND Rate Base
Test Year Ended December 31, 2008

Schedule B-3
Page 1 of 2

Line No.	Description	Adjusted (Original) at End of Test Period (a), (b)	Total Adjustments (c)	BMGS Adjusted at End of Test Period	ACC Jurisdiction	Line No.
1	Gross Utility Plant in Service	$844,301,155	$65,835,933	$910,137,088	$910,137,088	1
2	Less: Accumulated Depreciation	367,590,759	1,054,923	368,645,682	368,645,682	2
3	Net Utility Plant in Service	476,710,396	64,781,010	541,491,406	541,491,406	3
4	Citizens Acquisition Discount	(130,469,005)	0	(130,469,005)	(130,469,005)	4
5	Less: Accum. Amort. - Citizens Acq. Discount	(27,773,948)	0	(27,773,948)	(27,773,948)	5
6	Net Citizens Acquisition Discount	(102,695,057)	0	(102,695,057)	(102,695,057)	6
7	Total Net Utility Plant	374,015,339	64,781,010	438,796,349	438,796,349	7
8	Customer Advances for Construction	(17,555,056)	0	(17,555,056)	(17,555,056)	8
9	Customer Deposits	(4,064,671)	0	(4,064,671)	(4,064,671)	9
10	Accumulated Deferred Income Taxes	(3,996,158)	0	(3,996,158)	(3,996,158)	10
11	Total Deductions	(25,615,885)	0	(25,615,885)	(25,615,885)	11
12	Allowance for Working Capital	6,085,768	(580,420)	5,505,348	5,505,348	12
13	Regulatory Assets	0	0	0	0	13
14	Regulatory Liabilities	0	0	0	0	14
15	Total RCND Rate Base	$354,485,222	$64,200,590	$418,685,812	$418,685,812	15

Supporting Schedules
(a) B-4 BMGS
(b) B-2 BMGS
(c) B-3 BMGS (P2-3)

Recap Schedules
B-1 BMGS

UNS Electric, Inc.
Pro Forma Adjustments to RCND Rate Base
Test Year Ended December 31, 2008

Line No.	Description	BMGS Plant in Service RCN	Working Capital RCN				Total Page Adjustments	Line No.
1	Gross Utility Plant in Service	$65,835,933	$0				$65,835,933	1
2	Less: Accumulated Depreciation	1,054,923	0				1,054,923	2
3	Net Utility Plant in Service	64,781,010	0				64,781,010	3
4	Citizens Acquisition Discount	0	0				0	4
5	Less: Accum. Amort. - Citizens Acq. Discount	0	0				0	5
6	Net Citizens Acquisition Discount	0	0				0	6
7	Total Net Utility Plant	64,781,010	0				64,781,010	7
8	Customer Advances for Construction	0	0				0	8
9	Customer Deposits	0	0				0	9
10	Accumulated Deferred Income Taxes	0	0				0	10
11	Total Deductions	0	0				0	11
12	Allowance for Working Capital	0	(580,420)				(580,420)	12
13	Regulatory Assets	0	0				0	13
14	Regulatory Liabilities	0	0				0	14
15	Total RCND Rate Base	$64,781,010	($580,420)				$64,200,590	15

Supporting Schedules
N/A

Recap Schedules
B-1 BMGS

UNS Electric, Inc.
RCND By Major Plant Accounts
Test Year Ended December 31, 2008

Line No.	Function	Plant Account	Description	RCN	Percent	RCND	Line No.
			Utility Plant in Service				
1	INTANGIBLE	302	Franchises & Consents	$0	N/A	$0	1
2		303	Misc. Intangible Plant	9,469,849	67.0%	6,343,106	2
3			Total Intangible Plant	9,469,849		6,343,106	3
4	OTHER PRODUCTION	340	Land & Land Rights	205,436	-188.6%	(387,515)	4
5		341	Structures & Improvements	3,621,203	93.1%	3,372,965	5
6		342	Fuel Holders, Producers, & Accessories	1,211,666	-416.2%	(5,042,961)	6
7		343	Prime Movers	21,806,582	96.5%	21,036,927	7
8		344	Generators	9,051,553	83.5%	7,555,524	8
9		345	Accessory Electric Equipment	5,508,841	96.9%	5,337,265	9
10		346	Misc. Power Plant Equipment	1,717,893	100.0%	1,717,893	10
11			Total Other Production	43,123,175		33,590,098	11
12	TRANSMISSION	350	Land & Land Rights	1,431,088	90.9%	1,300,500	12
13	(Non-EHV)	352	Structures & Improvements	893,288	63.1%	563,746	13
14		353	Station Equipment	43,128,870	61.8%	26,666,391	14
15		354	Towers & Fixtures	2,117,537	67.2%	1,423,094	15
16		355	Poles & Fixtures	39,080,670	55.8%	21,790,557	16
17		356	Overhead Conductors & Devices	39,960,977	64.8%	25,899,469	17
18		358	Underground Conductors & Devices	38,284	90.9%	34,784	18
19		359	Roads & Trails	575,359	64.9%	373,470	19
20			Total Transmission Plant	127,226,073		78,052,012	20
21	DISTRIBUTION	360	Land & Land Rights	1,354,701	97.1%	1,315,269	21
22		361	Structures & Improvements	8,339,078	77.3%	6,447,558	22
23		362	Station Equipment	80,619,478	51.3%	41,339,622	23
24		364	Poles, Towers, & Fixtures	150,563,618	45.0%	67,816,680	24
25		365	Overhead Conductors & Devices	131,020,135	49.8%	65,282,631	25
26		366	Underground Conduit	23,716,651	62.8%	14,899,205	26
27		367	Underground Conductors & Devices	71,898,880	64.4%	46,281,315	27
28		368	Line Transformers	126,286,815	56.3%	71,071,129	28
29		369	Services	22,519,570	54.3%	12,223,582	29
30		370	Meters	12,501,609	80.5%	10,064,676	30
31		373	Street Lights and Signal Systems	8,363,965	58.2%	4,866,980	31
32			Total Distribution Plant	637,184,499		341,608,647	32

Supporting Schedules
N/A

Recap Schedules
B-3 BMGS

UNS Electric, Inc.
RCND By Major Plant Accounts
Test Year Ended June 30, 2006

Line No.	Function	Plant Account	Description	RCN	Percent	RCND	Line No.
33	GENERAL	389	Land & Land Rights	45,767	100.0%	45,767	33
34		390	Structures & Improvements	4,745,565	71.9%	3,411,805	34
35		391	Office Furniture & Equipment	2,783,996	30.6%	851,412	35
36		392	Transportation Equipment	9,847,474	68.8%	6,777,256	36
37		393	Stores Equipment	153,672	18.2%	28,014	37
38		394	Tools, Shop, & Garage Equipment	3,788,072	55.5%	2,101,028	38
39		395	Laboratory Equipment	1,425,303	72.1%	1,027,380	39
40		396	Power Operated Equipment	2,168,276	58.4%	1,267,143	40
41		397	Communication Equipment	2,151,908	71.1%	1,529,586	41
42		398	Miscellaneous Equipment	187,526	41.1%	77,143	42
43			Total General Plant	27,297,560		17,116,534	43
44			Total Plant	$844,301,155		$476,710,396	44

Supporting Schedules
N/A

Recap Schedules
B-3 BMGS

UNS Electric, Inc.
RCND By Major Plant Accounts
Test Year Ended December 31, 2008

Line No.	Function	Plant Account	Description	RCN	Percent	RCND	Line No.
			Citizens Acquisition Discount				
1	INTANGIBLE	302	Franchises & Consents	($5,740)	97.7%	($5,606)	1
2		303	Misc. Intangible Plant	(2,165,141)	84.1%	(1,821,929)	2
3			Total Intangible Plant	(2,170,881)		(1,827,535)	3
4	OTHER PRODUCTION	340	Land & Land Rights	(379,032)	100.0%	(379,032)	4
5		341	Structures & Improvements	(225,933)	92.2%	(208,215)	5
6		342	Fuel Holders, Producers, & Accessories	(330,541)	86.9%	(287,241)	6
7		343	Prime Movers	(4,508,485)	87.3%	(3,934,716)	7
8		344	Generators	(1,410,134)	95.4%	(1,345,543)	8
9		345	Accessory Electric Equipment	(1,244,240)	88.1%	(1,095,574)	9
10		346	Misc. Power Plant Equipment	(250,775)	89.5%	(224,367)	10
11			Total Other Production	(8,349,139)		(7,474,688)	11
12	TRANSMISSION	350	Land & Land Rights	(630,232)	99.7%	(628,221)	12
13	(Non-EHV)	352	Structures & Improvements	(49,039)	80.0%	(39,254)	13
14		353	Station Equipment	(9,965,173)	84.1%	(8,383,034)	14
15		354	Towers & Fixtures	(633,732)	76.3%	(483,668)	15
16		355	Poles & Fixtures	(3,585,698)	69.6%	(2,497,254)	16
17		356	Overhead Conductors & Devices	(7,649,311)	85.4%	(6,533,950)	17
18		358	Underground Conductors & Devices	0	N/A	0	18
19		359	Roads & Trails	(162,646)	89.2%	(145,011)	19
20			Total Transmission Plant	(22,675,832)		(18,710,393)	20
21	DISTRIBUTION	360	Land & Land Rights	(576,791)	99.9%	(576,285)	21
22		361	Structures & Improvements	(1,629,401)	82.9%	(1,350,576)	22
23		362	Station Equipment	(12,575,580)	74.4%	(9,361,248)	23
24		364	Poles, Towers, & Fixtures	(26,861,056)	77.2%	(20,749,470)	24
25		365	Overhead Conductors & Devices	(19,796,288)	76.6%	(15,169,541)	25
26		366	Underground Conduit	(4,407,156)	77.2%	(3,402,817)	26
27		367	Underground Conductors & Devices	(6,396,998)	71.7%	(4,584,266)	27
28		368	Line Transformers	(13,569,671)	73.6%	(9,986,738)	28
29		369	Services	(4,535,230)	77.5%	(3,513,326)	29
30		370	Meters	(2,990,642)	82.6%	(2,469,075)	30
31		373	Street Lights and Signal Systems	(1,574,107)	75.8%	(1,192,657)	31
32			Total Distribution Plant	(94,912,920)		(72,355,998)	32

Supporting Schedules	Recap Schedules
N/A	B-3 BMGS

UNS Electric, Inc.
RCND By Major Plant Accounts
Test Year Ended June 30, 2006

Line No.	Function	Plant Account	Description	RCN	Percent	RCND	Line No.
33	GENERAL	389	Land & Land Rights	(28,497)	100.0%	(28,497)	33
34		390	Structures & Improvements	(793,689)	84.6%	(671,137)	34
35		391	Office Furniture & Equipment	(237,962)	27.6%	(65,688)	35
36		392	Transportation Equipment	351,045	-55.9%	(196,174)	36
37		393	Stores Equipment	(53,137)	85.6%	(45,505)	37
38		394	Tools, Shop, & Garage Equipment	(879,475)	83.5%	(734,075)	38
39		395	Laboratory Equipment	(276,645)	87.0%	(240,556)	39
40		396	Power Operated Equipment	(134,255)	80.0%	(107,342)	40
41		397	Communication Equipment	(289,758)	77.6%	(224,869)	41
42		398	Miscellaneous Equipment	(17,859)	70.6%	(12,600)	42
43			Total General Plant	(2,360,233)		(2,326,443)	43
44			Total Plant	($130,469,005)		($102,695,057)	44

Supporting Schedules
N/A

Recap Schedules
B-3 BMGS

Black Mountain Generating Station

UNS Electric, Inc.
Computation of Working Capital
Test Year Ended December 31, 2008

Line No.	Description	Total Original Cost	Total RCND Cost	Original & RCND ACC Jurisdiction	Line No.
1	Cash Working Capital	($3,390,766)	($3,390,766)	($3,390,766)	1
2	Fuel Inventory	0	0	0	2
3	Materials and Supplies	8,261,763	8,261,763	8,261,763	3
4	Prepayments	634,351	634,351	634,351	4
5	Total Working Capital Allowance	$5,505,348	$5,505,348	$5,505,348	5

Supporting Schedules	Recap Schedules
B-5 BMGS (P2)	B-1 BMGS

UNS Electric, Inc.
Detail of Adjustments to Working Capital
As of December 31, 2008

Line No.	Description	Actual	Adjustments: Thirteen Month Average	Adjustments: Cash Working Capital	Total Adjusted	Line No.
1	Cash Working Capital	($2,810,346)	N/A	($580,420)	($3,390,766)	1
2	Fuel Inventory (Account 151)	0	0	N/A	0	2
3	Materials & Supplies (Accounts 154 and 163)	8,261,763	0	N/A	8,261,763	3
4	Prepayments (Account 165)	634,351	0	N/A	634,351	4
5	Total	$6,085,768	$0	($580,420)	$5,505,348	5

Supporting Schedules
B-5 BMGS (P3)

Recap Schedules
B-5 BMGS (P1)

UNS Electric, Inc.
Cash Working Capital - Lead/Lag Study
Test Year Ended December 31, 2008

Line No.	Description	Pro Forma Test Year Amount	Revenue Lag Days	Expense Lag Days	Net Lag Days (Col. C - Col. D)	Lead/Lag Factor (Col. E/365)	Cash Working Capital Required (Col. F x Col. B)	Line No.
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	
	Operating Expenses							
	Non-Cash Expenses							
1	Bad Debts Expense	$764,063						1
2	Depreciation	17,903,658						2
3	Amortization	(2,018,940)						3
4	Deferred Income Taxes	4,006,796						4
	Other Operating Expenses							
5	Salaries and Wages (UNSE Direct Employees)	4,828,118	35.59	23.33	12.26	0.0336	$162,225	5
6	Incentive Pay (UNSE Direct Employees)	109,736	35.59	267.00	(231.41)	(0.6340)	($69,573)	6
7	Purchased Power	84,638,076	35.59	33.79	1.80	0.0049	$414,727	7
8	Transmission Other	8,082,997	35.59	40.67	(5.08)	(0.0139)	($112,354)	8
9	Meter Reading	839,177	35.59	33.67	1.92	0.0053	$4,448	9
10	Customer Records & Collection Expenses (excluding allocations)	1,389,213	35.59	34.94	0.65	0.0018	$2,501	10
11	Office Supplies and Expenses	512,842	35.59	50.89	(15.30)	(0.0419)	($21,488)	11
12	Injuries and Damages	325,682	35.59	70.52	(34.93)	(0.0957)	($31,168)	12
13	Pensions and Benefits	1,244,544	35.59	51.37	(15.78)	(0.0432)	($53,764)	13
14	Support Services - TEP (Direct Labor, Burdens, System Alloc.)	6,217,822	35.59	44.77	(9.18)	(0.0252)	($156,689)	14
15	Property Taxes	3,727,294	35.59	213.00	(177.41)	(0.4848)	($1,806,806)	15
16	Payroll Taxes	445,648	35.59	19.87	15.72	0.0431	$19,207	16
17	Current Income Taxes	194,292	35.59	41.42	(5.83)	(0.0160)	($3,109)	17
18	Interest on Customer Deposits	14,499	35.59	182.50	(146.91)	(0.4025)	($5,836)	18
19	Other Operations and Maintenance	12,043,509	35.59	41.21	(5.62)	(0.0154)	($185,470)	19
20	Total Operating Expenses	$145,269,025						20
	Other Cash Working Capital Elements:							
21	Interest On Long-Term Debt	$9,061,378	35.59	78.97	(43.38)	(0.1188)	(1,076,492)	21
22	Revenue Taxes and Assessments	$12,430,745	35.59	49.43	(13.84)	(0.0379)	(471,125)	22
23	Total Cash Working Capital						($3,390,766)	23

Supporting Schedules	Recap Schedules
N/A	B-2 BMGS, B-3 BMGS

BMGS
Schedule C

Black Mountain Generating Station

UNS Electric, Inc.
Adjusted Test Year Income Statement
Test Year Ended December 31, 2008

Line No.	Description	Adjusted (Original) (a)	BMGS Pro Forma Adjustments (b)	BMGS Adjusted	ACC Jurisdiction	FERC Jurisdiction	Line No.
	Operating Revenues						
1	Electric Retail Revenues	$159,280,446	$0	$159,280,446	$159,280,446	$0	1
2	Sales for Resale	0	0	0	0	0	2
3	Other Operating Revenue	1,645,619	0	1,645,619	1,645,619	0	3
4	Total Operating Revenues	160,926,065	0	160,926,065	160,926,065	0	4
	Operating Expenses						
5	Fuel, Purchased Power & Transmission	111,303,565	(10,960,779)	100,342,787	100,342,787	0	5
6	Other Operations and Maintenance Expense	19,425,615 (1)	1,158,464	20,584,079	20,584,079	0	6
7	Depreciation and Amortization	14,235,222	1,649,496	15,884,718	15,884,718	0	7
8	Taxes Other than Income Taxes	3,837,049	419,305	4,256,354	4,256,354	0	8
9	Income Taxes	2,121,267	2,079,821	4,201,088	4,201,088	0	9
10	Total Operating Expenses	150,922,718	(5,653,693)	145,269,026	145,269,026	0	10
11	Operating Income	$10,003,347	$5,653,693	$15,657,039	$15,657,039	$0	11
	Other Income and Deductions						
12	Allowance for Equity Funds	322,168					
13	Other - Net	76,881					
14	Total Other Income and Deductions	399,049					
15	Income Before Interest Expense	10,402,396					
	Interest Expense						
16	Interest on Long-Term Debt	6,546,248					
17	Other Interest Expense	57,412 (1)					
18	Allowance for Borrowed Funds	(181,815)					
19	Total Interest Expense	6,421,845					
20	Net Income Available for Common Stock	$3,980,551					

(1) Includes reclasification of $160,200 for Customer Deposit Interest Expense From Other Interest Expense to Other O&M Expense.

Supporting Schedules	Recap Schedules
(a) C-1 (Original) & E-2 BMGS	A-1 BMGS
(b) C-2 BMGS	A-2 BMGS

Black Mountain Generating Station

UNS Electric, Inc.
Income Statement Pro Forma Adjustments
Test Year Ended December 31, 2008

Line No.	Description	BMGS PPA Adjustment	BMGS O&M Expense	Depr & Amort Expense Annualization	Property Tax Expense	Income Taxes	Total Adjustments	Line No.
	Operating Revenues							
1	Electric Retail Revenues	$0	$0	$0	$0	$0	$0	1
2	Sales for Resale	0	0	0	0	0	0	2
3	Other Operating Revenue	0	0	0	0	0	0	3
4	Total Operating Revenues	0	0	0	0	0	0	4
	Operating Expenses							
5	Fuel, Purchased Power & Transmission	(10,960,779)	0	0	0	0	(10,960,779)	5
6	Other Operations and Maintenance Expense	0	1,158,464	0	0	0	1,158,464	6
7	Depreciation and Amortization	0	0	1,649,496	0	0	1,649,496	7
8	Taxes Other than Income Taxes	0	0	0	419,305	0	419,305	8
9	Income Taxes	0	0	0	0	2,079,821	2,079,821	9
10	Total Operating Expenses	(10,960,779)	1,158,464	1,649,496	419,305	2,079,821	(5,653,693)	10
11	Operating Income	$10,960,779	($1,158,464)	($1,649,496)	($419,305)	($2,079,821)	$5,653,693	11

Supporting Schedules	Recap Schedules
N/A	C-1 BMGS

Black Mountain Generating Station

UNS Electric, Inc.
Computation of Gross Revenue Conversion Factor
Test Year Ended December 31, 2008

Line No.	Description	Percentage of Incremental Gross Revenues		Line No.
1	Gross Revenue	100.00%		1
2	Less: Uncollectible Revenue	0.47180%		2
3	Taxable Income as a Percent	99.53%		3
4	Less: Federal (31.630%) and State Income Taxes (6.968%) (Combined Effective Tax Rate = 38.598%)	38.42%		4
5	Change in Net Operating Income	61.11%		5
6	Gross Revenue Conversion Factor	1.6363	(a)	6

(a) Line No. 1 divided by line No. 5.

Supporting Schedules	Recap Schedules
N/A	A-1 BMGS

BMGS
Schedule D

UNS Electric, Inc.
Summary Cost of Capital
Test Year Ended December 31, 2008
(Thousands of Dollars)

Line No.	Capital Source		Capitalization Amount	Capitalization Percent	Cost Rate	Weighted Cost of Capital (c)	Line No.
	Actual - End of Test Period						
1	Short-Term Debt		$0	0.00%	0.00%	0.00%	1
2	Long-Term Debt - Net	(a)	107,272 (1)	56.16%	7.32%	4.11%	2
3	Common Stock Equity	(b)	83,755	43.84%	11.40%	5.00%	3
4	Total Capital		$191,027	100.00%		9.11%	4
	Proposed - End of Test Period						
5	Short-Term Debt		$0	0.00%	0.00%	0.00%	5
6	Long-Term Debt - Net	(a)	132,885	54.24%	7.05%	3.82%	6
7	Common Stock Equity		112,113	45.76%	11.40%	5.22%	7
8	Total Capital		$244,998	100.00%		9.04%	8

(1) The balance of Long-Term Debt is stated net of the unamortized balance of debt discount and issuance expense. Page 1 of Schedule D-2 provides a reconciliation between the Long-Term Debt balance of $108 million shown on Schedule E-1 and the $107.272 million balance shown above.

Supporting Schedules
(a) D-2 BMGS
(b) E-1 BMGS

Recap Schedules
(c) A-3 BMGS

UNS Electric, Inc.
Summary Cost of Capital
Projected Year Ended December 31, 2009
(Thousands of Dollars)

Line No.	Capital Source		Capitalization Amount	Capitalization Percent	Cost Rate	Weighted Cost of Capital (b)	Line No.
	Projected as of December 31, 2009						
1	Short-Term Debt		$0	0.00%	0.00%	0.00%	1
2	Long-Term Debt - Net	(a)	133,055	53.53%	7.02%	3.76%	2
3	Common Stock Equity		115,505	46.47%	11.40%	5.30%	3
4	Total Capital		$248,560	100.00%		9.06%	4

Supporting Schedules
(a) D-2 BMGS

Recap Schedules
(b) A-3 BMGS

Black Mountain Generating Station

UNS Electric, Inc.
Cost of Long-Term Debt and Short-Term Debt
Test Year Ended December 31, 2008
(Thousands of Dollars)

Line No.	Description	End of Test Period (Actual) Outstanding	Annual Interest	Cost Rate	End of Test Period (Proposed) Outstanding	Annual Interest	Cost Rate	Line No.
	Senior Notes							
1	6.5% UNS Electric Sr. Unsecured Notes due 08/15	$50,000	$3,250 (1)		$50,000	$3,250 (1)		1
2	7.10% UNS Electric Guaranteed Notes Series B due 08/23	50,000	3,550 (1)		50,000	3,550 (1)		2
3	New Debt Issuance for purchase of BMGS	0	0 (2)		34,218	2,327 (2)		3
4	Total Bonds	100,000	6,800	6.80%	134,218	9,127	6.80%	4
5	Revolving Credit Facility	$8,000	$851		0	0		5
6	Total Long-Term Debt	108,000	7,651	7.08%	134,218	9,127	6.80%	6
7	Unamortized Debt Discount, Premium and Expense and Loss on Reacquired Debt	($728)			($1,333) (3)			7
8	Amortization of Debt Discount and Expense and Loss on Reacquired Debt		$154			$197 (3)		8
9	Credit Facility Commitment Fees		$43			$45 (4)		9
10	Total Long-Term Debt - Net	$107,272	$7,848	7.32%	$132,885	$9,369	7.05%	10
11	Total Short-Term Debt	$0	$0	N/A	$0	$0	N/A	11

(1) Assumed full year interest expense to equal stated interest rates of 6.5% and 7.1% respectively multiplied by balance of each debt issuance.

(2) The interest rate for the new debt issuance for purchase of BMGS is assumed to equal weighted average interest rate of current debt outstanding.

(3) Debt discount & expense assumed to increase at 2.0% of the new debt issuance for purchase of BMGS, to then be amortized over 10 years.

(4) Credit Facility Commitment Fees of $45,000 reflects a 0.15% annual commitment fee on 50% of the $60 million limit credit facility shared with UNS Gas.

Supporting Schedules	Recap Schedules
E-1	D-1

UNS Electric, Inc.
Cost of Long-Term Debt and Short-Term Debt
Projected Period Ended December 31, 2009
(Thousands of Dollars)

Line No.	Description	Projected Period Ended December 31, 2009 Outstanding	Annual Interest	Cost Rate	Line No.
	Senior Notes				
1	6.5% UNS Electric Sr. Unsecured Notes due 08/15	$50,000	$3,250 (1)		1
2	7.10% UNS Electric Guaranteed Notes Series B due 08/23	50,000	3,550 (1)		2
3	New Debt Issuance for purchase of BMGS	34,218	2,327 (2)		3
4	Total Bonds	134,218	9,127	6.80%	4
5	Revolving Credit Facility	0	0		5
6	Total Long-Term Debt	134,218	9,127	6.80%	6
7	Unamortized Debt Discount, Premium and Expense and Loss on Reacquired Debt	($1,163) (3)			7
8	Amortization of Debt Discount and Expense and Loss on Reacquired Debt		$140 (3)		8
9	Credit Facility Commitment Fees		$73		9
10	Total Long-Term Debt - Net	$133,055	$9,340	7.02%	10
11	Total Short-Term Debt	$0	$0	0.00%	11

(1) Assumed full year interest expense to equal stated interest rates of 6.5% and 7.1% respectively multiplied by balance of each debt issuance.

(2) The interest rate for the new debt issuance for purchase of BMGS is assumed to equal weighted average interest rate of current debt outstanding.

(3) Debt discount & expense assumed to increase at 2.0% of the new debt issuance for purchase of BMGS, to then be amortized over 10 years.

Supporting Schedules	Recap Schedules
N/A	D-1 BMGS

UNS Electric, Inc.
Cost of Preferred Stock
Test Year Ended December 31, 2008

No preferred stock was outstanding during the test year.

No preferred stock is expected to be issued.

Supporting Schedules	Recap Schedules
N/A	N/A

UNS Electric, Inc.
Cost of Common Equity
Test Year Ended December 31, 2008

The cost of common equity capital for UNS Electric, Inc. is estimated to be 11.4%.

Supporting Schedules	Recap Schedules
N/A	D-1 BMGS

BMGS
Schedule E

UNS Electric, Inc.
Comparative Balance Sheets
Test Year Ended December 31, 2008 and Prior Years Ended December 31, 2007 and 2006

Line No.	Description	December 31, 2008	Prior Years Ended December 31, 2007	2006	Line No.
	(a) Utility Plant				
1	Plant in Service	$446,913,556	$429,065,681	$395,359,290	1
2	Construction Work in Progress	18,758,596	14,395,484	16,047,165	2
3	Plant Held for Future Use	610,695	60,746	60,747	3
4	Plant Under Capital Leases	730,678	730,678	730,678	4
5	Citizens Acquisition Discount	(104,266,123)	(104,266,123)	(104,266,123)	5
6	Total Utility Plant	362,747,402	339,986,466	307,931,757	6
7	Accumulated Depreciation and Amortization	(193,348,359)	(180,251,316)	(166,926,687)	7
8	Accumulated Amortization - Capital Leases	(517,563)	(426,228)	(309,777)	8
9	Accumulated Amort. - Citizens Acquisition Discount	23,513,716	19,201,556	14,828,893	9
10	Total Utility Plant - Net	192,395,196	178,510,478	155,524,186	10
	Other Property and Investments				
11	Non-Utility Property	521,164	629,027	0	11
12	Long-Term Portion of Derivative Assets	1,517,124	7,779,094	3,015,217	12
13	Long-Term Portion of Derivative Assets - Hedges	0	0	378,490	13
14	Total Other Property and Investments	2,038,288	8,408,121	3,393,707	14
	Current Assets				
15	Cash and Cash Equivalents	4,635,779	1,563,904	4,827,673	15
16	Special Deposits & Working Funds	6,659,962	32,124	(3,371)	16
17	Temporary Cash Investments	4,170,669	1,102,702	0	17
18	Accounts Receivable - Retail Customers	10,890,931	10,843,445	9,742,734	18
19	Accounts Receivable - Other	957,753	421,379	48,320	19
20	Allowance for Doubtful Accounts	(1,378,758)	(848,012)	(138,952)	20
21	Accrued Unbilled Revenues	9,992,135	8,144,965	8,728,679	21
22	Intercompany Accounts Receivable	4,052,567	243,223	256,851	22
23	Material and Supplies	8,984,031	7,677,972	7,837,633	23
24	Prepayments	896,582	515,301	275,126	24
25	Derivative Instrument Assets	1,584,804	3,434,966	0	
25	Other	260,000	0	0	25
26	Total Current Assets	51,706,455	33,131,969	31,574,693	26
	Regulatory & Other Assets				
27	Other Regulatory Assets	26,602,011	1,803,770	1,408,517	27
28	Unamortized Debt Discount and Expense	727,761	190,745	394,605	28
29	Accumulated Deferred Income Taxes	8,929,175	10,532,742	9,304,705	29
30	Other	370,659	971,997	914,846	30
31	Total Deferred Debits	36,629,606	13,499,254	12,022,673	31
32	Total Assets	$282,769,545	$233,549,822	$202,515,259	32

Supporting Schedules
(a) E-5 BMGS
E-9 BMGS

Recap Schedules
A-4 BMGS

UNS Electric, Inc.
Comparative Balance Sheets
Test Year Ended December 31, 2008 and Prior Years Ended December 31, 2007 and 2006

Line No.	Description	December 31, 2008	Prior Years Ended December 31, 2007	2006	Line No.
	Capitalization				
1	Common Stock	$10	$10	$10	1
2	Additional Paid-In Capital	58,886,661	58,616,661	48,616,661	2
3	Accumulated Earnings	24,868,535	21,140,651	16,386,392	3
4	Accumulated Other Comprehensive Income	0	31,533	(66,503)	4
5	Total Common Stock Equity	83,755,206	79,788,855	64,936,560	5
6	Long-Term Debt	108,000,000	86,000,000	79,000,000	6
7	Total Capitalization	191,755,206	165,788,855	143,936,560	7
	Current Liabilities				
8	Accounts Payable - Net	11,057,084	13,438,389	13,972,847	8
9	Intercompany Payables - Net	6,782,852	3,396,262	4,618,400	9
10	Interest Accrued	2,870,339	1,889,587	1,770,280	10
11	Income Taxes Accrued	(107,696)	(787,205)	(14,981)	11
12	Other Taxes Accrued	1,705,497	1,615,280	1,597,695	12
13	Customer Deposits	4,082,476	3,732,151	3,875,064	13
14	Derivative Instrument Liabilities	18,156,030	733,099	0	14
15	Other	3,348,770	2,526,184	2,299,822	15
16	Total Current Liabilities	47,895,352	26,543,747	28,119,127	16
	Deferred Credits and Other Liabilities				
17	Customer Advances for Construction	12,605,744	12,102,773	11,025,375	17
18	Other Regulatory Liabilities	7,537,488	19,122,126	11,408,335	18
19	Accumulated Deferred Income Taxes	10,272,625	5,886,997	4,263,085	19
20	Other	12,703,130	4,105,324	3,762,777	20
21	Total Deferred Credits and Other Liabilities	43,118,987	41,217,220	30,459,572	21
22	Total Liabilities and Stockholders' Equity	$282,769,545	$233,549,822	$202,515,259	22

Supporting Schedules	Recap Schedules
E-9 BMGS	A-3 BMGS

Black Mountain Generating Station

UNS Electric, Inc.
Comparative Income Statements
Test Year Ended December 31, 2008 and Prior Years Ended December 31, 2007 and 2006

Line No.	Description		December 31, 2008	Prior Years Ended December 31, 2007	2006	Line No.
	(a) Operating Revenues					
1	Electric Retail Revenues		$181,638,915	$165,145,363	$157,836,347	1
2	Sales for Resale		10,168,115	234,273	244,910	2
3	Other Operating Revenue		3,103,658	3,579,133	1,685,143	3
4	Total Operating Revenues		194,910,688	168,958,769	159,766,400	4
	(a) Operating Expenses					
5	Fuel, Purchased Power & Transmission		143,362,723	118,202,312	113,298,260	5
6	Other Operations and Maintenance Expense		21,409,649	21,821,189	18,818,828	6
7	Depreciation and Amortization		14,429,415	14,058,503	11,209,910	7
8	Taxes Other than Income Taxes		3,680,634	3,405,522	3,305,592	8
9	Income Taxes		2,081,685	2,287,495	3,130,229	9
10	Total Operating Expenses		184,964,106	159,775,021	149,762,819	10
11	Operating Income		9,946,582	9,183,748	10,003,581	11
	Total Other Income and Deductions					
12	Allowance for Equity Funds		322,168	442,088	516,726	12
13	Other - Net		76,881	828,932	(175,904)	13
14	Total Other Income and Deductions		399,049	1,271,020	340,822	14
15	Income Before Interest Expense		10,345,631	10,454,768	10,344,403	15
	Interest Expense					
16	Interest on Long Term-Debt		6,546,248	6,272,775	5,482,185	16
17	Other Interest Expense		217,612	167,435	347,700	17
18	Allowance for Borrowed Funds		(181,815)	(739,701)	(590,441)	18
19	Total Interest Expense		6,582,045	5,700,509	5,239,444	19
20	Net Income Available for Common Stock		$3,763,586	$4,754,259	$5,104,959	20
21	Earnings Per Share of Average Common Stock Outstanding	(1)	N/A	N/A	N/A	21

(1) UNS Electric, Inc. is a subsidiary of UniSource Energy Corporation and has no publicly traded stock; thus such information is not meaningful.

Supporting Schedules	Recap Schedules
(a) E-6 BMGS	A-2 BMGS
E-9 BMGS	

Black Mountain Generating Station

UNS Electric, Inc.
Comparative Statements of Cash Flows
Test Year Ended December 31, 2008 and Prior Years Ended December 31, 2007 and 2006
(Thousands of Dollars)

Line No.	Description	December 31, 2008	Prior Years Ended December 31, 2007	2006	Line No.
	Cash Flows from Operating Activities				
1	Cash Receipts from Retail Customers	$196,541	$178,109	$167,412	1
2	Cash Receipts from Electric Wholesale Sales	9,410	0	0	2
3	Interest Received	179	288	15	3
4	Income Tax Refunds Received	487	0	0	4
5	Other Cash Receipts	1,953	1,231	1,397	5
6	Performance Deposit Receipts	24,250	0	0	6
7	Performance Deposit Payments	(30,870)	0	0	7
8	Fuel Costs Paid	(8,152)	0	(58)	8
9	Purchased Power Costs Paid	(125,975)	(107,621)	(103,813)	9
10	Wages Paid, Net of Amounts Capitalized	(5,549)	(4,859)	(4,869)	10
11	Payment of Other Operations and Maintenance Costs	(18,586)	(18,106)	(17,397)	11
12	Interest Paid, Net of Amounts Capitalized	(5,019)	(5,618)	(4,753)	12
13	Taxes Paid, Net of Amounts Capitalized	(17,789)	(16,403)	(15,433)	13
14	Income Taxes Paid	(1,200)	(4,769)	(8,274)	14
15	Reimbursement of Affiliate Charges	(5,171)	0	0	15
16	Other Cash Payments	(958)	(445)	(455)	16
17	Net Cash Flows from Operating Activities	13,551	21,807	13,772	17
	Cash Flows From Investing Activities				
18	Proceeds from Sale of Land and Buildings	80	1,376	0	18
19	Capital Expenditures	(29,664)	(37,582)	(38,947)	19
20	Net Cash Flows from Investing Activities	(29,584)	(36,206)	(38,947)	20
	Cash Flows from Financing Activities				
21	Proceeds from Borrowings under Revolver	26,000	14,000	30,000	21
22	Proceeds from Issuance of Long-Term Debt	100,000	0	0	22
23	Equity Investment in UNS Electric	270	10,000	10,000	23
24	Other Cash Receipts	1,326	2,835	4,723	24
25	Repayment of Borrowings under Revolver	(44,000)	(7,000)	(16,000)	25
26	Payments of Long-Term Debt	(60,000)	0	0	26
27	Payments on Capital Lease Obligations	(104)	(85)	(86)	27
28	Payment of Debt Issuance Costs	(602)	(7)	(81)	28
29	Intercompany Advances/Repayments	0	(6,586)	(5,248)	29
30	Other Cash Payments	(718)	(919)	(1,070)	30
31	Net Cash Flows from Financing Activities	22,172	12,238	22,238	31
32	Net Increase (Decrease) in Cash and Cash Equivalents	6,139	(2,161)	(2,937)	32
33	Cash and Cash Equivalents, Beginning of Period	2,667	4,828	7,765	33
34	Cash and Cash Equivalents, End of Period	$8,806	$2,667	$4,828	34

Supporting Schedules	Recap Schedules
N/A	A-5 BMGS

UNS Electric, Inc.
Comparative Statements of Changes in Stockholders' Equity (Deficit)
Test Year Ended December 31, 2008 and Prior Years Ended December 31, 2007 and 2006
(Thousands of Dollars, except shares outstanding)

Line No.	Description	Common Stock Shares Outstanding	Common Stock Amount	Premium on Common Stock	Common Stock Expense	Accumulated Earnings or (Deficit)	Comprehensive Income	Total Common Stock Equity or (Deficit)	Line No.
1	Balance, December 31, 2005	1,000	$38,617	$0	$0	$11,281	$0	$49,898	1
2	Net Income for Year					5,105		5,105	2
3	Dividend Declared					0		0	3
4	Equity in Earnings					0		0	4
5	Minimum Pension Liability Adjustment						(66)	(66)	5
6	Equity Contribution from UniSource Energy Services		10,000					10,000	6
7	Other	0	0					0	7
8	Balance, December 31, 2006	1,000	48,617	0	0	16,386	(66)	64,937	8
9	Net Income for Year					4,754		4,754	9
10	Dividend Declared					0		0	10
11	Equity in Earnings					0		0	11
12	Minimum Pension Liability Adjustment						98	98	12
13	Equity Contribution from UniSource Energy Services		10,000					10,000	13
14	Other	0	0					0	14
15	Balance, December 31, 2007	1,000	58,617	0	0	21,140	32	79,789	15
16	Net Income for Year					3,764		3,764	16
17	Dividend Declared					0		0	17
18	Equity in Earnings							0	18
19	Pension Plan Measurement Date Change (FAS 158)					(36)		(36)	19
20	Minimum Pension Liability Adjustment						(32)	(32)	20
21	Equity Contribution from UniSource Energy Services		270					270	21
22	Balance, December 31, 2008	1,000	$58,887	$0	$0	$24,868	$0	$83,755	22

Supporting Schedules	Recap Schedules
N/A	N/A

Black Mountain Generating Station

UNS Electric, Inc.
Detail of Electric Utility Plant - Summary Statement
Test Year Ended December 31, 2008

Line No.	Description	December 31, 2008 (a)	Net Additions (a)	December 31, 2007 (a)	Line No.
	Utility Plant in Service				
1	Intangible Plant	$7,674,489	($3,059,845)	$10,734,334	1
2	Other Production Plant	26,588,575	124,716	26,463,859	2
3	Transmission Plant	56,687,630	601,401	56,086,229	3
4	Distribution Plant	333,221,584	20,379,337	312,842,247	4
5	General Plant	22,741,278	(197,734)	22,939,012	5
6	Gross Plant in Service	446,913,556	17,847,875	429,065,681	6
7	Construction Work in Progress	18,758,596	4,363,112	14,395,484	7
8	Plant Held for Future Use	610,695	549,949	60,746	8
9	Utility Plant Under Capital Leases	730,678	0	730,678	9
10	Citizens Acquisition Discount	(104,266,123)	0	(104,266,123)	10
11	Total Utility Plant	362,747,402	22,760,936	339,986,466	11
12	Accumulated Depreciation and Amortization	(193,348,359)	(13,097,043)	(180,251,316)	12
13	Accumulated Amortization - Capital Leases	(517,563)	(91,335)	(426,228)	13
14	Accumulated Amort. - Citizens Acquisition Discount	23,513,716	4,312,160	19,201,556	14
15	Total Accumulated Depreciation and Amortization	(170,352,206)	(8,876,218)	(161,475,988)	15
16	Total Net Utility Plant in Service	$192,395,196	$13,884,718	$178,510,478	16

Supporting Schedules
(a) E-5 (P2-4) BMGS

Recap Schedules
E-1 BMGS

UNS Electric, Inc.
Detail of Electric Utility Plant
Test Year Ended December 31, 2008

Line No.	Acct. No.	Description	December 31, 2008	Net Additions	December 31, 2007	Line No.
		Utility Plant in Service				
		Intangible Plant				
1	302	Franchises & Consents	$0	($11,908)	$11,908	1
2	303	Miscellaneous Intangible Plant	7,674,489	(3,047,937)	10,722,426	2
3		Total Intangible Plant	7,674,489	(3,059,845)	10,734,334	3
		Other Production Plant				
4	340	Land & Rights	205,436	104,633	100,803	4
5	341	Structures & Improvements	1,969,407	0	1,969,407	5
6	342	Fuel Holders, Producers, & Accessories	847,308	0	847,308	6
7	343	Prime Movers	13,419,272	20,083	13,399,189	7
8	344	Generators	6,304,468	0	6,304,468	8
9	345	Accessory Electric Equipment	2,513,408	0	2,513,408	9
10	346	Misc. Power Plant Equipment	1,329,276	0	1,329,276	10
11		Total Other Production Plant	26,588,575	124,716	26,463,859	11
		Transmission Plant				
12	350	Land & Rights	1,431,088	175,205	1,255,883	12
13	352	Structures & Improvements	427,830	0	427,830	13
14	353	Station Equipment	18,912,564	(37,451)	18,950,015	14
15	354	Towers & Fixtures	521,825	0	521,825	15
16	355	Poles & Fixtures	20,666,171	5,455,521	15,210,650	16
17	356	Overhead Conductors & Devices	14,516,855	(4,991,874)	19,508,729	17
18	358	Underground Conductors & Devices	27,437	0	27,437	18
19	359	Roads & Trails	183,860	0	183,860	19
20		Total Transmission Plant	56,687,630	601,401	56,086,229	20
		Distribution Plant				
21	360	Land & Rights	1,354,701	20,341	1,334,360	21
22	361	Structures & Improvements	5,690,805	241,820	5,448,985	22
23	362	Station Equipment	39,478,232	4,519,778	34,958,454	23
24	364	Poles, Towers, & Fixtures	85,011,451	3,515,378	81,496,073	24
25	365	Overhead Conductors & Devices	58,977,790	2,297,391	56,680,399	25
26	366	Underground Conduit	16,265,133	1,110,611	15,154,522	26
27	367	Underground Conductors & Devices	37,799,476	3,102,358	34,697,118	27
28	368	Line Transformers	62,000,112	3,931,964	58,068,148	28
29	369	Services	13,400,906	2,150,002	11,250,904	29
30	370	Meters	9,135,761	(723,197)	9,858,958	30
31	373	Street Lights and Signal Systems	4,107,217	212,891	3,894,326	31
32		Total Distribution Plant	333,221,584	20,379,337	312,842,247	32

Supporting Schedules	Recap Schedules
N/A	E-5 (P1) BMGS

UNS Electric, Inc.
Detail of Electric Utility Plant
Test Year Ended December 31, 2008

Line No.	Acct. No.	Description	December 31, 2008	Net Additions	December 31, 2007	Line No.
		General Plant				
33	389	Land & Rights	45,767	(11,813)	57,580	33
34	390	Structures & Improvements	2,611,428	140,573	2,470,855	34
35	391	Office Furniture & Equipment	2,245,063	(879,393)	3,124,456	35
36	392	Transportation Equipment	9,443,355	1,313,260	8,130,095	36
37	393	Stores Equipment	118,860	(6,381)	125,241	37
38	394	Tools, Shop, & Garage Equipment	2,666,594	(66,958)	2,733,552	38
39	395	Laboratory Equipment	1,430,917	41,550	1,389,367	39
40	396	Power Operated Equipment	1,879,461	242,197	1,637,264	40
41	397	Communication Equipment	2,175,606	(945,858)	3,121,464	41
42	398	Miscellaneous Equipment	124,227	(24,911)	149,138	42
43		Total General Plant	22,741,278	(197,734)	22,939,012	43
44		Total Electric Plant in Service	$446,913,556	$17,847,875	$429,065,681	44

Supporting Schedules	Recap Schedules
N/A	E-5 (P1) BMGS

UNS Electric, Inc.
Detail of Electric Utility Plant
Test Year Ended December 31, 2008

Line No.	Acct. No.	Description	December 31, 2008	Net Additions	December 31, 2007	Line No.
		Citizens Acquisition Discount				
		Intangible Plant				
1	302	Franchises & Consents	($6,564)	$0	($6,564)	1
2	303	Miscellaneous Intangible Plant	(2,461,277)	0	(2,461,277)	2
3		Total Intangible Plant	(2,467,841)	0	(2,467,841)	3
		Other Production Plant				
4	340	Land & Rights	(422,116)	0	(422,116)	4
5	341	Structures & Improvements	(149,938)	0	(149,938)	5
6	342	Fuel Holders, Producers, & Accessories	(301,386)	0	(301,386)	6
7	343	Prime Movers	(3,600,013)	0	(3,600,013)	7
8	344	Generators	(1,152,606)	0	(1,152,606)	8
9	345	Accessory Electric Equipment	(729,249)	0	(729,249)	9
10	346	Misc. Power Plant Equipment	(244,813)	0	(244,813)	10
11		Total Other Production Plant	(6,600,121)	0	(6,600,121)	11
		Transmission Plant				
12	350	Land & Rights	(704,372)	0	(704,372)	12
13	352	Structures & Improvements	(33,630)	0	(33,630)	13
14	353	Station Equipment	(5,911,873)	0	(5,911,873)	14
15	354	Towers & Fixtures	(236,215)	0	(236,215)	15
16	355	Poles & Fixtures	(3,190,115)	0	(3,190,115)	16
17	356	Overhead Conductors & Devices	(3,718,428)	0	(3,718,428)	17
18	358	Underground Conductors & Devices	0	0	0	18
19	359	Roads & Trails	(65,832)	0	(65,832)	19
20		Total Transmission Plant	(13,860,465)	0	(13,860,465)	20
		Distribution Plant				
21	360	Land & Rights	(642,985)	0	(642,985)	21
22	361	Structures & Improvements	(1,561,939)	0	(1,561,939)	22
23	362	Station Equipment	(9,648,864)	0	(9,648,864)	23
24	364	Poles, Towers, & Fixtures	(22,655,802)	0	(22,655,802)	24
25	365	Overhead Conductors & Devices	(13,519,363)	0	(13,519,363)	25
26	366	Underground Conduit	(4,511,041)	0	(4,511,041)	26
27	367	Underground Conductors & Devices	(5,562,021)	0	(5,562,021)	27
28	368	Line Transformers	(10,741,931)	0	(10,741,931)	28
29	369	Services	(4,012,470)	0	(4,012,470)	29
30	370	Meters	(3,060,324)	0	(3,060,324)	30
31	373	Street Lights and Signal Systems	(1,198,936)	0	(1,198,936)	31
32		Total Distribution Plant	(77,115,676)	0	(77,115,676)	32

Supporting Schedules	Recap Schedules
N/A	E-5 (P1) BMGS

UNS Electric, Inc.
Detail of Electric Utility Plant
Test Year Ended December 31, 2008

Line No.	Acct. No.	Description	December 31, 2008	Net Additions	December 31, 2007	Line No.
		Citizens Acquisition Discount				
		General Plant				
33	389	Land & Rights	(31,735)	0	(31,735)	33
34	390	Structures & Improvements	(633,826)	0	(633,826)	34
35	391	Office Furniture & Equipment	(1,133,957)	0	(1,133,957)	35
36	392	Transportation Equipment	(522,769)	0	(522,769)	36
37	393	Stores Equipment	(40,540)	0	(40,540)	37
38	394	Tools, Shop, & Garage Equipment	(859,128)	0	(859,128)	38
39	395	Laboratory Equipment	(361,879)	0	(361,879)	39
40	396	Power Operated Equipment	(172,278)	0	(172,278)	40
41	397	Communication Equipment	(443,854)	0	(443,854)	41
42	398	Miscellaneous Equipment	(22,054)	0	(22,054)	42
43		Total General Plant	(4,222,020)	0	(4,222,020)	43
44		Total Electric Plant in Service	($104,266,123)	$0	($104,266,123)	44

Supporting Schedules	Recap Schedules
N/A	E-5 (P1) BMGS

Black Mountain Generating Station

UNS Electric, Inc.
Comparative Departmental Operating Income Statements
Test Year Ended December 31, 2008 and Prior Years Ended December 31, 2007 and 2006

Line No.	Description	December 31, 2008	Prior Years Ended December 31, 2007	2006	Line No.
	Operating Revenues				
1	Electric Retail Revenues				1
2	Residential	$92,231,621	$85,759,676	$80,963,265	2
3	Commercial	69,412,607	63,570,755	61,609,184	3
4	Industrial	19,626,605	15,431,353	14,790,709	4
5	Public Street & Highway Lighting	368,082	383,579	473,189	5
6	Total Retail Revenues	181,638,915	165,145,363	157,836,347	6
7	Sales for Resale	10,168,115	234,273	244,910	7
8	Other Operating Revenue	3,103,658	3,579,133	1,685,143	8
9	Total Operating Revenues	194,910,688	168,958,769	159,766,400	9
	Operating Expenses				
10	Fuel, Purchased Power & Transmission	143,362,723	118,202,312	113,298,260	10
11	Other Operations and Maintenance Expense	21,409,649	21,821,189	18,818,828	11
12	Depreciation and Amortization	14,429,415	14,058,503	11,209,910	12
13	Taxes Other than Income Taxes	3,680,634	3,405,522	3,305,592	13
14	Income Taxes	2,081,685	2,287,495	3,130,229	14
15	Total Operating Expenses	184,964,106	159,775,021	149,762,819	15
16	Operating Income	$9,946,582	$9,183,748	$10,003,581	16

Supporting Schedules
N/A

Recap Schedules
E-2 BMGS

Black Mountain Generating Station

UNS Electric, Inc.
Electric Operating Statistics
Test Year Ended December 31, 2008 and Prior Years Ended December 31, 2007 and 2006

Line No.	Description	December 31, 2008	Prior Years Ended December 31, 2007	2006	Line No.
	kWh Sales				
1	Residential	821,890,198	853,498,581	803,354,009	1
2	Commercial	619,278,699	626,488,214	609,828,702	2
3	Industrial	219,002,990	198,728,216	191,171,477	3
4	Public Street & Highway Lighting	3,145,228	3,116,797	3,275,362	4
5	Total	1,663,317,115	1,681,831,808	1,607,629,550	5
	Average Number of Customers				
6	Residential	78,373	78,031	75,702	6
7	Commercial	9,815	9,467	8,640	7
8	Industrial	17	14	15	8
9	Public Street & Highway Lighting	1,781	1,960	2,528	9
10	Total	89,986	89,472	86,885	10
	Average Annual kWh Use				
11	Residential	10,487	10,938	10,612	11
12	Commercial	63,096	66,176	70,582	12
13	Industrial	12,695,826	14,194,873	12,744,765	13
14	Public Street & Highway Lighting	1,766	1,590	1,296	14
15	Total	18,484	18,797	18,503	15
16	Average Annual Revenue per Residential Customer	$1,024	$1,098	$1,068	16
	Direct Production Expenses				
17	Per Retail and Wholesale kWh Sold (cents) (Expenses are primarily purchased power)	7.53	6.75	6.66	17
	Direct Transmission Expenses				
18	Per Retail and Wholesale kWh Sold (cents) (Expenses are primarily transmission of electricity by others)	0.46	0.46	0.46	18

Supporting Schedules	Recap Schedules
N/A	N/A

Black Mountain Generating Station

UNS Electric, Inc.
Taxes Charged to Operations
Test Year Ended December 31, 2008 and Prior Years Ended December 31, 2007 and 2006

Line No.	Description	December 31, 2008 *	Prior Years Ended December 31, 2007	2006	Line No.
	Federal Taxes				
1	Income	($3,812,582)	$1,817,863	$4,999,172	1
2	Unemployment	5,619	5,350	5,207	2
3	FICA	398,755	355,213	339,566	3
4	Deferred Income Taxes	5,191,492	46,564	(2,436,520)	4
5	Total	1,783,284	2,224,990	2,907,425	5
	State Taxes				
6	Income	(139,010)	318,033	891,361	6
7	Unemployment	6,428	7,196	7,735	7
8	Deferred Income Taxes	841,785	105,036	(323,783)	8
9	Total	709,203	430,265	575,313	9
	Local Taxes				
10	Real and Personal Property	3,186,420	3,033,234	2,950,175	10
11	Other	83,413	4,529	2,908	11
12	Total	3,269,833	3,037,763	2,953,083	12
13	Total Taxes Charged to Operating Expenses	$5,762,320	$5,693,018	$6,435,821	13

Note: Taxes and assessments related to sales of energy are not included in revenues or other tax expense categories.

Supporting Schedules	Recap Schedules
N/A	E-2 BMGS

UNS Electric, Inc.
Test Year Ended December 31, 2008
Notes to Financial Statements

See the attached FERC Form 1 as of December 31, 2008.

Supporting Schedules	Recap Schedules
N/A	N/A

THIS FILING IS	
Item 1: [X] An Initial (Original) Submission	OR [ ] Resubmission No. ____

Form 1 Approved
OMB No. 1902-0021
(Expires 12/31/2011)
Form 1-F Approved
OMB No. 1902-0029
(Expires 12/31/2011)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 1/31/2012)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
UNS Electric, Inc.	End of 2008/Q4

FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER

IDENTIFICATION

01 Exact Legal Name of Respondent UNS Electric, Inc.	02 Year/Period of Report End of 2008/Q4
03 Previous Name and Date of Change *(if name changed during year)* / /	
04 Address of Principal Office at End of Period *(Street, City, State, Zip Code)* One South Church Avenue, Suite 100 Tucson, Arizona 85701	
05 Name of Contact Person Karen G. Kissinger	06 Title of Contact Person Vice President and Controller
07 Address of Contact Person *(Street, City, State, Zip Code)* 3950 E Irvington Road Tucson, Arizona 85714	

08 Telephone of Contact Person,*Including Area Code* (520) 571-4000	09 This Report Is (1) [X] An Original (2) [ ] A Resubmission	10 Date of Report *(Mo, Da, Yr)* 04/18/2009

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name Kevin P. Larson	03 Signature	04 Date Signed *(Mo, Da, Yr)*
02 Title Vice President and Treasurer	Kevin P. Larson	04/18/2009

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

LIST OF SCHEDULES (Electric Utility)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
1	General Information	101	
2	Control Over Respondent	102	
3	Corporations Controlled by Respondent	103	N/A
4	Officers	104	
5	Directors	105	
6	Important Changes During the Year	108-109	
7	Comparative Balance Sheet	110-113	
8	Statement of Income for the Year	114-117	
9	Statement of Retained Earnings for the Year	118-119	
10	Statement of Cash Flows	120-121	
11	Notes to Financial Statements	122-123	
12	Statement of Accum Comp Income, Comp Income, and Hedging Activities	122(a)(b)	
13	Summary of Utility Plant & Accumulated Provisions for Dep, Amort & Dep	200-201	
14	Nuclear Fuel Materials	202-203	N/A
15	Electric Plant in Service	204-207	
16	Electric Plant Leased to Others	213	N/A
17	Electric Plant Held for Future Use	214	
18	Construction Work in Progress-Electric	216	
19	Accumulated Provision for Depreciation of Electric Utility Plant	219	
20	Investment of Subsidiary Companies	224-225	N/A
21	Materials and Supplies	227	
22	Allowances	228-229	N/A
23	Extraordinary Property Losses	230	N/A
24	Unrecovered Plant and Regulatory Study Costs	230	N/A
25	Transmission Service and Generation Interconnection Study Costs	231	
26	Other Regulatory Assets	232	
27	Miscellaneous Deferred Debits	233	
28	Accumulated Deferred Income Taxes	234	
29	Capital Stock	250-251	
30	Other Paid-in Capital	253	
31	Capital Stock Expense	254	N/A
32	Long-Term Debt	256-257	
33	Reconciliation of Reported Net Income with Taxable Inc for Fed Inc Tax	261	
34	Taxes Accrued, Prepaid and Charged During the Year	262-263	
35	Accumulated Deferred Investment Tax Credits	266-267	N/A
36	Other Deferred Credits	269	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

LIST OF SCHEDULES (Electric Utility) (continued)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
37	Accumulated Deferred Income Taxes-Accelerated Amortization Property	272-273	N/A
38	Accumulated Deferred Income Taxes-Other Property	274-275	
39	Accumulated Deferred Income Taxes-Other	276-277	
40	Other Regulatory Liabilities	278	
41	Electric Operating Revenues	300-301	
42	Sales of Electricity by Rate Schedules	304	
43	Sales for Resale	310-311	
44	Electric Operation and Maintenance Expenses	320-323	
45	Purchased Power	326-327	
46	Transmission of Electricity for Others	328-330	
47	Transmission of Electricity by ISO/RTOs	331	N/A
48	Transmission of Electricity by Others	332	
49	Miscellaneous General Expenses-Electric	335	
50	Depreciation and Amortization of Electric Plant	336-337	
51	Regulatory Commission Expenses	350-351	
52	Research, Development and Demonstration Activities	352-353	N/A
53	Distribution of Salaries and Wages	354-355	
54	Common Utility Plant and Expenses	356	N/A
55	Amounts included in ISO/RTO Settlement Statements	397	N/A
56	Purchase and Sale of Ancillary Services	398	
57	Monthly Transmission System Peak Load	400	
58	Monthly ISO/RTO Transmission System Peak Load	400a	N/A
59	Electric Energy Account	401	
60	Monthly Peaks and Output	401	
61	Steam Electric Generating Plant Statistics	402-403	
62	Hydroelectric Generating Plant Statistics	406-407	N/A
63	Pumped Storage Generating Plant Statistics	408-409	N/A
64	Generating Plant Statistics Pages	410-411	N/A
65	Transmission Line Statistics Pages	422-423	
66	Transmission Lines Added During the Year	424-425	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

LIST OF SCHEDULES (Electric Utility) (continued)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
67	Substations	426-427	
68	Footnote Data	450	
	Stockholders' Reports Check appropriate box: [ ] Four copies will be submitted [X] No annual report to stockholders is prepared		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Karen Kissinger, Vice President and Controller
3950 E. Irvington Road
Tucson, Arizona 85714

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Arizona, January 14, 2003

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not Applicable.

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

Electric Utility Service within the State of Arizona.

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) [ ] Yes...Enter the date when such independent accountant was initially engaged:
(2) [X] No

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

CONTROL OVER RESPONDENT

1. If any corporation, business trust, or similar organization or a combination of such organizations jointly held control over the repondent at the end of the year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiearies for whom trust was maintained, and purpose of the trust.

As of December 31, 2008, UNS Electric, Inc. was 100% owned by Unisource Energy Services, Inc. which is 100% owned by UniSource Energy Corporation.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is $50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions.
2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and the date the change in incumbency was made.

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	President	James S. Pignatelli*	726,000
2	Vice President and Secretary	Raymond S. Heyman	316,000
3	Vice President and Treasurer	Kevin P. Larson	316,000
4	Vice President and Controller	Karen G. Kissinger	249,000
5	Vice President and General Manager	Thomas J. Ferry*	
6	Vice President	Thomas A. McKenna	193,000
7	Vice President	David G. Hutchens	206,000
8	Vice President	Philip J. Dion*	175,000
9			
10	* See Footnote		
11			
12	The reported salaries are presented in total for each		
13	employee. Only a portion thereof is allocated to		
14	UNS Electric, Inc.		
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FOOTNOTE DATA

Schedule Page: 104 Line No.: 10 Column: a

Thomas J. Ferry, V.P. and GM retired effective February 1, 2008. Effective March 1, 2008, Philip Dion was elected Vice President. James S. Pignatelli retired effective December 2008. Paul J. Bonavia became President in January 2009.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.
2. Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.

Line No.	Name (and Title) of Director (a)	Principal Business Address (b)
1	James S. Pignatelli, President	Tucson, Arizona
2	Michael J. DeConcini, Sr. Vice President	Tucson, Arizona
3	Raymond S. Heyman, Vice President and Secretary	Tucson, Arizona
4		
5	See Footnote	
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FOOTNOTE DATA

Schedule Page: 105 Line No.: 5 Column: a

The UNS Electric Board does not have an Executive Committee. James S. Pignatelli retired effective December 2008. Paul J. Bonavia became President in January 2009.

Name of Respondent	This Report Is:	Date of Report	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

IMPORTANT CHANGES DURING THE QUARTER/YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none," "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other condition. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on Page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. (Reserved.)
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by Instructions 1 to 11 above, such notes may be included on this page.
13. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
14. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

PAGE 108 INTENTIONALLY LEFT BLANK
SEE PAGE 109 FOR REQUIRED INFORMATION.

IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)

1. None
2. None
3. None
4. None
5. UNS Electric completed construction of 9.03 miles (47,721 feet) of 69kV transmission line on single pole steel structures. The line was energized on Sept. 16, 2008. The line was constructed for the purpose of providing Mercator Mine with the additional load requirements needed for their phase I mining expansion. The mine will be ramping up from approx. 8MW to 20/25 MW at full Phase I expansion. No state territory was added or relinquished and there were no customers added or lost in association with this additional line.
6. On August 7, 2008, UNS Electric issued $100 million of senior unsecured debt; $50 million at 6.5%, due 2015 and $50 million at 7.1%, due 2023 (UNS Electric 2008 Long-Term Debt). The UNS Electric 2008 Long-Term Debt is guaranteed by UES. The debt was issued under ACC Decision No. 69395 dated March 22, 2007. See Note 6 Debt and Capital Lease Obligations.
7. None
8. Both union and non-union employees received an average wage increase of approximately 3% in January 2008.
9. There are no material pending legal or regulatory proceedings to which UNSE is a party, other than the following which are described in Note 2 Regulatory Matters or Note 4 Commitments:
    - 2008 Rate Order
    - Purchased Power and Fuel Adjustment Clause (PPFAC)
    - Purchased Power Agreement
    - Income Statement impact of applying FAS 71
    - Fuel and power transactions
10. None
11. N/A
12. See notes on pages 122 and 123.
13. Gail Boswell was elected Assistant Treasurer on May 2, 2008. Tom Ferry retired as Vice President and General Manager effective February 1 2008. James S. Pignatelli, President, retired effective December 31, 2008. Paul J. Bonavia was elected President effective January 1, 2009.
14. N/A

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200-201	448,254,929	429,857,106
3	Construction Work in Progress (107)	200-201	18,758,596	14,395,484
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		467,013,525	444,252,590
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	274,618,330	265,742,112
6	Net Utility Plant (Enter Total of line 4 less 5)		192,395,195	178,510,478
7	Nuclear Fuel in Process of Ref., Conv.,Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		192,395,195	178,510,478
15	Utility Plant Adjustments (116)	122	0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		521,164	629,027
19	(Less) Accum. Prov. for Depr. and Amort. (122)		0	0
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	0	0
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		0	0
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		0	0
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		1,517,124	7,779,094
31	Long-Term Portion of Derivative Assets – Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		2,038,288	8,408,121
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		4,635,779	1,563,904
36	Special Deposits (132-134)		6,631,340	11,340
37	Working Fund (135)		28,623	20,784
38	Temporary Cash Investments (136)		4,170,669	1,102,702
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		10,890,931	10,843,445
41	Other Accounts Receivable (143)		887,753	421,379
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		1,378,758	848,012
43	Notes Receivable from Associated Companies (145)		0	0
44	Accounts Receivable from Assoc. Companies (146)		4,052,567	243,223
45	Fuel Stock (151)	227	20,661	22,302
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	8,196,620	7,297,703
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	0	0

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)(Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	766,750	357,967
55	Gas Stored Underground - Current (164.1)		0	0
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
57	Prepayments (165)		896,582	515,301
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		70,000	0
60	Rents Receivable (172)		0	0
61	Accrued Utility Revenues (173)		9,992,135	8,144,965
62	Miscellaneous Current and Accrued Assets (174)		260,000	0
63	Derivative Instrument Assets (175)		3,101,928	11,214,060
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		1,517,124	7,779,094
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		51,706,456	33,131,969
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		727,761	190,745
70	Extraordinary Property Losses (182.1)	230	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230	0	0
72	Other Regulatory Assets (182.3)	232	26,602,011	1,803,770
73	Prelim. Survey and Investigation Charges (Electric) (183)		367,591	367,591
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		0	0
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	3,068	604,406
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0
81	Unamortized Loss on Reaquired Debt (189)		0	0
82	Accumulated Deferred Income Taxes (190)	234	8,929,175	10,532,742
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		36,629,606	13,499,254
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		282,769,545	233,549,822

Name of Respondent	This Report is:	Date of Report (mo, da, yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Rresubmission	04/18/2009	end of 2008/Q4

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	10	10
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)	252	0	0
5	Stock Liability for Conversion (203, 206)	252	0	0
6	Premium on Capital Stock (207)	252	0	0
7	Other Paid-In Capital (208-211)	253	58,886,661	58,616,661
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	24,868,535	21,140,651
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	0	31,533
16	Total Proprietary Capital (lines 2 through 15)		83,755,206	79,788,855
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	0	0
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	0	0
21	Other Long-Term Debt (224)	256-257	108,000,000	86,000,000
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		0	0
24	Total Long-Term Debt (lines 18 through 23)		108,000,000	86,000,000
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		147,247	258,073
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		129,718	37,848
29	Accumulated Provision for Pensions and Benefits (228.3)		3,586,685	1,816,662
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		8,730,905	1,651,215
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		0	0
35	Total Other Noncurrent Liabilities (lines 26 through 34)		12,594,555	3,763,798
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		11,057,084	13,438,389
39	Notes Payable to Associated Companies (233)		0	0
40	Accounts Payable to Associated Companies (234)		6,782,852	3,396,262
41	Customer Deposits (235)		4,082,476	3,732,151
42	Taxes Accrued (236)	262-263	1,597,801	828,075
43	Interest Accrued (237)		2,870,339	1,889,587
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

Name of Respondent	This Report is:	Date of Report (mo, da, yr)	Year/Period of Report
UNS Electric, Inc.	(1) [x] An Original (2) [ ] A Rresubmission	04/18/2009	end of 2008/Q4

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		2,381,342	1,722,523
48	Miscellaneous Current and Accrued Liabilities (242)		864,429	706,639
49	Obligations Under Capital Leases-Current (243)		102,999	97,022
50	Derivative Instrument Liabilities (244)		26,886,935	2,384,314
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		8,730,905	1,651,215
52	Derivative Instrument Liabilities - Hedges (245)		0	0
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		47,895,352	26,543,747
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		12,605,744	12,102,773
57	Accumulated Deferred Investment Tax Credits (255)	266-267	0	0
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	108,575	341,526
60	Other Regulatory Liabilities (254)	278	7,537,488	19,122,126
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		10,390,411	5,648,809
64	Accum. Deferred Income Taxes-Other (283)		-117,786	238,188
65	Total Deferred Credits (lines 56 through 64)		30,524,432	37,453,422
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		282,769,545	233,549,822

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

STATEMENT OF INCOME

Quarterly
1. Enter in column (d) the balance for the reporting quarter and in column (e) the balance for the same three month period for the prior year.
2. Report in column (f) the quarter to date amounts for electric utility function; in column (h) the quarter to date amounts for gas utility, and in (j) the quarter to date amounts for other utility function for the current year quarter.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in (k) the quarter to date amounts for other utility function for the prior year quarter.
4. If additional columns are needed place them in a footnote.

Annual or Quarterly if applicable
5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility columnin a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
8. Report data for lines 8, 10 and 11 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	194,910,688	168,958,769		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	162,097,302	135,881,877		
5	Maintenance Expenses (402)	320-323	2,616,736	4,141,624		
6	Depreciation Expense (403)	336-337	17,444,031	16,923,124		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337	1,217,115	1,422,650		
9	Amort. of Utility Plant Acq. Adj. (406)	336-337	-4,231,731	-4,287,271		
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)		58,333			
13	(Less) Regulatory Credits (407.4)					
14	Taxes Other Than Income Taxes (408.1)	262-263	3,680,634	3,405,522		
15	Income Taxes - Federal (409.1)	262-263	-3,812,582	1,817,863		
16	- Other (409.1)	262-263	-139,010	318,033		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	12,945,552	3,788,564		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	6,912,276	3,636,965		
19	Investment Tax Credit Adj. - Net (411.4)	266				
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)					
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		184,964,104	159,775,021		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		9,946,584	9,183,748		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

STATEMENT OF INCOME FOR THE YEAR (Continued)

9. Use page 122 for important notes regarding the statement of income for any account thereof.
10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
11 Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purches, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stokholders are applicable to the Statement of Income, such notes may be included at page 122.
13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	
						1
194,910,688	168,958,769					2
						3
162,097,302	135,881,877					4
2,616,736	4,141,624					5
17,444,031	16,923,124					6
						7
1,217,115	1,422,650					8
-4,231,731	-4,287,271					9
						10
						11
58,333						12
						13
3,680,634	3,405,522					14
-3,812,582	1,817,863					15
-139,010	318,033					16
12,945,552	3,788,564					17
6,912,276	3,636,965					18
						19
						20
						21
						22
						23
						24
184,964,104	159,775,021					25
9,946,584	9,183,748					26

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

STATEMENT OF INCOME FOR THE YEAR (continued)

Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
27	Net Utility Operating Income (Carried forward from page 114)		9,946,584	9,183,748		
28	Other Income and Deductions					
29	Other Income					
30	Nonutilty Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)					
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)		651	-6,218		
33	Revenues From Nonutility Operations (417)		228,035	78,651		
34	(Less) Expenses of Nonutility Operations (417.1)		153,116	35,024		
35	Nonoperating Rental Income (418)					
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		207,301	289,104		
38	Allowance for Other Funds Used During Construction (419.1)		322,168	442,088		
39	Miscellaneous Nonoperating Income (421)					
40	Gain on Disposition of Property (421.1)		202,205	1,389,950		
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		805,942	2,170,987		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)	340				
45	Donations (426.1)	340	79,201	45,318		
46	Life Insurance (426.2)					
47	Penalties (426.3)					
48	Exp. for Certain Civic, Political & Related Activities (426.4)		751	7,199		
49	Other Deductions (426.5)			1,080		
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		79,952	53,597		
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263				
53	Income Taxes-Federal (409.2)	262-263	268,323	694,622		
54	Income Taxes-Other (409.2)	262-263	58,618	151,748		
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277				
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277				
57	Investment Tax Credit Adj.-Net (411.5)					
58	(Less) Investment Tax Credits (420)					
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		326,941	846,370		
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		399,049	1,271,020		
61	Interest Charges					
62	Interest on Long-Term Debt (427)		6,379,163	6,053,308		
63	Amort. of Debt Disc. and Expense (428)		167,085	219,467		
64	Amortization of Loss on Reaquired Debt (428.1)					
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)	340				
68	Other Interest Expense (431)	340	217,612	167,435		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		181,815	739,701		
70	Net Interest Charges (Total of lines 62 thru 69)		6,582,045	5,700,509		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		3,763,588	4,754,259		
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		3,763,588	4,754,259		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		21,140,651	16,386,392
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4				
5				
6				
7				
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)			
10	FAS 158 Pension Plan Change		-35,703	
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)		-35,703	
16	Balance Transferred from Income (Account 433 less Account 418.1)		3,763,587	4,754,259
17	Appropriations of Retained Earnings (Acct. 436)			
18				
19				
20				
21				
22	TOTAL Appropriations of Retained Earnings (Acct. 436)			
23	Dividends Declared-Preferred Stock (Account 437)			
24				
25				
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)			
30	Dividends Declared-Common Stock (Account 438)			
31				
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)			
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings			
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		24,868,535	21,140,651
	APPROPRIATED RETAINED EARNINGS (Account 215)			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
39				
40				
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)			
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)			
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)			
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		24,868,535	21,140,651
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)			
50	Equity in Earnings for Year (Credit) (Account 418.1)			
51	(Less) Dividends Received (Debit)			
52				
53	Balance-End of Year (Total lines 49 thru 52)			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)	3,764,000	4,754,000
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	13,574,000	13,020,000
5	Amortization of Deferred Debt-Related Costs	154,000	219,000
6	Provision for Bad Debt	1,201,000	763,000
7	Other	-1,127,000	8,505,000
8	Deferred Income Taxes (Net)	6,034,000	152,000
9	Investment Tax Credit Adjustment (Net)		
10	Net (Increase) Decrease in Receivables	-6,232,000	-1,977,000
11	Net (Increase) Decrease in Inventory	-1,306,000	160,000
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	2,633,000	-1,209,000
14	Net (Increase) Decrease in Other Regulatory Assets	-25,058,000	-395,000
15	Net Increase (Decrease) in Other Regulatory Liabilities	-11,585,000	7,714,000
16	(Less) Allowance for Other Funds Used During Construction	322,000	442,000
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):	31,391,000	-9,270,000
19			
20			
21			
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	13,121,000	21,994,000
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-29,664,000	-37,582,000
27	Gross Additions to Nuclear Fuel		
28	Gross Additions to Common Utility Plant		
29	Gross Additions to Nonutility Plant	108,000	-629,000
30	(Less) Allowance for Other Funds Used During Construction	-322,000	-442,000
31	Other (provide details in footnote):		
32			
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-29,234,000	-37,769,000
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)		
38	Proceeds from Sale of Land	80,000	1,376,000
39	Investments in and Advances to Assoc. and Subsidiary Companies		
40	Contributions and Advances from Assoc. and Subsidiary Companies		
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies		
43			
44	Purchase of Investment Securities (a)		
45	Proceeds from Sales of Investment Securities (a)		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
46	Loans Made or Purchased		
47	Collections on Loans		
48			
49	Net (Increase) Decrease in Receivables		
50	Net (Increase) Decrease in Inventory		
51	Net (Increase) Decrease in Allowances Held for Speculation		
52	Net Increase (Decrease) in Payables and Accrued Expenses		
53	Other (provide details in footnote):		
54			
55			
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-29,154,000	-36,393,000
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)	100,000,000	
62	Preferred Stock		
63	Common Stock		
64	Other (provide details in footnote):		
65	Borrowings under Revolving Credit Facility	26,000,000	14,000,000
66	Net Increase in Short-Term Debt (c)		
67	Other	1,326,000	2,835,000
68	Equity Investment from UniSource Energy		10,000,000
69	Equity Investment in UNS Electric	270,000	
70	Cash Provided by Outside Sources (Total 61 thru 69)	127,596,000	26,835,000
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)	-60,000,000	
74	Preferred Stock		
75	Common Stock		
76	Other	-1,320,000	-7,512,000
77	Payment to Retire Capital Lease Obligation	-104,000	-85,000
78	Net Decrease in Short-Term Debt (c)		
79	Borrowings under Revolving Credit Facility	-44,000,000	-7,000,000
80	Dividends on Preferred Stock		
81	Dividends on Common Stock		
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	22,172,000	12,238,000
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	6,139,000	-2,161,000
87			
88	Cash and Cash Equivalents at Beginning of Period	2,667,000	4,828,000
89			
90	Cash and Cash Equivalents at End of period	8,806,000	2,667,000

FOOTNOTE DATA

Schedule Page: 120 Line No.: 18 Column: a

	2008	2007
Current Assets	$ 16,479,000	$
Current Liabilities	14,912,000	(9,270,000)
	$ 31,391,000	$ (9,270,000)

Name of Respondent	This Report Is:	Date of Report	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Commmission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.
7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

PAGE 122 INTENTIONALLY LEFT BLANK
SEE PAGE 123 FOR REQUIRED INFORMATION.

Cash and cash equivalents include cash on hand and highly liquid investments with original maturities of three months or less.

The "Cash and Cash Equivalents" on page 121 agrees to the Comparative Balance Sheet on page 110.

Cash (Account 131)	$ 4,635,779
Temporary Cash Investments (Account 136)	$ 4,170,669
Total Cash and Cash Equivalents at End of Period	$ 8,806,448

Page 120, Instruction 3:

Interest Paid (Net of Amounts Capitalized)	$ 4,998,000
Income Taxes Paid	$ 1,200,000

Page 122, Instruction 2:
See Note 7, Commitments and Contingencies in the Notes to the Financial Statements.

Page 122, Instruction 6:
Notes to the Financial Statements as follows:

NOTE 1. NATURE OF OPERATIONS

UNS Electric, Inc. (UNS Electric) is an electric transmission and distribution company serving approximately 90,000 retail customers in Mohave and Santa Cruz counties. UniSource Energy Services, Inc. (UES), an intermediate holding company, owns all of the common stock of UNS Electric and UNS Gas, Inc. UniSource Energy Corporation (UniSource Energy) owns all of the common stock of UES.

References to "we" and "our" are to UNS Electric.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

Our accounting policies conform to accounting principles generally accepted in the United States of America (GAAP), including the accounting principles for rate-regulated enterprises. These financial statements include UNS Electric's accounts which are prepared in accordance with the accounting requirements from the Federal Energy Regulatory Commission (FERC) as stated in its applicable Uniform System of Accounts and published accounting releases. The basis of accounting differs from financial statements under accounting principles generally accepted in the United States of America (GAAP) in significant respects. Following are the FERC to GAAP differences:

- **Statement of Cash Flows Difference**

The Statement of Cash Flows included in the financial statements differs from the GAAP presentation. The FERC requires the use of the indirect method to reconcile net income to cash provided by or used in operating activities while GAAP encourages the use of the direct method with a reconciliation of net income to net cash from the operating activities as a supplemental schedule.

- **Asset Retirement Obligation**

The accumulated net removal costs for UNS Electric's regulated plant assets that do not meet the definition of an asset retirement obligation under SFAS 143 are classified as a regulatory liability under GAAP and as accumulated depreciation under FERC.

- **Other Differences**

The FERC requires current maturities of long-term debt to be classified as long-term debt, while GAAP requires such maturities to be classified as a current liability. Accumulated deferred income taxes are classified as current and non-current for GAAP, while FERC classifies all accumulated deferred taxes as non-current. Accumulated deferred income tax assets may not be netted against accumulated deferred income tax liabilities.

ACCOUNTING FOR RATE REGULATION

The Arizona Corporation Commission (ACC) and the Federal Energy Regulatory Commission (FERC) regulate portions of UNS Electric's utility accounting practices and electric rates. The ACC has authority over certain rates charged to retail customers, the issuance of securities, and transactions with affiliated parties. The FERC regulates UNS Electric's rates for wholesale power sales and interstate transmission services.

UNS Electric generally uses the same accounting policies and practices used by unregulated companies for financial reporting under GAAP. However, sometimes these principles, such as the Financial Accounting Standards Board's (FASB) Statement of Financial Accounting Standards No. 71, *Accounting for the Effects of Certain Types of Regulation* (FAS 71), require special accounting treatment for regulated companies to show the effect of regulation. For example, in setting UNS Electric's retail rates, the ACC may not allow UNS Electric to currently charge our customers to recover certain expenses, but instead may require that these expenses be charged to customers in the future. In this situation, FAS 71 requires that UNS Electric defer these items and show them as regulatory assets on the balance sheet until we are allowed to charge our customers. UNS Electric then amortizes these items as expense to the income statement as those charges are recovered from customers. Similarly, certain revenue items may be deferred as regulatory liabilities, which are also eventually amortized to the income statement as rates to customers are reduced.

The conditions a regulated company must satisfy to apply the accounting policies and practices of FAS 71 include:

- an independent regulator sets rates;
- the regulator sets the rates to recover the specific costs of providing service; and
- the service territory lacks competitive pressures to reduce rates below the rates set by the regulator.

FAS 71 may, at some future date, be discontinued due to changes in the regulatory and competitive environments. If UNS Electric stopped applying FAS 71 to its regulated operations, it would write off the related balances of its regulatory assets as an expense and would write off its regulatory liabilities as income on its income statement. UNS Electric's cash flows would not be affected if it stopped applying FAS 71 unless a regulatory order limited its ability to recover the cost of its regulatory assets. We believe our electric operations continue to meet the criteria for FAS 71.See Note 3.

UTILITY PLANT

UNS Electric reports its utility plant at cost. Utility plant includes material and labor costs, contractor costs, construction overhead costs, and an allowance for funds used during construction (AFUDC). We charge maintenance and repairs to operating expense as incurred.

AFUDC represents the estimated cost of debt and equity funds that finance utility plant construction. We recover AFUDC in rates through depreciation expense over the useful life of the related asset. UNS Electric imputed the cost of capital on construction expenditures at an average rate of 8.84% for 2008 and 13.51% for 2007. The component of AFUDC attributable to borrowed funds is included as a reduction of Other Interest Expense on the income statement and totaled $0.2 million in 2008 and $0.7 million in 2007. The equity component is included in Interest Income and totaled $0.3 million in 2008 and $0.4 million in 2007.

We compute depreciation of utility plant on a straight-line basis over the service lives of the assets. The average annual depreciation rates for UNS Electric's utility plant were 4.47% in 2008 and 4.60% in 2007.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and highly liquid investments with original maturities of three months or less.

MATERIALS AND SUPPLIES

UNS Electric carries materials and supplies in inventory at the lower of average cost or market.

COMPUTER SOFTWARE COSTS

UNS Electric capitalizes all costs incurred to purchase computer software and amortizes those costs over the estimated economic life of the product. We would immediately expense capitalized computer software costs if the software were determined to be no longer useful.

DEBT

We defer costs related to the issuance of debt. These costs include underwriters' commissions, discounts or premiums, and other costs such as legal, accounting and regulatory fees and printing costs. We amortize these costs over the life of the debt using the straight-line method, which approximates the effective interest method. Unamortized debt issuance costs were $0.7 million at December 31, 2008 and $0.2 million at December 31, 2007. See Note 6.

UTILITY OPERATING REVENUES

UNS Electric records utility operating revenues when services are provided or commodities are delivered to customers. Operating revenues include unbilled revenues which are earned (service has been provided) but not billed by the end of an accounting period.

Amounts delivered are determined through systematic monthly readings of customer meters. At the end of the month, the usage since the last meter reading is estimated and the corresponding unbilled revenue is calculated. Unbilled revenue is calculated based on daily generation or purchased volumes, estimated customer usage by class, estimated line losses and estimated average customer rates. Accrued unbilled revenues are reversed the following month when actual billings occur. The accuracy of the unbilled revenue estimate is affected by factors that include fluctuations in energy demands, weather, line losses, and changes in the composition of customer classes.

UNS Electric has rate-adjustment mechanisms in place that allow for a revenue surcharge or surcredit (that adjusts the customer's base rate for delivered purchased power) to collect or return under- or over- recovery of costs. These rate-adjustment mechanisms are revised periodically and may increase or decrease the level of costs recovered through base rates for any difference between the total amount collected under the clauses and the recoverable costs incurred. See Note 3.

We record an allowance for our estimate of revenues billed for which collection is doubtful. UNSE establishes an allowance for doubtful accounts based on historical collection experience and any specific customer collection issues.

Other Revenues primarily consist of miscellaneous fees, including service connection and late fees, and rental revenue from pole attachments.

PURCHASED ENERGY COSTS

UNS Electric defers differences between purchased energy costs and the recovery of such costs in rates. UNS Electric adjusts future billings for such deferrals through the use of a Purchased Power and Fuel Adjustment Clause (PPFAC) approved by the ACC. The PPFAC allows for a revenue surcharge or surcredit (that adjusts the customers' base rate for delivered purchased power) to collect or return under or over recovery of costs.

RELATED PARTY TRANSACTIONS

UNS Electric receives certain corporate, operation and administrative support services from affiliates. These costs consist primarily of employee compensation and benefits. Tucson Electric Power Company (TEP), a regulated public utility serving retail electric customers in southern Arizona, is UniSource Energy's largest operating subsidiary. Services from TEP totaled $8 million in 2008 in 2007. Services from UNS Gas totaled $0.1 million in 2008 and in 2007. Southwest Energy Solutions, Inc., another UniSource Energy affiliate, charged UNS Electric $0.9 million in 2008 and $1 million in 2007 for meter reading services.

In 2008, TEP and UNS Electric began selling power to each other at prices based on the Dow Jones Four Corners Daily Index. TEP had wholesale power sales to UNS Electric of $24 million. UNS Electric had wholesale power sales of $9 million to TEP.

In 2008, TEP charged UNS Electric $2 million for control area services. No such services were provided in 2007.

In May 2008, UED began providing energy from its Black Mountain Generating Station (BMGS) to UNS Electric, through a power sale agreement. UED charged UNS Electric $7 million for this energy. UNS Gas charged UNS Electric $7 million for gas used by the BMGS facility.

INCOME TAXES

GAAP requires us to report some of our assets and liabilities differently for our financial statements than we do for income tax purposes. We reflect the tax effects of these differences as deferred income tax assets or liabilities in our balance sheets. We measure these deferred tax assets and liabilities using current income tax rates. Federal and state income tax credits are accounted for as a reduction of income tax expense in the year in which the credit arises.

UNS Electric is a member of the UniSource Energy consolidated income tax filing. UNS Electric is allocated income taxes based on its taxable income and deductions as reported in the UniSource Energy consolidated and/or combined tax return filings. The tax liability is allocated in accordance with the income tax regulations. As a result, the regular tax liability of UNS Electric is calculated on a stand alone basis and the liability is then owed to UniSource Energy through intercompany accounts. UniSource Energy has the ultimate responsibility for payment of consolidated tax liabilities to taxing authorities and maintaining intercompany tax accounts with its subsidiaries. The Alternative Minimum Tax (AMT) liability of UNS Electric is also computed in accordance with tax regulations. This method for allocating consolidated AMT among group members considers the contribution that one member's AMT attributes provide in offsetting the consolidated AMT liability that would otherwise result if the member were not included in the consolidated group.

TAXES OTHER THAN INCOME TAXES

UNS Electric acts as a conduit or collection agent for excise tax (sales tax) as well as franchise fees and regulatory assessments. UNS Electric records liabilities payable to governmental agencies when it charges its customers for these amounts. Neither the amounts charged nor payable are reflected in the income statement.

RENEWABLE ENERGY STANDARDS TARIFF (REST)

In June 2008, the ACC approved a REST surcharge for UNS Electric. The surcharge is intended to recover the cost of qualified renewable expenditures, such as payments to customers who have renewable energy resources or the incremental cost of renewable power generated or purchased by UNS Electric. To the extent that the surcharge matches qualified renewable expenditures, UNS Electric recognizes revenue that is reflected in the income statement as Other Revenue. Any surcharge collected in excess of qualified renewable expenditures will be reflected in the financial statements as a regulatory liability. Conversely, qualified renewable expenditures in excess of the REST surcharge will be reflected as a regulatory asset. See Note 3.

DERIVATIVE FINANCIAL INSTRUMENTS

UNS Electric is exposed to energy price risk associated with its purchased power requirements, volumetric risk associated with its seasonal load and operational risk associated with its power plants, transmission and transportation systems. This risk is mitigated through the PPFAC mechanism which provides an adjustment to UNS Electric's retail rates to recover the actual costs of purchased power, transmission and transportation. UNS Electric further reduces its risks through a variety of derivative and non-derivative instruments. See Note 4.
On the date the company enters into a contract that is considered a derivative instrument, we apply one of the following accounting treatments:

- **Cash Flow Hedges:** UNS Electric has no cash flow hedges.

- **Mark-to-Market** transactions: UNS Electric derivatives such as forward power purchases and gas swaps that did not qualify for cash flow hedge accounting treatment or did not qualify for the normal scope exception. In December 2006, UNS Electric received authorization from the ACC to defer the unrealized gains and losses on the balance sheet as a regulatory asset or a regulatory liability rather than a component of AOCI or in the income statement.

These mark-to-market contracts are subject to specified risk parameters established and monitored by UniSource Energy's Risk Management Committee.

- **Normal Purchase and Normal Sale** transactions are forward energy purchase and sales contracts entered into by UNS Electric to support the current load forecast and entered into with counterparty with load serving requirements or generating capacity. These contracts are not required to be marked-to-market and are accounted for on an accrual basis. On an ongoing basis we evaluate our counterparties for non-performance risk to ensure it does not impact our ability to obtain the normal scope exception.

We consider the effect of counterparty credit risk in determining the fair value of derivative instruments that are in a net asset position, after incorporating collateral posted by counterparties, and allocate the credit risk adjustment to individual contracts. We also incorporate the impact of our own credit risk, after considering collateral posted, on instruments that are in a net liability position and allocate the credit risk adjustment to all individual contracts.

We present cash collateral and derivative assets and liabilities, associated with the same counterparty, separately in our financial statements and we bifurcate all derivatives into their current and long-term portions on the balance sheet.

FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIRVALUE

The carrying amounts of our current assets and liabilities approximate fair value because of the short maturity of these instruments.

UNS Electric's senior unsecured notes of $100 million outstanding at December 31, 2008 and $60 million outstanding at December 31, 2007 have estimated fair value of $97 million and $60 million, respectively. UNS Electric used quoted market prices, where available, or calculated the present value of remaining cash flows at the balance sheet date using current market rates for bonds with similar characteristics with respect to credit rating and time-to-maturity. In 2008, we also incorporate the impact of our own credit risk using a credit default swap rate when determining the fair value of fixed rate long-term debt.

The use of different market assumptions and/or estimation methodologies may yield different estimated fair value amounts.

Borrowings under the revolving credit facility outstanding of $8 million at December 31, 2008 have an estimated fair value of $8 million. UNS Electric considers the principal amounts of variable rate debt to be a reasonable estimate of their fair value.

EVALUATION OF ASSETS FOR IMPAIRMENT

UNS Electric evaluates its Utility Plant and other long-lived assets for impairment whenever events or circumstances occur that may indicate the carrying value of the assets may be impaired. If the fair value of the asset, determined based on the undiscounted expected future cash flows, from the long-lived asset is less than the carrying value of the asset, impairment would be recorded.

ASSET RETIREMENT OBLIGATIONS

FASB Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations* (FAS 143) requires entities to record the fair value of a liability for a legal obligation to retire an asset in the period in which the liability is incurred. FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* (FIN 47), requires entities to record the fair value of a liability regarding a legal obligation to perform asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. We record a liability when we are able to reasonably estimate the fair value of any future obligation to retire as a result of an existing or enacted law, statute, ordinance or contract. We also record a liability for the fair value of a conditional asset retirement obligation if the fair value can be reasonably estimated. When the liability is initially recorded, we capitalize a cost by increasing the carrying amount of the related long-lived asset. Over time, we adjust the liability to its present value by recognizing accretion expense as an operating expense in the income statement each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, we either settle the obligation for its recorded amount or incur a gain or loss if the actual costs differ from the recorded liability amount.

UNS Electric records cost of removal for its transmission and distribution assets through depreciation rates and recovers those amounts in rates charged to its customers. There are no legal obligations associated with these assets. UNS Electric has recorded its obligation for estimated costs of removal as a component of accumulated depreciation.

RECENTLY ISSUED ACCOUNTING STANDARDS

UNS Electric adopted the following recently issued accounting standards:

- FAS 157, *Fair Value Measurement*, issued September 2006, defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. FAS 157 clarifies that the exchange price is the price in the principal market in which the reporting entity would transact for the asset or liability. See Note 10.

- FSP FAS 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active* – issued and effective October 2008, provides guidance clarifying how FAS 157 *Fair Value Measures* (FAS 157) should be applied in markets that are not active. The guidance reaffirms the notion of fair value as an exit price as of the measurement date. The FSP emphasizes that approaches other than the market value approach to determine fair value, such as the use of management's internal assumptions about future cash flows and appropriately risk-adjusted discount rates, may be appropriate. See Note 10.

The following recently issued accounting standards are not yet reflected in the UNS Electric financial statements:

- FAS 161, *Disclosures About Derivative Instruments and Hedging Activities* an amendment to FAS 133, *Accounting for Derivative Instruments and Hedging Activities,* issued March 2008, requires enhanced disclosures about an entity's derivative and hedging activity. The standard requires that the objectives for using derivative instruments be disclosed in terms of underlying risk so that the reader understands the purpose of derivative use in terms of the risks that the entity is intending to manage. The standard also requires disclosure of the location in the financial statements of derivative balances as well as the location of gains and losses incurred during the reporting period. The standard will be applicable for fiscal years or interim periods beginning on or after November 15, 2008 with early adoption encouraged. We will adopt the requirements of this pronouncement in the first quarter of 2009.

- FSP FAS 132(R)-1 *Employers' Disclosures about Postretirement Benefit Plan Assets* issued in December 2008, amends Statement 132(R)-1 to require more detailed disclosures about employers' plan assets, including employers' investment strategies, major categories of plan assets, concentrations of risk within plan assets, and valuation techniques used to measure the fair value of plan assets. We will adopt the requirements of this pronouncement in our December 31, 2009 year-end financial statements.

USE OF ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3. REGULATORY MATTERS

2008 UNS Electric Rate Order

In the May 2008 rate order, the ACC approved a rate increase of 2.5% ($4 million) effective in June 2008. As a result of the May 2008 rate order limiting recovery of deferred rate case costs, UNS Electric expensed $0.3 million of the $0.6 million deferred costs in May 2008.

Purchased Power and Fuel Adjustment Clause (PPFAC)

UNS Electric's retail rates include a PPFAC, which allows for a separate surcharge or surcredit to the base rate for delivered purchased power to collect or return under- or over-recovery of costs. Allowable PPFAC costs include fuel, purchased power (less proceeds from most wholesale sales) and transmission costs.

As part of the May 2008 ACC rate order, a new PPFAC rate of approximately $0.087 per kWh took effect on June 1, 2008. The PPFAC mechanism has a forward component and a true-up component. The forward component of the PPFAC rate is based on forecasted fuel and purchased power costs. The true-up component reconciles actual fuel and purchased power costs with the amounts collected in the preceding PPFAC year and any amounts to be refunded/collected from customers in the coming year's PPFAC rate. The true-up component is updated on June 1 of each year, beginning June 1, 2009. The retail rates prior to June 2008 included a charge for fuel and purchased power of approximately $0.07 per kWh (base rate recovery of $0.052 per kWh and a transmission surcharge of $0.018).

The following table shows the balance of over-recovered purchased power costs:

	December 31,	
	2008	**2007**
	- Thousands of Dollars -	
Under (Over) Recovered Purchased Power Costs – Regulatory Basis as Billed to Customers	$ **308**	$ (4,025)
Estimated Purchased Power Costs Recovered through Accrued Unbilled Revenues	**(6,768)**	(5,262)
(Over) Recovered Purchased Power Costs (PPFAC)	$ **(6,460)**	$ (9,287)

At December 31, 2008 and 2007, the PPFAC balance is reported as Regulatory Liabilities – Over-Recovered Purchased Energy Costs.

Purchased Power Agreement

In June 2008, UED and UNS Electric entered into a 5-year Power Purchase Agreement (PPA) under which UED sells all the output of BMGS to UNS Electric. The PPA is a tolling arrangement in which UNS Electric takes operational control of

BMGS and assumes all risk of operation and maintenance costs, including fuel. UNS Electric accounts for the PPA as an operating lease. The costs associated with the PPA are recoverable through UNS Electric's PPFAC.

Other Regulatory Assets and Liabilities

UNS Electric's regulatory assets and liabilities were as follows:

	December 31,	
	2008	**2007**
	- Thousands of Dollars -	
Regulatory Assets		
Derivatives Instruments (Acct. 182.3)	**23,785**	1,006
Pensions and Other Post Retirement Benefits (Acct. 182.3)	**2,575**	665
Self-Insured Medical and Short-Term Disability Assets (Acct. 174)	**260**	-
Rate Case Costs (Acct. 182.3)	**241**	600
Deferred Environmental Portfolio Costs (Acct. 182.3)	-	132
Regulatory Liabilities		
Net Cost of Removal for Interim Retirements (Acct. 108)	**(10,548)**	(2,067)
Renewable Energy Standards Tariff REST (Acct. 254)	**(871)**	-
Demand-Side Management (Acct. 254)	**(207)**	-
Derivative Instruments (Acct. 254)	-	(9,836)

Regulatory assets are either being collected in rates or are expected to be collected through rates in a future period, as described below:

- Derivative instruments represent the unrealized gains or losses on contracts entered into to hedge the variability of purchased energy costs that are expected to be recovered through the PPFAC. UNS Electric does not earn a return on these costs.
- Pensions and Other Post Retirement Benefits represent the unfunded status of UNS Electric's share of the UES pension and other postretirement benefit plans that it expects, based on past regulatory actions, to recover through rates. UNS Electric does not earn a return on these costs.
- Self-Insured Medical and Short-Term Disability assets are recorded based on historical ratemaking treatment allowing UNS Electric to recover self-insured medical costs and short-term disability costs on a pay-as-you-go or cash basis. While these assets do not earn a return, they are fully recovered in rates over an approximate one-year period.
- In May 2008, the ACC approved recovery of $300K of rate case costs, over 3 years. UNS Electric does not earn a return on the regulatory asset balance.

Regulatory liabilities represent items that UNS Electric expects to pay to customers through billing reductions in future periods or use for the purpose for which they were collected from customers, as described below:

- Net Cost of Removal for Interim Retirements represents an estimate of the cost of future asset retirement obligations. These are amounts collected through revenue for the net cost of removal of interim retirements for which removal costs have not yet been expended.
- Renewable Energy Standards Tariff (REST) represents the REST surcharge collected in excess of qualified renewable expenditures. The ACC approved a REST surcharge for UNS Electric, effective June 1, 2008, to allow UNS Electric to recover the cost of qualified renewable expenditures, such as payments to customers who have renewable energy resources or the incremental cost of renewable power generated or purchased by UNS Electric. Any surcharge collected in excess of qualified renewable expenditures will be reflected in the financial statements as a regulatory liability. Conversely, qualified renewable expenditures in excess of the REST surcharge will be reflected as a regulatory asset. The REST plan includes an adjustor mechanism which allows UNS Electric to file an application with the ACC to apply any shortage or surplus in the prior year's program expenses to the subsequent year's REST surcharge.

- In May 2008, the ACC approved a Demand-Side Management (DSM) surcharge which is intended to cover UNS Electric's DSM programs such as Low Income Weatherization. Any surcharge collected in excess of qualified DSM expenditures will be reflected in the financial statements as a regulatory liability. Conversely, qualified DSM expenditures in excess of the surcharge will be reflected as a regulatory asset.

INCOME STATEMENT IMPACT OF APPLYING FAS 71

If UNS Electric had not applied FAS 71, net income would have been $15 million lower in 2008 as UNS Electric would have recognized under-recovered purchased energy and unrealized losses on its commodity derivative instruments as an expense to its income statement, rather than as regulatory assets or a reduction to its regulatory liabilities. If UNS Electric had not applied FAS 71, net income would have been $1 million higher in 2007 as UNS Electric would have been able to recognize over-recovered purchased power costs as a credit to the income statement rather than record an increase to regulatory liabilities.

FUTURE IMPLICATIONS OF DISCONTINUING APPLICATION OF FAS 71

UNS Electric regularly assesses whether it can continue to apply FAS 71 to its operations. If UNS Electric stopped applying FAS 71 to its regulated operations, it would write-off the related balances of its regulatory assets as an expense and would write-off its regulatory liabilities as income on its income statement. Based on the regulatory asset and liability balances, if UNS Electric had stopped applying FAS 71 to its regulated operations, it would have recorded an extraordinary after-tax loss of $4 million and an after-tax loss in AOCI of $1 million at December 31, 2008. Discontinuing application of FAS 71 would not affect UNS Electric's cash flows.

NOTE 4. ACCOUNTING FOR DERIVATIVE INSTRUMENTS, TRADING ACTIVITIES AND HEDGING ACTIVITIES

FUEL AND POWER TRANSACTIONS

UNS Electric enters into forward contracts to purchase a specified amount of capacity or energy at a specified price over a given period of time, within established limits, to take advantage of favorable market opportunities and reduce exposure to energy price risk associated with their gas and purchased power requirements, volumetric risk associated with their seasonal load and operational risk associated with their power plants and transmission systems. UNS Electric also has natural gas supply agreements under which it purchases all of its gas requirements at spot market prices. In an effort to minimize price risk on these purchases, UNS Electric enters into gas price swap agreements under which they purchase gas at fixed prices and simultaneously sell gas at spot market prices. All of the contracts and agreements referred to in this paragraph are considered derivative instruments.
UNS Electric has recorded its commodity contract gains and losses to be recovered through the PPFAC as regulatory assets since 2006. See Note 3.

The following table discloses unrealized gains and losses on energy contracts that are reported on the balance sheet as a regulatory asset or a regulatory liability rather than as a component of AOCI or in the income statement.

Mark-to-Market Transactions – (Increase) Decrease Recorded in Regulatory Accounts on the Balance Sheet	**2008**	**2007**
	- Thousands of Dollars -	
Recorded in Regulatory Assets – Derivatives:		
Gas Swaps	**$ 7,013**	$1,006
Forward Power Purchases	**15,766**	-
Recorded in Regulatory Liabilities – Derivatives:		
Forward Power Purchases	**9,836**	(6,620)
Total (Increase) Decrease	**$32,615**	$ (5,614)

The fair value of derivative assets and liabilities were as follows:

	December 31, 2008			December 31, 2007		
	Mark-to-Market Contracts	Cash Flow Hedges	Total	Mark-to-Market Contracts	Cash Flow Hedges	Total
			-Thousands of Dollars-			
Current Assets	$ 1,585	$ -	$ 1,585	$ 3,435	$ -	$ 3,435
Current Liabilities	(18,156)	-	(18,156)	(733)	-	(733)
Net Current Assets (Liabilities)	$(16,571)	$ -	$ (16,571)	$ 2,702	$ -	$ 2,702
Noncurrent Assets	$ 1,517	$ -	$ 1,517	$ 7,779	$ -	$ 7,779
Noncurrent Liabilities	(8,731)		(8,731)	(1,651)	-	(1,651)
Net Noncurrent Assets (Liabilities)	$ (7,214)	$ -	$ (7,214)	$ 6,128	$ -	$ 6,128

As cash collateral is disclosed separately in the balance sheet, the above balances exclude any cash collateral posted with counterparties.

At December 31, 2008, UNS Electric had contracts that will settle through the fourth quarter of 2013. Amounts presented, above, as Net Current Assets (Liabilities), are expected to be reclassified into earnings within the next twelve months.

Credit Risk Adjustment

When the fair value of our derivative contracts are reflected as an asset, the counterparty owes us and this creates credit risk. We minimize our credit risk by (1) entering into transactions with high-quality counterparties, (2) limiting our exposure to each counterparty, (3) monitoring the financial condition of the counterparties and (4) requiring collateral in accordance with the counterparty master agreements. Using a combination of market credit default swap data and historical recovery rates for subordinated bonds, we consider the impact of counterparty credit worthiness in determining the fair value of our derivatives as well as its possible effect on continued qualification for cash flow hedge accounting. At December 31, 2008, the impact of counterparty credit risk on the fair value of derivative asset contracts was less than $0.5 million.

We also consider the impact of our own credit risk on instruments that are in a net liability position, after deducting collateral posted, using market credit default swap data and allocate the credit risk adjustment to all individual contracts in a net liability position. The impact of our own credit risk was less than $0.5 million.

Concentration of Credit Risk

The use of contractual arrangements to manage the risks associated with changes in energy commodity prices creates credit risk exposure resulting from the possibility of nonperformance by counterparties pursuant to the terms of their contractual obligations. UNS Electric enters into contracts for the physical delivery of energy which contain remedies in the event of non-performance by the supply counterparties. In addition, volatile energy prices can create significant credit exposure from energy market receivables and mark-to-market valuations.

As of December 31, 2008, UNS Electric had no credit exposure to other counterparties.

To provide credit enhancements for forward energy purchase contracts and hedging activities, UNS Electric posted cash collateral of $7 million and letters of credit of $7 million.

NOTE 5. UTILITY PLANT

The following table shows Utility Plant in Service and depreciable lives by major class at December 31:

	2008	2007	Depreciable Lives
	- Thousands of Dollars -		
Plant in Service:			
Electric Generation Plant	**$ 26,589**	$ 26,464	38 – 49 years
Electric Distribution Plant	**333,222**	312,842	23 – 50 years
Electric Transmission Plant	**56,688**	56,086	20 – 50 years
General Plant	**22,741**	22,939	5 – 40 years
Intangible Plant	**7,674**	10,734	5 – 32 years
Total Plant in Service	**$446,914**	$ 429,065	
Utility Plant under Capital Leases	**$ 731**	$ 731	

Intangible Plant primarily represents transmission access and computer software costs.

NOTE 6. DEBT AND CAPITAL LEASE OBLIGATIONS

SENIOR UNSECURED NOTES

In August 2008, UNS Electric issued $100 million of senior unsecured debt: $50 million at 6.5%, due 2015 and $50 million at 7.1%, due 2023 (UNS Electric 2008 Long-Term Debt). The UNS Electric Long-Term Debt is guaranteed by UES. The notes may be prepaid with a make-whole call premium reflecting a discount rate equal to an equivalent maturity U.S. Treasury security yield plus 50 basis points.

UNS Electric used $60 million of the proceeds to repay its 7.61% senior unsecured notes that matured on August 11, 2008. The remaining proceeds were used to repay UNS Electric's outstanding borrowings under the UNS Gas/UNS Electric Revolver and for general corporate purposes. UNS Electric capitalized $1 million of costs related to the issuance of the debt and will amortize these costs over the life of the debt.

The UNS Electric Long-Term Debt contains certain restrictive covenants, including restrictions on transactions with affiliates, mergers, liens to secure indebtedness, restricted payments and incurrence of indebtedness. As of December 31, 2008, UNS Electric was in compliance with the covenants.

The incurrence of indebtedness covenant requires UNS Electric to meet certain tests before additional indebtedness may be incurred. These tests include:

- A ratio of Consolidated Long-Term Debt to Consolidated Total Capitalization of no greater than 65%.
- An Interest Coverage Ratio (a measure of cash flow to cover interest expense) of at least 2.50 to 1.00.

However, UNS Electric may, without meeting these tests, refinance indebtedness and incur short-term debt in an amount not to exceed $5 million. UNS Electric may not declare or make distributions or dividends (restricted payments) on its common stock unless (a) immediately after giving effect to such action no default or event of default would exist under its senior unsecured note agreement and (b) immediately after giving effect to such action, it would be permitted to incur an additional dollar of indebtedness under the debt incurrence test. As of December 31, 2008, UNS Electric was in compliance with the terms of the senior unsecured note agreement.

The senior unsecured notes may be accelerated upon the occurrence and continuance of an event of default under the senior unsecured note agreement. Events of default include failure to make payments required thereunder, certain events of bankruptcy or commencement of similar liquidation or reorganization proceedings or a change of control of UES or UNS Electric. In addition, an event of default may occur if UNS Electric, UES or UNS Gas default on any payments required in respect of certain indebtedness that is outstanding in an aggregate principal amount of at least $4 million or if any such indebtedness becomes due or capable of being called for payment prior to its scheduled payment date or if there is a default in the performance or compliance with the other terms of such indebtedness and, as a result of such default, such indebtedness has become, or has been declared, due and payable, prior to its scheduled payment date.

CAPITAL LEASE OBLIGATIONS

UNS Electric has two trucks under capital lease with an initial term to 2011. Both leases may be continued with the same rental terms until either party gives 90 days notice and provide for the purchase of the leased asset at fair market value at the end of the lease.

The following provides future payments on UNS Electric's capital lease obligations at December 31, 2008:

	Capital Lease Obligations
	- Thousands of Dollars -
2009	$ 115
2010	115
2011	38
2012	-
2013	-
Total 2009-2013	268
Thereafter	-
Imputed Interest	(18)
Total	$ 250

REVOLVING CREDIT AGREEMENT

The UNS Gas/UNS Electric Revolver is a $60 million revolving credit facility which matures in August 2011. Either UNS Gas or UNS Electric may borrow up to a maximum of $45 million, so long as the combined amount borrowed does not exceed $60 million. UNS Gas is only liable for UNS Gas's borrowings, and similarly, UNS Electric is only liable for UNS Electric's borrowings under the UNS Gas/UNS Electric Revolver. UES guarantees the obligations of both UNS Gas and UNS Electric.

UNS Electric has the option of paying interest at LIBOR plus 1.0% or the greater of the federal funds rate plus 0.5% or the agent bank's reference rate.

The UNS Gas/UNS Electric Revolver contains restrictions on additional indebtedness, liens, mergers and sales of assets. The UNS Gas/UNS Electric Revolver also contains a maximum leverage ratio and a minimum cash flow to interest coverage ratio for each borrower. As of December 31, 2008, UNS Electric was in compliance with the terms of the UNS Gas/UNS Electric Revolver.

The borrowings by UNS Electric under the UNS Gas/Electric Revolver were as follows:

	- Thousands of Dollars -	
	December 31, 2008	December 31, 2007
Balance on the Revolver	**$ 8,000**	$ 26,000
Weighted Average Interest Rate	**1.5%**	5.89%
Outstanding Letters of Credit	**$ 6,500**	$ -

At December 31, 2008 and December 31, 2007, UNS Electric's borrowings under the UNS Gas/UNS Electric Revolver were excluded from Current Liabilities and presented as Long-Term Debt, as UNS Electric has the ability and the intent to keep the borrowings outstanding under the UNS Gas/UNS Electric Revolver for the next twelve months. The outstanding letters of credit support power and gas purchases and hedges and are off-balance sheet obligations UNS Electric.

UNS Electric repaid $4 million in February 2009, and repaid the remaining $4 million in March 2009 under the UNS Gas/UNS Electric Revolver.

NOTE 7. COMMITMENTS AND CONTINGENCIES

We record liabilities for loss contingencies, including environmental remediation costs, arising from claims, assessments, litigation, fines and penalties and other sources when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

PURCHASE AND TRANSPORTATION COMMITMENTS

At December 31, 2008, UNS Electric had various unrecognized firm non-cancelable purchase commitments as described in the table below.

	2009	2010	2011	2012	2013	There after	Total
			- Thousands of Dollars -				
Fuel (including Transportation)	$ 20,258	$ 8,761	$ 1,804	$ 22	$ -	$ -	$ 30,845
Purchased Power	41,091	29,644	12,771	7,607	7,588	-	98,701
Transmission	2,592	1,764	882	-	-	-	5,238
Total Unrecognized Firm Commitments	$ 63,941	$ 40,169	$15,457	$ 7,629	$ 7,588	$ -	$ 134,784

Since UNS Electric's all-requirements purchased power contract expired in May 2008, UNS Electric has entered into agreements with various energy suppliers for purchased power at market prices to meet energy requirements. In general, these contracts provide for capacity payments and energy payments based on actual power taken under the contracts. These contracts expire in various years through 2013. Certain of these contracts are at a fixed price per MW and others are indexed to natural gas prices. The commitment amounts included in the table above are based on market prices as of December 31, 2008. UNS Electric paid $53 million in 2008 for purchased power under these contracts.

UNS Electric imports the power it purchases over the Western Area Power Administration's (WAPA) transmission lines. UNS Electric's transmission capacity agreements with WAPA provide for annual rate adjustments and expire in 2011 and 2017. However, the effects of both purchased power and transmission cost adjustments are mitigated through a purchased power rate-adjustment mechanism. UNS Electric paid $7 million in 2008 and in 2007 for transmission under committed contracts.

OPERATING LEASES

UNS Electric has entered into operating leases, primarily for office facilities and office equipment, with varying terms, provisions, and expiration dates.

UNS Electric's estimated future minimum payments under non-cancelable operating leases at December 31, 2008 were:

	Operating Leases
	- Thousands of Dollars -
2009	$ 309
2010	269
2011	269
2012	78
2013	60
Total 2009-2013	985
Thereafter	24
Total	$ 1009

UNS Electric's operating lease expense was $0.4 million in 2008 and $0.4 million in 2007.

ENVIRONMENTAL CONTINGENCIES

UNS Electric owns and operates the Valencia Power Plant (Valencia), located in Nogales, Arizona. The Valencia plant consists of three gas and diesel-fueled combustion turbine units, with a fourth unit that commenced operations in June 2006. UNS Electric has continued efforts initiated by the site's previous owner to remediate the soil and groundwater contamination at its Valencia facility. The initial estimate for the cost of remediation was $0.6 million. The ultimate cost, however, will depend on the extent of contamination found as the project progresses and when final remediation occurs. Under the purchase agreement for Valencia, UNS Electric's obligation is limited to $1.5 million. At December 31, 2008, UNS Electric had a liability of $0.5 million included in Other Deferred Credits and Other Liabilities on the balance sheet.

NOTE 8. INCOME AND OTHER TAXES

INCOME TAXES

We record deferred tax liabilities for amounts that will increase income taxes on future tax returns. We record deferred tax assets for amounts that could be used to reduce income taxes on future tax returns. UNS Electric determined that a valuation allowance on the deferred income tax assets for the years ended December 31, 2008 and December 31, 2007 was not necessary. We reached this conclusion based on our interpretation of tax rules, tax planning strategies, scheduled reversals of temporary differences, and projected future taxable income.

UniSource Energy includes UNS Electric's taxable income in its consolidated federal income tax return. Deferred tax assets (liabilities) consist of the following:

	2008	2007
	- Thousands of Dollars -	
Gross Deferred Income Tax Liabilities		
Plant	**$(10,391)**	$ (5,648)
Other	**118**	(238)
Gross Deferred Income Tax Liabilities	**(10,273)**	(5,886)
Gross Deferred Income Tax Assets		
Alternative Minimum Tax Credit (AMT)	**860**	374
Customer Advances	**5,005**	4,516
Contributions in Aid of Construction	**2,002**	1,287
Purchased Power and Fuel Adjustment Clause	**-**	3,644
Compensation and Benefits	**758**	455
Other	**304**	256
Gross Deferred Income Tax Assets	**8,929**	10,532
Net Deferred Income Tax Assets (Liabilities)	**$ (1,344)**	$ 4,646

Income tax expense (benefit) included in the income statement includes amounts both payable currently and deferred for payment in future periods as indicated below:

	2008	2007
	-Thousand of Dollars-	
Current Tax Expense (Benefit)		
Federal	**$ (3,544)**	$ 2,512
State	**(80)**	470
Deferred Tax Expense (Benefit)		
Federal	**5,190**	47
State	**842**	105
Total Federal and State Income Tax Expense	**$ 2,408**	$ 3,134

The following reconciles the provision for income taxes at the federal statutory rate of 35% to the effective rate:

	2008	2007
	- Thousands of Dollars -	
Federal Income Tax Expense at Statutory Rate	**$ 2,159**	$ 2,760
State Income Tax Expense, Net of Federal Deduction	**285**	364
Other	**(36)**	10
Total Federal and State Income Tax Expense	**$ 2,408**	$ 3,134

UNS Electric incurred a $9 million net operating loss in 2008 that will be carried back to generate $3.2 million in tax refunds. The receivable is included in intercompany accounts receivable on the balance sheet.

Uncertain Tax Positions

UNS Electric adopted Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109 (FIN 48) as of January 1, 2007. FIN 48 requires us to determine whether it is "more likely than not" that we will sustain a tax position under examination. Each tax position is measured to determine the amount of benefit to recognize in the financial statements.

At the end of 2008, UNS Electric had no uncertain tax positions.

OTHER TAX MATTERS

On its 2003 and 2004 tax returns, UNS Electric elected to utilize an accounting method relating to the capitalization of indirect costs to production activities and self-constructed assets.

In 2005, the Internal Revenue Service (IRS) issued a ruling limiting the ability of electric and gas utilities to use the new accounting method. Based on settlement guidelines issued by the IRS in March 2007, this issue has been settled with the IRS. In 2008, UNS Electric received a $0.3 million refund of taxes and interest. The refunds have no income statement impact to UNS Electric in 2008.

NOTE 9. PENSION AND POSTRETIREMENT BENEFIT PLANS

UNS Electric does not maintain a separate pension plan or other postretirement benefit plan for its employees. All regular employees are eligible to participate in the pension plan maintained by our parent, UES. A small group of active employees are also eligible to participate in a postretirement medical benefit plan. UES allocates net periodic benefit cost based on service cost for participating employees.

PENSION PLAN

The noncontributory, defined benefit pension plan provides benefits based on years of service and the employee's average compensation. We recognize the underfunded status of our defined benefit pension plans as a liability on our consolidated balance sheets. The underfunded status is measured as the difference between the fair value of the plans assets and the projected benefit obligation for pension plans. We recognize a regulatory asset to the extent these future costs are probable of recovery in rates.

Pension Contributions

The Pension Protection Act of 2006 (The Pension Act) establishes minimum funding targets for pension plans beginning in 2008. A plan's funding target is the present value of all benefits accrued or earned as of the beginning of the plan year. While the annual targets are not legally required, if a plan does not meet the annual funding targets, the plan's benefit payment options are limited and a funding deficiency notice must be sent to all plan participants. All UNS Electric plans are in compliance with The Act.

In 2009, to meet the funding requirements of The Pension Act, UNS Electric expects to contribute $0.8 million to the pension plan.

OTHER POSTRETIREMENT BENEFIT PLAN

UNS Electric assumed a $1.3 million liability for postretirement medical benefits for current retirees and a small group of active employees at the acquisition of the Arizona electric system assets. The selected active employees participate in a Postretirement Benefit Plan covering employees of UniSource Energy. In the 2008 TEP Rate Order, the ACC authorized accrual basis recovery of other postretirement benefit plan costs based on a commitment to fund the plan. UNS Electric now records changes in its other postretirement obligation, not yet reflected in net periodic benefit cost, as a regulatory asset, as such amounts are probable of future recovery in rates. Amounts previously recorded in AOCI have been reclassified to a regulatory asset.

The pension and other postretirement benefit related amounts (excluding tax balances) included in UNS Electric's balance sheet are:

	Pension Benefits		Other Postretirement Benefits	
	Years Ended December 31,			
	2008	2007	2008	2007
	- Thousands of Dollars -			
Regulatory Pension Asset included in Regulatory Assets	**$ 2,478**	$ 663	**$ -**	$ -
Accrued Benefit Liability included in Accrued Employee Expenses	**-**	-	**(77)**	(75)
Accrued Benefit Liability included in Deferred Employee Benefits	**(3,015)**	(1,180)	**(572)**	(584)
Accumulated Other Comprehensive (Gain) Loss	**-**	-	**-**	(52)
Net Amount Recognized	**$ (537)**	$ (517)	**$ (649)**	$ (711)

OBLIGATIONS AND FUNDED STATUS

In accordance with FAS 158, we measured the actuarial present values of all pension benefit obligations and other postretirement benefit plans at December 31, 2008. In 2007, the measurement date was December 1. As a result of the change in the measurement date, we recorded a loss of less than $0.1 million to retained earnings.

The tables below reflect UES' plan information as a whole. The change in projected benefit obligation and plan assets and reconciliation of the funded status are as follows:

	Pension Benefits		Other Postretirement Benefits	
	Years Ended December 31,			
	2008	2007	2008	2007
	- Thousands of Dollars -			
Change in Projected Benefit Obligation				
Benefit Obligation at Beginning of Year	**$ 7,352**	$ 7,461	**$ 1,154**	$ 1,658
Actuarial (Gain) Loss	**1,833**	(1,417)	**277**	(275)
Interest Cost	**501**	440	**77**	91
Service Cost	**917**	1,017	**-**	-
Measurement Date Change	**118**	-	**-**	-
Benefits Paid	**(236)**	(149)	**(314)**	(320)
Projected Benefit Obligation at End of Year	**10,485**	7,352	**1,194**	1,154
Change in Plan Assets				
Fair Value of Plan Assets at Beginning of Year	**4,889**	3,865	**-**	-
Actual Return on Plan Assets	**(1,951)**	173	**-**	-
Benefits Paid	**(236)**	(149)	**(362)**	(363)
Employer Contributions	**1,200**	1,000	**314**	320
Participant Contributions	**-**	-	**48**	43
Measurement Date Change	**35**	-	**-**	-
Fair Value of Plan Assets at End of Year	**3,937**	4,889	**-**	-
Funded Status at End of Year	**$ (6,548)**	$ (2,463)	**$ (1,194)**	$ (1,154)

At December 31, 2008, UNS Electric's proportionate share of the pension plan's funded status is approximately 46%.

The following table provides the components of UES' regulatory assets that have not been recognized as components of periodic benefit cost as of December 31, 2008:

	Pension Benefits	Other Postretirement Benefits
	- Thousands of Dollars -	
Net Loss	$ 3,259	$ 214
Prior Service Cost (Benefit)	2,002	(36)

The accumulated benefit obligation for the UES defined benefit pension plan was $6.8 million at December 31, 2008 and $4.5 million at December 31, 2007. Changes in actuarial assumptions including an increase in the discount rate impacted the accumulated benefit obligation. At December 31, 2008 the UES defined benefit pension plan had accumulated benefit obligations in excess of plan assets.

	December 31, 2008	2007
	- Thousands of Dollars -	
Projected Benefit Obligation at End of Year	$ 10,485	$ 7,352
Accumulated Benefit Obligation at End of Year	6,760	4,501
Fair Value of Plan Assets at End of Year	3,937	4,889

The components of net periodic benefit costs and other amounts recognized in income are as follows:

	Pension Benefits		Other Postretirement Benefits	
	2008	2007	2008	2007
	- Thousands of Dollars -			
Components of Net Periodic Cost				
Service Cost	$ 917	$ 1,017	$ -	$ -
Interest Cost	501	440	71	90
Expected Return on Plan Assets	(430)	(318)	-	-
Prior Service Cost Amortization	258	258	(3)	(3)
Recognized Actuarial (Gain) Loss	(19)	-	-	4
Net Periodic Benefits Cost	$ 1,227	$ 1,397	$ 68	$ 91

A portion of the net periodic benefit cost was capitalized as a cost of construction and the remainder was included in Other Operating and Maintenance costs.

In 2008, UNS Electric recognized 47% of total net periodic pension benefit costs and 53% of other postretirement benefit costs based on relative employee participation.

The amounts recognized in Accumulated Other Comprehensive Income (AOCI) or as regulatory assets are as follows:

	Pension Benefits	
	2008	2007
	- Thousands of Dollars -	
Changes in Plan Assets and Benefit Obligations Recognized as Regulatory Asset		
Current Year Actuarial (Gain) Loss	$ 4,214	$ (1,271)
Amortization of Actuarial Gain (Loss)	19	-
Prior Service (Cost) Amortization	(258)	(258)
Measurement Plan Change	(20)	-
Change in Additional Minimum Liability	-	-
Total Recognized as Regulatory Asset	$ 3,955	$ (1,529)

	Other Postretirement Benefits		
	Regulatory Asset	AOCI	AOCI
	2008		2007
Changes in Benefit Obligation Recognized in AOCI or as Regulatory Assets			
Current Year Actuarial (Gain) Loss	$ 277	-	$ (274)
Amortization of Actuarial Gain (Loss)	-	-	(4)
Prior Service (Cost) Amortization	-	3	3
Reclassification from AOCI to Regulatory Asset	(99)	99	-
Total Recognized in AOCI or as Regulatory Assets	$ 178	102	$ (275)

UNS Electric recognized changes in benefit obligations in AOCI of less than $0.1 million both before tax and net of tax.

For the pension plan, we amortize prior service costs on a straight-line basis over the average remaining service period of employees expected to receive benefits under the plan. UES will amortize $0.3 million of prior service cost and $0.2 million of net loss from regulatory assets into net periodic benefit cost in 2009. The estimated net loss and prior service benefit for the defined benefit postretirement plans that will be amortized from regulatory assets into net periodic benefit cost in 2009 are less than $0.1 million, respectively.

Weighted-Average Assumptions Used to Determine Benefit Obligations as of the Measurement Date,	Pension Benefits		Other Postretirement Benefits	
	2008	2007	2008	2007
Discount Rate	6.30%	6.80%	6.50%	6.50%
Rate of Compensations Increase	3.00-4.00%	3.00-4.00%	-	-

Weighted-Average Assumptions Used to Determine Net Periodic Benefit Costs for Period Ended December 31,	Pension Benefits		Other Postretirement Benefits	
	2008	2007	2008	2007
Discount Rate	6.80%	5.90%	6.50%	5.60%
Rate of Compensations Increase	3.00-4.00%	3.00-4.00%	-	-
Expected Return on Plan Assets	7.75%	8.30%	-	-

Net periodic benefit cost is subject to various assumptions and determinations, such as the discount rate, the rate of compensation increase, and the expected return on plan assets. We estimated the expected return on plan assets based on a review of the plans' asset allocations. We also consulted with a third-party investment consultant and the plans' actuary who consider factors such as:

- market and economic indicators
- historical market returns

- correlations and volatility
- central banks' and government treasury departments' forecasts and objectives, and
- recent professional or academic research.

Changes that may arise over time with regard to these assumptions and determinations will change amounts recorded in the future as net periodic benefit cost.

	December 31, 2008	2007
Assumed Health Care Cost Trend Rates		
Health Care Cost Trend Rate Assumed for Next Year (Pre-65)	**7.5%**	8%
Health Care Cost Trend Rate Assumed for Next Year (Post-65)	**7.5%**	10%
Ultimate Health Care Cost Trend Rate Assumed	**5%**	5%
Year that the Rate Reaches the Ultimate Trend Rate	**2017**	2013

A one-percentage-point change in assumed health care cost trend rates would have an impact of less than $0.1 million on UES' benefit obligation on the December 31, 2008 amounts reported.

Pension Plan Assets

UES calculates the market-related value of plan assets using the fair value of plan assets on the measurement date. The pension plan asset allocations by asset category are as follows:

	Plan Assets December 31, 2008	2007
Asset Category		
Equity Securities	**67%**	66%
Debt Securities	**31%**	33%
Cash	**2%**	1%
Total	**100%**	100%

The policy for the UES pension plan is to provide exposures to equity and debt securities by investing in a balanced fund. The fund will hold no more than 75% of its total assets in stocks.

Estimated Future Benefit Payments

The following benefit payments, which reflect future service, as appropriate, are expected to be paid by UES:

	Pension Benefits	Other Postretirement Benefits
	- Thousands of Dollars -	
2009	$ 299	$ 127
2010	403	126
2011	650	124
2012	915	122
2013	833	119
Years 2014-2018	6,253	532

DEFINED CONTRIBUTION PLANS

UNS Electric offers a defined contribution savings plan to all eligible employees. The Internal Revenue Code identifies the plan as a qualified 401(k) plan. Participants direct the investment of contributions to certain funds in their account. UNS

Electric matches part of a participant's contributions to the plan. UNS Electric made matching contributions of less than $0.3 million in each of 2008 and 2007.

NOTE 10. FAIR VALUE MEASUREMENTS

Effective January 1, 2008, we adopted FAS 157, *Fair Value Measurements* (FAS 157), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. As defined in FAS 157, fair value is the exit price that would be received to sell an asset or paid to transfer a liability between market participants at the measurement date. FAS 157 clarifies that the exchange price is the price in the principal market in which the reporting entity would transact for the asset or liability. With limited exceptions, the provisions of FAS 157 are applied prospectively. There was no transition adjustment as a result of adopting FAS 157.

As permitted by FSP FAS 157-2, we have elected to defer the adoption of the nonrecurring fair value measurement disclosures of non-financial assets and liabilities, such as asset retirement obligations, until January 1, 2009.

FSP FAS 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active,* issued October 2008, provides guidance clarifying how FAS 157 should be applied in markets that are not active. The guidance reaffirms the notion of fair value as an exit price as of the measurement date. The FSP emphasizes that approaches other than the market value approach to determine fair value, such as the use of management's internal assumptions about future cash flows and risk-adjusted discount rates, may be appropriate. The FSP, which is effective upon issuance and applicable to prior periods for which financial statements have not yet been issued, did not have a material impact on our financial statements.

In accordance with FAS 157, we have categorized our financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy defined by FAS 157 are as follows:

Level 1. Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market (examples include active exchange-traded equity securities and listed derivatives).

Level 2. Financial assets and liabilities whose values are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate bonds, which trade infrequently), pricing models whose inputs are observable for substantially the full term of the asset or liabilities (examples include most non-exchange-traded derivatives, including interest rate swaps), and pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

Level 3. Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability (examples include long-dated or complex derivatives including certain long-dated options on gas and power).

The following tables set forth, by level within the fair value hierarchy, UNS Electric's financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2008. As required by FAS 157, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	December 31, 2008 - Thousands of Dollars -			
Assets				
Cash Equivalents (1)	$ 4,171	$ -	$ -	$ 4,171
Collateral Posted (2)	-	6,620	-	6,620
Energy Contracts (3)	-	96	3,006	3,102
Total Assets	4,171	6,716	3,006	13,893
Liabilities				
Energy Contracts (3)	-	(8,115)	(18,772)	(26,887)
Total Liabilities	-	(8,115)	(18,772)	(26,887)
Net Total Assets and (Liabilities)	$ 4,171	$ (1,399)	$ (15,766)	$ (12,994)

(1) Cash Equivalents are based on observable market prices and are comprised of the fair value of Money Market Funds.
(2) Collateral provided for energy contracts with counterparties to reduce credit risk exposure.
(3) Energy contracts include gas swap agreements (Level 2), forward power purchase contracts (Level 3), and forward power purchase contracts indexed to gas (Level 3), entered into to take advantage of favorable market conditions and reduce exposure to energy price risk. The valuation techniques are described below.

Energy Contracts

UNS Electric primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information. Where observable inputs are available for substantially the full terms of the asset or liability, such as gas swap derivatives valued using New York Mercantile Exchange (NYMEX) pricing, adjusted for basin differences, the instrument is categorized in Level 2.

Derivatives valued using an aggregate pricing service or published prices that represent a consensus reporting of multiple brokers are categorized in Level 3. For both power and gas prices, UNS Electric obtains quotes from brokers, major market participants, exchanges or industry publications as well as its own price experience from active transactions in the market. UNS Electric primarily uses one set of quotations each for power and for gas, and then uses the other sources as validation of those prices. The broker providing quotes for power prices states that the market information provided is indicative only, but believes it to be reflective of market conditions as of the time and date indicated. In addition, energy derivatives include contracts where published prices are not readily available. These include contracts for delivery periods during non-standard time blocks, contracts for delivery during only a few months of a given year when prices are quoted only for the annual average, or contracts for delivery at illiquid delivery points. In these cases, UNS Electric applies certain management assumptions to value such contracts. These assumptions include applying historical price curve relationships to calendar year quotes, applying percentage multipliers to value non-standard time blocks, including the impact of counterparty credit risk, using current and historical default and recovery rates, our own credit risk, using credit default swap data, and including adjustments for transmission and line losses to value contracts at illiquid delivery points. UNS Electric reviews these assumptions on a quarterly basis.

UNS Electric's assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The following tables set forth a reconciliation of changes in the fair value of forward power purchase contracts classified as Level 3 in the fair value hierarchy for the year ended:

	December 31, 2008 - Thousands of Dollars -
Balance, beginning of year	$ 9,836
Gains and (Losses) (Realized/Unrealized) Recorded to Regulatory Assets/Liabilities	(25,602)
Balance, end of year	$ (15,766)

Losses on mark-to-market contracts include the reclassification of realized gains and losses on the settlement of derivative contracts. All of the Level 3 unrealized gains and losses are attributable to the change in fair value of Level 3 assets and liabilities held at the reporting date.

There were no transfers in or out of Level 3 derivatives.

NOTE 11. COMMON STOCK EQUITY

DIVIDEND RESTRICTIONS

Restrictions placed on UNS Electric limit UES' ability to pay dividends. The 2003 UES Settlement Agreement limits UNS Electric's ability to pay dividends of no more than 100% of its earnings to UniSource Energy. Additionally, the terms of the senior unsecured note agreements contain dividend restrictions. See Note 6.

CAPITAL CONTRIBUTION

UES made capital contributions to UNS Electric of less than $0.5 million in 2008.
UniSource Energy made no capital contributions to UNS Electric in 2008 and $10 million in 2007.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

1. Report in columns (b),(c),(d) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate.

2. Report in columns (f) and (g) the amounts of other categories of other cash flow hedges.

3. For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.

Line No.	Item (a)	Unrealized Gains and Losses on Available-for-Sale Securities (b)	Minimum Pension Liability adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceding Year				(66,503)
2	Preceding Qtr/Yr to Date Reclassifications from Acct 219 to Net Income				
3	Preceding Quarter/Year to Date Changes in Fair Value				98,036
4	Total (lines 2 and 3)				98,036
5	Balance of Account 219 at End of Preceding Quarter/Year				31,533
6	Balance of Account 219 at Beginning of Current Year				31,533
7	Current Qtr/Yr to Date Reclassifications from Acct 219 to Net Income				
8	Current Quarter/Year to Date Changes in Fair Value				(31,533)
9	Total (lines 7 and 8)				(31,533)
10	Balance of Account 219 at End of Current Quarter/Year				

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UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

Line No.	Other Cash Flow Hedges Interest Rate Swaps (f)	Other Cash Flow Hedges [Specify] (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 117, Line 78) (i)	Total Comprehensive Income (j)
1			(66,503)		
2					
3			98,036		
4			98,036	4,754,259	4,852,295
5			31,533		
6			31,533		
7					
8			(31,533)		
9			(31,533)	3,763,587	3,732,054
10					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION, AMORTIZATION AND DEPLETION

Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (f) common function.

Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)
1	Utility Plant		
2	In Service		
3	Plant in Service (Classified)	443,068,716	443,068,716
4	Property Under Capital Leases	730,678	730,678
5	Plant Purchased or Sold		
6	Completed Construction not Classified	3,844,840	3,844,840
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	447,644,234	447,644,234
9	Leased to Others		
10	Held for Future Use	610,695	610,695
11	Construction Work in Progress	18,758,596	18,758,596
12	Acquisition Adjustments		
13	Total Utility Plant (8 thru 12)	467,013,525	467,013,525
14	Accum Prov for Depr, Amort, & Depl	274,618,330	274,618,330
15	Net Utility Plant (13 less 14)	192,395,195	192,395,195
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	271,469,120	271,469,120
19	Amort & Depl of Producing Nat Gas Land/Land Right		
20	Amort of Underground Storage Land/Land Rights		
21	Amort of Other Utility Plant	3,149,210	3,149,210
22	Total In Service (18 thru 21)	274,618,330	274,618,330
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	Total Leased to Others (24 & 25)		
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	Total Held for Future Use (28 & 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort of Plant Acquisition Adj		
33	Total Accum Prov (equals 14) (22,26,30,31,32)	274,618,330	274,618,330

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
					3
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)

1. Report below the original cost of electric plant in service according to the prescribed accounts.
2. In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.
5. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
6. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents	11,908	
4	(303) Miscellaneous Intangible Plant	10,722,426	191,777
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)	10,734,334	191,777
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights		
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	(317) Asset Retirement Costs for Steam Production		
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)		
17	B. Nuclear Production Plant		
18	(320) Land and Land Rights		
19	(321) Structures and Improvements		
20	(322) Reactor Plant Equipment		
21	(323) Turbogenerator Units		
22	(324) Accessory Electric Equipment		
23	(325) Misc. Power Plant Equipment		
24	(326) Asset Retirement Costs for Nuclear Production		
25	TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24)		
26	C. Hydraulic Production Plant		
27	(330) Land and Land Rights		
28	(331) Structures and Improvements		
29	(332) Reservoirs, Dams, and Waterways		
30	(333) Water Wheels, Turbines, and Generators		
31	(334) Accessory Electric Equipment		
32	(335) Misc. Power PLant Equipment		
33	(336) Roads, Railroads, and Bridges		
34	(337) Asset Retirement Costs for Hydraulic Production		
35	TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34)		
36	D. Other Production Plant		
37	(340) Land and Land Rights	100,803	-560,438
38	(341) Structures and Improvements	1,969,407	
39	(342) Fuel Holders, Products, and Accessories	847,308	
40	(343) Prime Movers	13,399,188	20,084
41	(344) Generators	6,304,469	
42	(345) Accessory Electric Equipment	2,513,408	
43	(346) Misc. Power Plant Equipment	1,329,275	
44	(347) Asset Retirement Costs for Other Production		
45	TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44)	26,463,858	-540,354
46	TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45)	26,463,858	-540,354

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

7. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

8. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.

9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					1
					2
11,908					3
3,239,714			7,674,489		4
3,251,622			7,674,489		5
					6
					7
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		665,071	205,436		37
			1,969,407		38
			847,308		39
			13,419,272		40
			6,304,469		41
			2,513,408		42
			1,329,275		43
					44
		665,071	26,588,575		45
		665,071	26,588,575		46

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
47	3. TRANSMISSION PLANT		
48	(350) Land and Land Rights	1,255,883	153,097
49	(352) Structures and Improvements	427,830	
50	(353) Station Equipment	18,950,014	
51	(354) Towers and Fixtures	521,825	
52	(355) Poles and Fixtures	15,210,651	5,455,522
53	(356) Overhead Conductors and Devices	19,508,729	-4,991,875
54	(357) Underground Conduit		
55	(358) Underground Conductors and Devices	27,438	
56	(359) Roads and Trails	183,860	
57	(359.1) Asset Retirement Costs for Transmission Plant		
58	TOTAL Transmission Plant (Enter Total of lines 48 thru 57)	56,086,230	616,744
59	4. DISTRIBUTION PLANT		
60	(360) Land and Land Rights	1,334,360	20,341
61	(361) Structures and Improvements	5,448,986	241,819
62	(362) Station Equipment	34,958,455	4,853,842
63	(363) Storage Battery Equipment		
64	(364) Poles, Towers, and Fixtures	81,496,074	3,361,601
65	(365) Overhead Conductors and Devices	56,680,399	2,445,325
66	(366) Underground Conduit	15,154,521	1,108,193
67	(367) Underground Conductors and Devices	34,697,120	3,092,807
68	(368) Line Transformers	58,068,149	4,042,275
69	(369) Services	11,250,903	2,150,331
70	(370) Meters	9,858,959	392,222
71	(371) Installations on Customer Premises		
72	(372) Leased Property on Customer Premises		
73	(373) Street Lighting and Signal Systems	3,894,325	212,410
74	(374) Asset Retirement Costs for Distribution Plant		
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)	312,842,251	21,921,166
76	5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT		
77	(380) Land and Land Rights		
78	(381) Structures and Improvements		
79	(382) Computer Hardware		
80	(383) Computer Software		
81	(384) Communication Equipment		
82	(385) Miscellaneous Regional Transmission and Market Operation Plant		
83	(386) Asset Retirement Costs for Regional Transmission and Market Oper		
84	TOTAL Transmission and Market Operation Plant (Total lines 77 thru 83)		
85	6. GENERAL PLANT		
86	(389) Land and Land Rights	57,580	
87	(390) Structures and Improvements	2,470,854	132,614
88	(391) Office Furniture and Equipment	-1,163,241	149,794
89	(392) Transportation Equipment	12,417,793	1,438,494
90	(393) Stores Equipment	125,240	
91	(394) Tools, Shop and Garage Equipment	2,733,551	68,098
92	(395) Laboratory Equipment	1,389,367	42,656
93	(396) Power Operated Equipment	1,637,263	263,393
94	(397) Communication Equipment	3,121,463	-866,294
95	(398) Miscellaneous Equipment	149,138	560
96	SUBTOTAL (Enter Total of lines 86 thru 95)	22,939,008	1,229,315
97	(399) Other Tangible Property		
98	(399.1) Asset Retirement Costs for General Plant		
99	TOTAL General Plant (Enter Total of lines 96, 97 and 98)	22,939,008	1,229,315
100	TOTAL (Accounts 101 and 106)	429,065,681	23,418,648
101	(102) Electric Plant Purchased (See Instr. 8)		
102	(Less) (102) Electric Plant Sold (See Instr. 8)		
103	(103) Experimental Plant Unclassified		
104	TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103)	429,065,681	23,418,648

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					47
		22,107	1,431,087		48
			427,830		49
-6,310		-43,761	18,912,563		50
			521,825		51
			20,666,173		52
			14,516,854		53
					54
			27,438		55
			183,860		56
					57
-6,310		-21,654	56,687,630		58
					59
			1,354,701		60
			5,690,805		61
377,826		43,761	39,478,232		62
					63
-153,776			85,011,451		64
147,934			58,977,790		65
-2,419			16,265,133		66
-9,549			37,799,476		67
110,311			62,000,113		68
328			13,400,906		69
1,115,420			9,135,761		70
					71
					72
-481			4,107,216		73
					74
1,585,594		43,761	333,221,584		75
					76
					77
					78
					79
					80
					81
					82
					83
					84
					85
		-11,813	45,767		86
-7,960			2,611,428		87
1,029,188		4,287,698	2,245,063		88
125,234		4,287,698	9,443,355		89
6,380			118,860		90
135,055			2,666,594		91
1,106			1,430,917		92
21,195			1,879,461		93
79,563			2,175,606		94
25,471			124,227		95
1,415,232		-11,813	22,741,278		96
					97
					98
1,415,232		-11,813	22,741,278		99
6,246,138		675,365	446,913,556		100
					101
					102
					103
6,246,138		675,365	446,913,556		104

FOOTNOTE DATA

Schedule Page: 204 Line No.: 88 Column: f

Plant Asset retirement costs of $4,287,698 were erroneously entered on the wrong lines of the 2007 FERC Form 1 (page 207). As a result, the balance at end of year for FERC Plant Account 391 was understated and the balance at end of year for Plant FERC Account 392 was overstated by this amount. To correct the error in the reported balances from 2007, the $4,287,698 is shown as a "transfer" between these two Plant FERC accounts on the 2008 FERC Form 1 (page 207 - Column f).

Schedule Page: 204 Line No.: 89 Column: f

Plant Asset retirement costs of $4,287,698 were erroneously entered on the wrong lines of the 2007 FERC Form 1 (page 207). As a result, the balance at end of year for FERC Plant Account 391 was understated and the balance at end of year for Plant FERC Account 392 was overstated by this amount. To correct the error in the reported balances from 2007, the $4,287,698 is shown as a "transfer" between these two Plant FERC accounts on the 2008 FERC Form 1 (page 207 - Column f).

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ELECTRIC PLANT HELD FOR FUTURE USE (Account 105)

1. Report separately each property held for future use at end of the year having an original cost of $250,000 or more. Group other items of property held for future use.
2. For property having an original cost of $250,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

Line No.	Description and Location Of Property (a)	Date Originally Included in This Account (b)	Date Expected to be used in Utility Service (c)	Balance at End of Year (d)
1	Land and Rights:			
2	Cheyenne Substation	10/06/2006	Unknown	60,746
3	Class Code: Vacant & Land			
4	Parcel Size: 5.87 Acres			
5	Township, Range, and Section: 21N, 16W, 28			
6				
7				
8	Future 230kv Transmission Line from	09/01/2008	Unknown	549,949
9	Franconia Substation to North Havasu Substation			
10	Class Code: Land Easement			
11	Township, Range, and Section: Various			
12				
13				
14				
15				
16				
17				
18				
19				
20				
21	Other Property:			
22				
23				
24				
25				
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42				
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44				
45				
46				
47	Total			610,695

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

CONSTRUCTION WORK IN PROGRESS - - ELECTRIC (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)
3. Minor projects (5% of the Balance End of the Year for Account 107 or $100,000, whichever is less) may be grouped.

Line No.	Description of Project (a)	Construction work in progress - Electric (Account 107) (b)
1	392064S Vail to Valencia 138KVLn-L&E	2,739,188
2	369062S Clrwtr 69/13.2kv T2 ad 33MVA	2,190,336
3	333062A Line Extensions > $50k LH	1,381,980
4	368061S Eastern Transf T1 Repl King	1,174,288
5	343061S N. Stockton Hill 69kv Trans Ln King	907,653
6	311761S Mercator 69kv Line (King)	784,797
7	373061S White Hills Sub King	715,104
8	312061A Construction Eq - New (King)	625,734
9	371062S Kiowa T2 repl.. 25MVA-47MVA LH	600,046
10	394062S N Havasu Sub T3 Addition LH	580,064
11	363061S Gold Val Fdr 8002 Recon King	562,329
12	331062B Distr. System Repl LH	531,823
13	333061A Line Extentions > $50K King	494,516
14	330062A Line Extentions < $50K LH	447,284
15	311261S Jagerson Tie 4th CRCT FDR 5031	431,206
16	330061A Line Extensions < $50K King	424,650
17	331061B Distr. System Repl King	360,079
18	331764B Preventative Maint OH Dist. (Nog)	291,942
19	394064A Valencia Sub Brk Replace IV	283,721
20	331664B Priority A UG Dist (Nog)	281,651
21	332061S SCADA Sys Kingman & Havasu	265,408
22	312062A Construction Eq - New (LH)	255,404
23	383064S 115kv Trans Line Repl (Nog)	252,757
24	363062S Clearwater Fdr Add LH	206,176
25	332064A Distribution Fdrs & Ties Nog	203,646
26	320264S Resid New Bus Ln Ext (Nog)	155,743
27	312062S Operations Center LH	146,111
28	397062S Circuit 6008 Reconductor (LH)	127,348
29	311861S UNSE Integr Balancing Auth (Kg)	121,296
30	331061A Distr. System Bettr. King	111,888
31	331564B Priority A OH Dist (Nog)	107,462
32	353062S Replace Kiowa Bus Tie Switch	100,825
33		
34		
35	Minor Projects less than $100,000	896,141
36		
37		
38		
39		
40		
41		
42		
43	TOTAL	18,758,596

FOOTNOTE DATA

Schedule Page: 216 Line No.: 35 Column: b

There were no projects related to research, development, and demonstrating in 2008. Research, development, and demonstrating work is classified separately as preliminary engineering.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	262,571,712	262,571,712		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	17,444,031	17,444,031		
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Exp. of Elec. Plt. Leas. to Others				
6	Transportation Expenses-Clearing	1,367,716	1,367,716		
7	Other Clearing Accounts	-167,516	-167,516		
8	Other Accounts (Specify, details in footnote):	-4,231,731	-4,231,731		
9	Reserve Re-Allocations	-2,667,728	-2,667,728		
10	TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 9)	11,744,772	11,744,772		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	2,994,517	2,994,517		
13	Cost of Removal	29,130	29,130		
14	Salvage (Credit)	176,283	176,283		
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	2,847,364	2,847,364		
16	Other Debit or Cr. Items (Describe, details in footnote):				
17					
18	Book Cost or Asset Retirement Costs Retired				
19	Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18)	271,469,120	271,469,120		
	Section B. Balances at End of Year According to Functional Classification				
20	Steam Production				
21	Nuclear Production				
22	Hydraulic Production-Conventional				
23	Hydraulic Production-Pumped Storage				
24	Other Production	11,621,441	11,621,441		
25	Transmission	33,369,111	33,369,111		
26	Distribution	213,339,814	213,339,814		
27	Regional Transmission and Market Operation				
28	General	13,138,754	13,138,754		
29	TOTAL (Enter Total of lines 20 thru 28)	271,469,120	271,469,120		

FOOTNOTE DATA

Schedule Page: 219 Line No.: 7 Column: c

The credit of ($167,516) represents 2008 CC&B, Call Center and "Common Systems" depreciation allocations made to UNS Electric, Inc.

Schedule Page: 219 Line No.: 8 Column: c

The ($4,231,731) represents the 2008 amortization (credited to FERC Acct. No. 406) of the electric plant acquisition discount credited to accumulated depreciation in connection with the 2003 acquisition of the electric plant assets of Citizens Communications.

Schedule Page: 219 Line No.: 9 Column: c

The credit of ($2,667,728) represents the June 2008 Reserve re-allocation made between FERC Acct. No. 0403 and FERC Acct. No. 0404 as it related to the 2008 UNS Electric Rate Order.

Schedule Page: 219 Line No.: 19 Column: c

(271,469,120.00)	Per "Plant in Service and Accumulated Provision for Depreciation by Function" (Schedule Page: 219, Line No: 19, Column: C)
(1,732,985.00)	FERC 0111 Accumulated Provision for Amortization of Electric Plant
(492,446.00)	FERC 1111 Accumulated Provision for Amortization of Capital Leases
(898,662.00)	FERC 1112 Accumulated Provision for Amortization of Electric Plant - Citizen's Historical
(25,117.00)	FERC 1113 Accumulated Provision for Amortization of Capital Leases - Citizen's Historical
(274,618,330.00)	Per "Comparative Balance Sheet" (Schedule Page: 110, Line No: 5, Column: C)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

MATERIALS AND SUPPLIES

1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material.
2. Give an explanation of important inventory adjustments during the year (in a footnote) showing general classes of material and supplies and the various accounts (operating expenses, clearing accounts, plant, etc.) affected debited or credited. Show separately debit or credits to stores expense clearing, if applicable.

Line No.	Account (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Department or Departments which Use Material (d)
1	Fuel Stock (Account 151)	22,302	20,661	Electric
2	Fuel Stock Expenses Undistributed (Account 152)			
3	Residuals and Extracted Products (Account 153)			
4	Plant Materials and Operating Supplies (Account 154)			
5	Assigned to - Construction (Estimated)	7,234,996	8,089,538	Electric
6	Assigned to - Operations and Maintenance			
7	Production Plant (Estimated)		1,044	Electric
8	Transmission Plant (Estimated)	2,084		Electric
9	Distribution Plant (Estimated)	60,623	106,038	Electric
10	Regional Transmission and Market Operation Plant (Estimated)			
11	Assigned to - Other (provide details in footnote)			
12	TOTAL Account 154 (Enter Total of lines 5 thru 11)	7,297,703	8,196,620	Electric
13	Merchandise (Account 155)			
14	Other Materials and Supplies (Account 156)			
15	Nuclear Materials Held for Sale (Account 157) (Not applic to Gas Util)			
16	Stores Expense Undistributed (Account 163)	357,967	766,750	Electric
17				
18				
19				
20	TOTAL Materials and Supplies (Per Balance Sheet)	7,677,972	8,984,031	Electric

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

Transmission Service and Generation Interconnection Study Costs

1. Report the particulars (details) called for concerning the costs incurred and the reimbursements received for performing transmission service and generator interconnection studies.
2. List each study separately.
3. In column (a) provide the name of the study.
4. In column (b) report the cost incurred to perform the study at the end of period.
5. In column (c) report the account charged with the cost of the study.
6. In column (d) report the amounts received for reimbursement of the study costs at end of period.
7. In column (e) report the account credited with the reimbursement received for performing the study.

Line No.	Description (a)	Costs Incurred During Period (b)	Account Charged (c)	Reimbursements Received During the Period (d)	Account Credited With Reimbursement (e)
1	**Transmission Studies**				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21	**Generation Studies**				
22	Edison Mission W Golden Valley	4,186	566 and Var O&M		
23					
24	Edison Mission Industrial Sub	2,004	566 and Var O&M		
25					
26	Edison Mission Boriana Junction	4,066	566 and Var O&M		
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

OTHER REGULATORY ASSETS (Account 182.3)

1. Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than $50,000 which ever is less), may be grouped by classes.
3. For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS Written off During the Quarter/Year Account Charged (d)	CREDITS Written off During the Period Amount (e)	Balance at end of Current Quarter/Year (f)
1	Pension Regulatory Asset	663,448	2,044,662	228.3	229,681	2,478,429
2	ACC Decision # 59951					
3	Issued January 1997					
4						
5	Unrealized Loss on Derivatives	1,005,826	27,195,083	176/245	4,415,902	23,785,007
6	ACC Decision # 69202					
7	Issued December 2006					
8						
9	Rate Case Expenses		600,000	407.3	358,333	241,667
10	ACC Decision # 70360					
11	Issued May 27, 2008					
12						
13	UBOC Credit Agreement	1,895		428.0	1,895	
14	ACC Decision # 66174					
15	Issued August 2006					
16						
17	Purchase of Landfill Gas	132,601	11,680	254.0	144,281	
18	Per AAC R14-2-1618					
19						
20	Acc Provision - Post Retirement Benefits		110,100		13,191	96,909
21	December 2008					
22						
23	DSM Adjuster		41,994		41,994	
24	ACC Decision # 70360					
25	Issued May 27, 2008					
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44	TOTAL	1,803,770	30,003,519		5,205,277	26,602,012

FOOTNOTE DATA

Schedule Page: 232 Line No.: 1 Column: a

As a result of the adoption of FAS 158, Employer's Accounting for Deferred Benefit Pension and other Post Retirement Plans, a liability for the under funded pension liability at December 31, 2006 was recorded. Because the ACC has historically permitted the recovery of pension costs in rates under the accrual method, a corresponding regulatory asset was also recorded. Current service rates were authorized in ACC Decision No. 59951 issued in January 1997.

Schedule Page: 232 Line No.: 20 Column: a

Accrued post retirement benefits deferred pursuant to guidelines issued by ACC in December 2008.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

MISCELLANEOUS DEFFERED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a)
3. Minor item (1% of the Balance at End of Year for Account 186 or amounts less than $50,000, whichever is less) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS Account Charged (d)	CREDITS Amount (e)	Balance at End of Year (f)
1	Blanket Purchase Orders	11		921	11	
2						
3						
4	Customer Information Clearing	4,395	8,403,572	VAR	8,404,899	3,068
5						
6						
7	Other		7,264	VAR	7,264	
8						
9						
10						
11						
12						
13						
14						
15						
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44						
45						
46						
47	Misc. Work in Progress					
48	Deferred Regulatory Comm. Expenses (See pages 350 - 351)	600,000		VAR	600,000	
49	TOTAL	604,406				3,068

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Description and Location (a)	Balance of Begining of Year (b)	Balance at End of Year (c)
1	Electric		
2	Alternative Minimum Tax Credit	374,399	859,863
3	Tax Operating Loss Carryforwards		143,373
4			
5	Deferred Income Tax Assets (See Note 1)	10,158,343	7,925,939
6			
7	Other		
8	TOTAL Electric (Enter Total of lines 2 thru 7)	10,532,742	8,929,175
9	Gas		
10			
11			
12			
13			
14			
15	Other		
16	TOTAL Gas (Enter Total of lines 10 thru 15		
17	Other (Specify)		
18	TOTAL (Acct 190) (Total of lines 8, 16 and 17)	10,532,742	8,929,175

Notes

FOOTNOTE DATA

Schedule Page: 234 Line No.: 5 Column: b

Contributions in Aid of Construction	1,287,350
Customer Advances	4,515,853
Purchased Power Fuel Adjustment Clause	3,643,810
Deferred Compensation	365,244
Bad Debt	335,813
Other	10,273
	10,158,343

Schedule Page: 234 Line No.: 5 Column: c

Contributions in Aid of Construction	2,001,865
Customer Advances	5,005,279
Purchased Power Fuel Adjustment Clause	-
Deferred Compensation	491,411
Bad Debt	371,180
Other	56,204
	7,925,939

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Description and Location (a)	Balance of Begining of Year (b)	Balance at End of Year (c)
1	Electric		
2	Alternative Minimum Tax Credit	374,399	859,863
3	Tax Operating Loss Carryforwards		143,373
4			
5	Deferred Income Tax Assets (See Note 1)	10,158,343	7,925,939
6			
7	Other		
8	TOTAL Electric (Enter Total of lines 2 thru 7)	10,532,742	8,929,175
9	Gas		
10			
11			
12			
13			
14			
15	Other		
16	TOTAL Gas (Enter Total of lines 10 thru 15		
17	Other (Specify)		
18	TOTAL (Acct 190) (Total of lines 8, 16 and 17)	10,532,742	8,929,175

Notes

FOOTNOTE DATA

Schedule Page: 234 Line No.: 5 Column: b

Contributions in Aid of Construction	1,287,350
Customer Advances	4,515,853
Purchased Power Fuel Adjustment Clause	3,643,810
Deferred Compensation	365,244
Bad Debt	335,813
Other	10,273
	10,158,343

Schedule Page: 234 Line No.: 5 Column: c

Contributions in Aid of Construction	2,001,865
Customer Advances	5,005,279
Purchased Power Fuel Adjustment Clause	-
Deferred Compensation	491,411
Bad Debt	371,180
Other	56,204
	7,925,939

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

CAPITAL STOCKS (Account 201 and 204)

1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.

Line No.	Class and Series of Stock and Name of Stock Series (a)	Number of shares Authorized by Charter (b)	Par or Stated Value per share (c)	Call Price at End of Year (d)
1	Common Stock			
2	Account 201	1,000		
3				
4				
5				
6				
7				
8				
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11				
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

CAPITAL STOCKS (Account 201 and 204) (Continued)

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.
4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or non-cumulative.
5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.
Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purposes of pledge.

OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent)		HELD BY RESPONDENT				Line No.
		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	
						1
1,000	10					2
						3
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

OTHER PAID-IN CAPITAL (Accounts 208-211, inc.)

Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, Page 112. Add more columns for any account if deemed necessary. Explain changes made in any account during the year and give the accounting entries effecting such change.

(a) Donations Received from Stockholders (Account 208)-State amount and give brief explanation of the origin and purpose of each donation.

(b) Reduction In Par or Stated value of Capital Stock (Account 209): State amount and give brief explanation of the capital change which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.

(c) Gain on Resale or Cancellation of Reacquired Capital Stock (Account 210): Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.

(d) Miscellaneous Paid-in Capital (Account 211)-Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	Account 208 - Donations Received from stockholders	
2	- Paid-In Capital from UniSource Energy Services, Inc.	58,906,477
3		
4	Account 209 - Reduction in Par of Stated Value of Capital Stock	
5		
6	Account 210 - Gain on Resale or Cancellation of Reacquired Capital Stk	
7		
8	Account 211 - Miscellaneous Paid-in Capital	
9	- Adjust Acquistion Adjustment for Direct Costs	-19,816
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12		
13		
14		
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40	TOTAL	58,886,661

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

LONG-TERM DEBT (Account 221, 222, 223 and 224)

1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other long-Term Debt.
2. In column (a), for new issues, give Commission authorization numbers and dates.
3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
5. For receivers, certificates, show in column (a) the name of the court -and date of court order under which such certificates were issued.
6. In column (b) show the principal amount of bonds or other long-term debt originally issued.
7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.
9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give commission Authorization numbers and dates) (a)	Principal Amount Of Debt issued (b)	Total expense, Premium or Discount (c)
1	7.61% UNS Electric Note	60,000,000	792,795
2			
3	UNS Electric Revolving Credit Facility	45,000,000	89,233
4			
5	6.5% 2015 Senior Unsecured Notes	50,000,000	341,137
6	7.1% 2023 Guaranteed Notes Series B	50,000,000	341,137
7			
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11			
12			
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33	TOTAL	205,000,000	1,564,302

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

LONG-TERM DEBT (Account 221, 222, 223 and 224) (Continued)

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than debited to Account 428, Amortization and Expense, or credited to Account 429, Premium on Debt - Credit.
12. In a footnote, give explanatory (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principle repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD Date From (f)	AMORTIZATION PERIOD Date To (g)	Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
08/11/2003	08/11/2008	08/11/2003	08/11/2008		2,803,017	1
						2
08/11/2006	08/11/2011	08/11/2006	08/11/2011	8,000,000	837,258	3
						4
08/07/2008	08/07/2015	08/07/2008	08/07/2015	50,000,000	1,309,028	5
08/07/2008	08/07/2023	08/07/2008	08/07/2023	50,000,000	1,429,861	6
						7
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				108,000,000	6,379,164	33

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.
2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be field, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group member, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.
3. A substitute page, designed to meet a particular need of a company, may be used as Long as the data is consistent and meets the requirements of the above instructions. For electronic reporting purposes complete Line 27 and provide the substitute Page in the context of a footnote.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 117)	3,763,587
2	Reconciling Items for the Year:	
3		
4	Taxable Income Not Reported on Books	
5	Customer Advances	1,235,924
6	CIAC	1,981,339
7		
8		
9	Deductions Recorded on Books Not Deducted for Return	
10	Federal and State Income Tax Expense	2,408,627
11	Other	1,950,894
12		
13		
14	Income Recorded on Books Not Included in Return	
15	Accrued Interest	3,283
16	AFUDC Equity	322,167
17		
18		
19	Deductions on Return Not Charged Against Book Income	
20	State Income Taxes	
21	PPFAC	9,286,554
22	Tax Depreciation in Excess of Book Depreciation	3,043,632
23	Repairs Capitalized	5,226,714
24	Deductible Service Costs	365,851
25	Other	73,383
26		
27	Federal Tax Net Income	-6,981,213
28	Show Computation of Tax:	
29	Federal Income Tax at 35%	-2,443,425
30		
31	*Affiliated Group Information	
32		
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FOOTNOTE DATA

Schedule Page: 261 Line No.: 11 Column: b

Bad Debt Expense for Books in Excess of Tax	530,646
Contributions Carryover	79,201
Deferred Expenses - EPS	132,602
Dividends Equivalents	21,743
FAS 112	91,869
Incentive Comp - PEP	264,317
Rate Case Expenses	358,333
Restricted Stock - Directors	63,129
SERP	102,142
Stock Options	160,102
Pension	66,778
Meals & Entertainment	20,555
Vacation	59,477
	1,950,894

Schedule Page: 261 Line No.: 25 Column: b

Rabbi Trust	52,416
Restricted Stock	20,967
	73,383

Schedule Page: 261 Line No.: 31 Column: a

Affiliated Group Members	Percentage Owned	Federal Income Tax Assigned
UniSource Energy Corporation		(2,349,240)
Advanced Energy Technologies, Inc.	100%	(436,440)
Escavada Leasing Company	100%	2,851
MEH Equities Management Company	100%	(18,344)
Millennium Energy Holdings, Inc.	100%	137,275
Millennium Environmental Group, Inc.	100%	(63,021)
Nations Energy Corporation	100%	(482)
San Carlos Resources, Inc.	100%	-
Southwest Energy Solutions, Inc.	100%	253,869
Tucson Electric Power Company	100%	(13,318,102)
Tucsonel, Inc.	100%	-
UniSource Energy Development Company	100%	362,325
UniSource Energy Services, Inc.	100%	891
UNS Gas, Inc.	100%	1,193,964
UNS Electric, Inc.	100%	(1,324,752)
Total		(15,559,206)

The Affiliated Group files a consolidated federal income tax return. The tax liability of the group is first allocated to members in accordance with section 1.1552-1(a)(2) of the Income Tax Regulations. The Group has elected 100% as the fixed percentage to be used to allocate additional amounts to members in accordance with section 1.1502-33(d)(3) of the regulations.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual, or estimated amounts of such taxes are know, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes.) Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b)amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See instruction 5) (a)	BALANCE AT BEGINNING OF YEAR Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjust-ments (f)
1	Federal					
2	Income	-623,330		-2,502,758	-3,183,383	
3	FICA	10,979		788,355	789,466	
4	Unemployment	437		10,139	10,399	
5						
6	Subtotal	-611,914		-1,704,264	-2,383,518	
7						
8	State & Local - Arizona					
9	Income	-163,875		-359,583	-358,466	
10	Prepaid Tax - ACC			196,416	305,150	
11	Real & Personal Prop Tax	1,603,192		3,392,421	3,300,418	
12	Unemployment	672		12,894	13,308	
13	Other Taxes					
14						
15						
16						
17	Subtotal	1,439,989		3,242,148	3,260,410	
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41	TOTAL	828,075		1,537,884	876,892	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes)- covers more then one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a foot- note. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Report in columns (i) through (l) how the taxes were distributed. Report in column (l) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
(Taxes accrued Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustments to Ret. Earnings (Account 439) (k)	Other (l)	
						1
57,295		-3,812,583			1,309,825	2
9,868		392,942			395,413	3
177		10,139				4
						5
67,340		-3,409,502			1,705,238	6
						7
						8
-164,992		-139,010			-220,573	9
	108,734				196,416	10
1,695,195		3,186,420			206,001	11
258		12,894				12
		78,240			-78,240	13
						14
						15
						16
1,530,461	108,734	3,138,544			103,604	17
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1,597,801	108,734	-270,958			1,808,842	41

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

OTHER DEFFERED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (5% of the Balance End of Year for Account 253 or amounts less than $10,000, whichever is greater) may be grouped by classes.

Line No.	Description and Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS Contra Account (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Year (f)
1	Deferred Reclamation Costs	327,921	VAR	227,968		99,953
2	Other Deferred Credits	13,605	925	15,103	10,120	8,622
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47	TOTAL	341,526		243,071	10,120	108,575

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER PROPERTY (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes rating to property not subject to accelerated amortization
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric	5,648,809	4,741,602	
3	Gas			
4				
5	TOTAL (Enter Total of lines 2 thru 4)	5,648,809	4,741,602	
6				
7				
8				
9	TOTAL Account 282 (Enter Total of lines 5 thru	5,648,809	4,741,602	
10	Classification of TOTAL			
11	Federal Income Tax	4,931,822	4,034,328	-10,924
12	State Income Tax	716,987	707,274	10,924
13	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282) (Continued)

3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year	Line No.
		Debits		Credits			
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	(k)	
							1
						10,390,411	2
							3
							4
						10,390,411	5
							6
							7
							8
						10,390,411	9
							10
						8,977,074	11
						1,413,337	12
							13

NOTES (Continued)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3				
4	Other	238,188	108,274	464,248
5				
6				
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	238,188	108,274	464,248
10	Gas			
11				
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)			
18				
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	238,188	108,274	464,248
20	Classification of TOTAL			
21	Federal Income Tax	195,487	88,861	381,012
22	State Income Tax	42,701	19,413	83,236
23	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year	Line No.
		Debits		Credits			
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	(k)	
							1
							2
							3
						-117,786	4
							5
							6
							7
							8
						-117,786	9
							10
							11
							12
							13
							14
							15
							16
							17
							18
						-117,786	19
							20
						-96,664	21
						-21,122	22
							23

NOTES (Continued)

FOOTNOTE DATA

Schedule Page: 276 Line No.: 4 Column: k

The Other balance at the end of the year is comprised of the following amounts:

Rate Case Expenses	95,700
Pension	(10,695)
SERP	(202,792)
Total	(117,787)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

OTHER REGULATORY LIABILITIES (Account 254)

1. Report below the particulars (details) called for concerning other regulatory liabilities, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 254 at end of period, or amounts less than $50,000 which ever is less), may be grouped by classes.
3. For Regulatory Liabilities being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Begining of Current Quarter/Year (b)	DEBITS Account Credited (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Current Quarter/Year (f)
1	Purchased Power Fuel Adjustment Clause	9,286,554	555/565	189,464,437	186,637,334	6,459,451
2	ACC Decision # 66028					
3	Issued July 2003					
4						
5	DSM Program		456	221,563	428,417	206,854
6	ACC Decision # 70360					
7	Issued May 2008					
8						
9	Renewable Energy Standard Tariff Plan		416	457,749	1,328,931	871,182
10	ACC Decision # 70315					
11	Issued April 2008					
12						
13	Unrealized Gains on Derivative	9,835,572	175/176/244	44,069,141	34,233,569	
14	ACC Decision # 69202					
15	Issued December, 2006					
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL	19,122,126		234,212,890	222,628,251	7,537,487

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ELECTRIC OPERATING REVENUES (Account 400)

1. The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
2. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month.
4. If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales	92,231,621	85,759,676
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	69,412,607	63,570,755
5	Large (or Ind.) (See Instr. 4)	19,626,605	15,431,353
6	(444) Public Street and Highway Lighting	368,082	383,579
7	(445) Other Sales to Public Authorities		
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	181,638,915	165,145,363
11	(447) Sales for Resale	10,168,115	234,273
12	TOTAL Sales of Electricity	191,807,030	165,379,636
13	(Less) (449.1) Provision for Rate Refunds		
14	TOTAL Revenues Net of Prov. for Refunds	191,807,030	165,379,636
15	Other Operating Revenues		
16	(450) Forfeited Discounts		
17	(451) Miscellaneous Service Revenues	1,220,716	887,998
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	428,014	314,545
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	1,445,274	2,376,590
22	(456.1) Revenues from Transmission of Electricity of Others	9,654	
23	(457.1) Regional Control Service Revenues		
24	(457.2) Miscellaneous Revenues		
25			
26	TOTAL Other Operating Revenues	3,103,658	3,579,133
27	TOTAL Electric Operating Revenues	194,910,688	168,958,769

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ELECTRIC OPERATING REVENUES (Account 400)

5. Commercial and industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)
6. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.
7. For Lines 2,4,5,and 6, see Page 304 for amounts relating to unbilled revenue by accounts.
8. Include unmetered sales. Provide details of such Sales in a footnote.

MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line No.
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	
				1
822,497	854,119	79,378	79,044	2
				3
619,581	626,738	10,334	10,161	4
219,003	198,728	18	14	5
2,237	2,247	257	252	6
				7
				8
				9
1,663,318	1,681,832	89,987	89,471	10
152,947	2,548	2	1	11
1,816,265	1,684,380	89,989	89,472	12
				13
1,816,265	1,684,380	89,989	89,472	14

Line 12, column (b) includes $ 9,215,518 of unbilled revenues.

Line 12, column (d) includes 80,972 MWH relating to unbilled revenues

FOOTNOTE DATA

Schedule Page: 300 Line No.: 12 Column: b

Includes Unbilled Revenues:

Customer Class-	
Residetial	4,120,694
Commercial	3,270,861
Industrial	1,792,235
Public Street Lighting	19,145
Sales for Resale	12,583
	9,215,518

Schedule Page: 300 Line No.: 12 Column: d

Includes Unbilled Sales (MWH):

Customer Class-	
Residetial	27,406
Commercial	115
Industrial	130
Public Street Lighting	18,577
Sales for Resale	34,744
	80,972

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Account 440 - Residential					
2	Santa Cruz Residential	126,701	14,246,965	14,848	8,533	0.1124
3	Santa Cruz Residential CARES					
4	Mohave Residential	701,762	77,950,493	63,525	11,047	0.1111
5	RES-01-TOU	8	942	1	8,000	0.1178
6	Dusk to Dawn Lighting Service	615	108,410	1,005	612	0.1763
7	Residential Unbilled	-6,590	-75,190			0.0114
8	Duplicate Customers					
9	Total Account 440	822,496	92,231,620	79,379	10,362	0.1121
10						
11	Account 442 - Commercial					
12	Santa Cruz Small General Serv.	23,505	3,155,345	2,019	11,642	0.1342
13	Mohave Small General Service	69,136	8,320,330	5,645	12,247	0.1203
14	Large General Service	501,596	54,909,894	2,063	243,139	0.1095
15	Large General Service TOU	3,068	331,612	11	278,909	0.1081
16	Interruptible Power Service	24,639	2,267,449	25	985,560	0.0920
17	Dusk to Dawn Lighing	1,687	311,918	571	2,954	0.1849
18	Billed Commercial Adjustment					
19	Commercial Unbilled Revenue	-3,977	-116,057			-0.0292
20	Duplicate Customers					
21	Total Account 442 - Commercial	619,654	69,412,605	10,334	59,963	0.1120
22						
23	Account 442 - Industrial					
24	Large Power Serv - Distribution	54,154	5,612,848	10	5,415,400	0.1036
25	Large Power Serv - Trans TOU	148,383	12,414,767	8	18,547,875	0.0837
26	Billed Industrial Adjustment	-2,111	-193,244			0.0915
27	Industrial Unbilled Revenue	18,504	1,792,235			0.0969
28	Total Account 442 - Industrial	218,930	19,626,606	18	12,162,778	0.0896
29	Acct 444 - Public Street Lighting					
30	Santa Cruz Samll General Serv	752	101,123	33	22,788	0.1345
31	Mohave Small General Service	395	43,717	14	28,214	0.1107
32	Large General Service	216	23,610	5	43,200	0.1093
33	Dusk to Dawn Lighting	841	192,986	205	4,102	0.2295
34	Public Street Lighting Unbilled	33	6,646			0.2014
35	Total Account 444	2,237	368,082	257	8,704	0.1645
36						
37						
38						
39						
40						
41	TOTAL Billed	1,655,274	179,799,167	89,988	18,394	0.1086
42	Total Unbilled Rev.(See Instr. 6)	8,043	1,839,748	0	0	0.2287
43	TOTAL	1,663,317	181,638,915	89,988	18,484	0.1092

FOOTNOTE DATA

Schedule Page: 304 Line No.: 3 Column: a

Due to a change in accounting the CARES revenues are included in the other residential revenue amounts.

Schedule Page: 304 Line No.: 7 Column: b

The amount represents the net change in unbilled sales during the year. Unbilled sales at year-end are reported on page 301.

Schedule Page: 304 Line No.: 7 Column: c

The amount represents the net change in unbilled revenues during the year. Unbilled revenues at year-end are reported on page 301.

Schedule Page: 304 Line No.: 19 Column: b

The amount represents the net change in unbilled sales during the year. Unbilled sales at year-end are reported on page 301.

Schedule Page: 304 Line No.: 19 Column: c

The amount represents the net change in unbilled revenues during the year. Unbilled revenues at year-end are reported on page 301.

Schedule Page: 304 Line No.: 27 Column: b

The amount represents the net change in unbilled sales during the year. Unbilled sales at year-end are reported on page 301.

Schedule Page: 304 Line No.: 27 Column: c

The amount represents the net change in unbilled revenues during the year. Unbilled revenues at year-end are reported on page 301.

Schedule Page: 304 Line No.: 34 Column: b

The amount represents the net change in unbilled sales during the year. Unbilled sales at year-end are reported on page 301.

Schedule Page: 304 Line No.: 34 Column: c

The amount represents the net change in unbilled revenues during the year. Unbilled revenues at year-end are reported on page 301.

Schedule Page: 304 Line No.: 42 Column: b

The amount represents the net change in unbilled sales during the year. Unbilled sales at year-end are reported on page 301.

Schedule Page: 304 Line No.: 42 Column: c

The amount represents the net change in unbilled revenues during the year. Unbilled revenues at year-end are reported on page 301.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).
2. Enter the name of the purchaser in column (a). Do note abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:
RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.
LF - for tong-term service. "Long-term" means five years or Longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for Long-term firm service which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or setter can unilaterally get out of the contract.
IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Less than five years.
SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service is one year or less.
LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of designated unit.
IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW) Average Monthly NCP Demand (e)	Actual Demand (MW) Average Monthly CP Demand (f)
1	Comision Federal de Electricidad	LF				
2						
3	Barclays	SF	WSPP			
4	Constellation Commodities Group	SF	WSPP			
5	Conoco-Phillips Energy	SF	WSPP			
6	Credit Suisse Energy Marketing	SF	WSPP			
7	Morgan Stanley Commodities Group	SF	WSPP			
8	Pacificorp	SF	WSPP			
9	Powerex	SF	WSPP			
10	Tucson Electric Power	SF	ER07-964-001			
11	Inadvertant					
12						
13						
14						
	Subtotal RQ			0	0	0
	Subtotal non-RQ			0	0	0
	Total			**0**	**0**	**0**

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.
AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.
4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)
5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.
6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)
demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.
8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.
9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401,line 24.
10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE Demand Charges ($) (h)	Energy Charges ($) (i)	Other Charges ($) (j)	Total ($) (h+i+j) (k)	Line No.
2,519		256,401		256,401	1
					2
2,122		187,084		187,084	3
415		42,660		42,660	4
125		10,375		10,375	5
2,540		258,923		258,923	6
45		8,280		8,280	7
59		2,350		2,350	8
1,296		134,318		134,318	9
143,857		9,267,724		9,267,724	10
-31					11
					12
					13
					14
0	0	0	0	0	
152,947	0	10,168,115	0	10,168,115	
152,947	**0**	**10,168,115**	**0**	**10,168,115**	

FOOTNOTE DATA

Schedule Page: 310 Line No.: 1 Column: a

This customer is located outside of the United States, in Sonora, Mexico. Service is allowed by U.S. Department of Energy, Presidential Permit.

Schedule Page: 310 Line No.: 1 Column: b

Service may be terminated by UNS-Electric upon 60 days notice to customer.

Schedule Page: 310 Line No.: 10 Column: a

UNS Electric Inc. and Tucson Electric Power are affiliated, wholly owned subsidiaries of Unisource Energy Inc.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering		
5	(501) Fuel		
6	(502) Steam Expenses		
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses		
10	(506) Miscellaneous Steam Power Expenses		
11	(507) Rents		
12	(509) Allowances		
13	TOTAL Operation (Enter Total of Lines 4 thru 12)		
14	Maintenance		
15	(510) Maintenance Supervision and Engineering		
16	(511) Maintenance of Structures		
17	(512) Maintenance of Boiler Plant		
18	(513) Maintenance of Electric Plant		
19	(514) Maintenance of Miscellaneous Steam Plant		
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)		
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)		
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering		
25	(518) Fuel		
26	(519) Coolants and Water		
27	(520) Steam Expenses		
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses		
31	(524) Miscellaneous Nuclear Power Expenses		
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)		
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)		
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)		
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering		
45	(536) Water for Power		
46	(537) Hydraulic Expenses		
47	(538) Electric Expenses		
48	(539) Miscellaneous Hydraulic Power Generation Expenses		
49	(540) Rents		
50	TOTAL Operation (Enter Total of Lines 44 thru 49)		
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering		
54	(542) Maintenance of Structures		
55	(543) Maintenance of Reservoirs, Dams, and Waterways		
56	(544) Maintenance of Electric Plant		
57	(545) Maintenance of Miscellaneous Hydraulic Plant		
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)		
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering	62,406	82,756
63	(547) Fuel	7,621,714	
64	(548) Generation Expenses	35,931	62,999
65	(549) Miscellaneous Other Power Generation Expenses	806,947	307,723
66	(550) Rents		
67	TOTAL Operation (Enter Total of lines 62 thru 66)	8,526,998	453,478
68	Maintenance		
69	(551) Maintenance Supervision and Engineering		21,724
70	(552) Maintenance of Structures		2,607
71	(553) Maintenance of Generating and Electric Plant	125,323	219,644
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	64,400	109,230
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	189,723	353,205
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	8,716,721	806,683
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	127,658,012	110,870,490
77	(556) System Control and Load Dispatching	3,220	
78	(557) Other Expenses	356,999	2,078,960
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	128,018,231	112,949,450
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	136,734,952	113,756,133
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering		
84	(561) Load Dispatching	6,095	6,200
85	(561.1) Load Dispatch-Reliability		
86	(561.2) Load Dispatch-Monitor and Operate Transmission System	33,027	55,132
87	(561.3) Load Dispatch-Transmission Service and Scheduling		
88	(561.4) Scheduling, System Control and Dispatch Services		
89	(561.5) Reliability, Planning and Standards Development		
90	(561.6) Transmission Service Studies		
91	(561.7) Generation Interconnection Studies		
92	(561.8) Reliability, Planning and Standards Development Services		
93	(562) Station Expenses	25,627	93,171
94	(563) Overhead Lines Expenses	14,932	4,010
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others	8,082,997	7,331,822
97	(566) Miscellaneous Transmission Expenses	99,300	102,710
98	(567) Rents	27,940	77,943
99	TOTAL Operation (Enter Total of lines 83 thru 98)	8,289,918	7,670,988
100	Maintenance		
101	(568) Maintenance Supervision and Engineering		
102	(569) Maintenance of Structures		
103	(569.1) Maintenance of Computer Hardware		
104	(569.2) Maintenance of Computer Software		
105	(569.3) Maintenance of Communication Equipment		
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	22,699	2,762
108	(571) Maintenance of Overhead Lines	36,134	27,654
109	(572) Maintenance of Underground Lines		
110	(573) Maintenance of Miscellaneous Transmission Plant	23	
111	TOTAL Maintenance (Total of lines 101 thru 110)	58,856	30,416
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	8,348,774	7,701,404

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services		
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)		
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)		
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	422,245	501,131
135	(581) Load Dispatching	562,134	465,108
136	(582) Station Expenses	74,547	106,192
137	(583) Overhead Line Expenses	491,139	606,870
138	(584) Underground Line Expenses	475,089	543,861
139	(585) Street Lighting and Signal System Expenses	1,886	365
140	(586) Meter Expenses	759,850	760,552
141	(587) Customer Installations Expenses	34,743	14,214
142	(588) Miscellaneous Expenses	1,103,802	1,047,091
143	(589) Rents	83,088	79,529
144	TOTAL Operation (Enter Total of lines 134 thru 143)	4,008,523	4,124,913
145	Maintenance		
146	(590) Maintenance Supervision and Engineering		20,901
147	(591) Maintenance of Structures		
148	(592) Maintenance of Station Equipment	720,102	628,660
149	(593) Maintenance of Overhead Lines	735,820	785,206
150	(594) Maintenance of Underground Lines	104,656	121,272
151	(595) Maintenance of Line Transformers	104,293	76,937
152	(596) Maintenance of Street Lighting and Signal Systems	310,098	31,334
153	(597) Maintenance of Meters	608	7,933
154	(598) Maintenance of Miscellaneous Distribution Plant	15,555	6,801
155	TOTAL Maintenance (Total of lines 146 thru 154)	1,991,132	1,679,044
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	5,999,655	5,803,957
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	255,122	229,152
160	(902) Meter Reading Expenses	912,257	679,936
161	(903) Customer Records and Collection Expenses	3,015,145	3,331,155
162	(904) Uncollectible Accounts	1,200,504	762,728
163	(905) Miscellaneous Customer Accounts Expenses	38,596	32,648
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	5,421,624	5,035,619

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision		
168	(908) Customer Assistance Expenses	546,006	201,042
169	(909) Informational and Instructional Expenses	192,157	125,950
170	(910) Miscellaneous Customer Service and Informational Expenses	31,040	7,215
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	769,203	334,207
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision		
175	(912) Demonstrating and Selling Expenses		
176	(913) Advertising Expenses	85	
177	(916) Miscellaneous Sales Expenses		
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	85	
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	3,295,964	2,748,106
182	(921) Office Supplies and Expenses	1,074,369	1,012,429
183	(Less) (922) Administrative Expenses Transferred-Credit	1,004,502	534,685
184	(923) Outside Services Employed	1,351,096	923,395
185	(924) Property Insurance	81,780	74,183
186	(925) Injuries and Damages	623,802	581,234
187	(926) Employee Pensions and Benefits	1,689,643	1,515,139
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses		
190	(929) (Less) Duplicate Charges-Cr.	86,769	102,087
191	(930.1) General Advertising Expenses	51,398	23,808
192	(930.2) Miscellaneous General Expenses	288,697	1,058,236
193	(931) Rents	54,240	92,700
194	TOTAL Operation (Enter Total of lines 181 thru 193)	7,419,718	7,392,458
195	Maintenance		
196	(935) Maintenance of General Plant	20,026	-277
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	7,439,744	7,392,181
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	164,714,037	140,023,501

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

PURCHASED POWER (Account 555)
(Including power exchanges)

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW) Average Monthly NCP Demand (e)	Actual Demand (MW) Average Monthly CP Demand (f)
1	Pinnacle West Capital	RQ	Rate Sched 4		293	270
2	Barclays	SF	WSPP			
3	Constellation Commodities Group	SF	WSPP			
4	Credit Suisse Energy Marketing	SF	WSPP			
5	Morgan Stanley Commodities Group	SF	WSPP			
6	Pacificorp	SF	WSPP			
7	Powerex	SF	WSPP			
8	Salt River Project	SF	WSPP			
9	Tucson Electric Power	SF	ER07-964			
10						
11	Unisource Energy Development	LF	ER08-662			
12	Purchased Power Fuel Adjustor Clause					
13						
14						
	Total					

PURCHASED POWER(Account 555) (Continued)
(Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monnthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges ($) (j)	Energy Charges ($) (k)	Other Charges ($) (l)	Total (j+k+l) of Settlement ($) (m)	
665,490				39,124,157		39,124,157	1
186,595				12,912,022		12,912,022	2
51,705				4,105,377		4,105,377	3
544,105				36,398,672		36,398,672	4
							5
22,075				845,575		845,575	6
							7
23,190				970,100		970,100	8
338,772				23,454,590		23,454,590	9
							10
98,987			5,985,000	819,175		6,804,175	11
					3,043,344	3,043,344	12
							13
							14
1,930,919			5,985,000	118,629,668	3,043,344	127,658,012	

FOOTNOTE DATA

Schedule Page: 326 Line No.: 9 Column: a

UNS Electric Inc. and Tucson Electric Power are affiliated, wholly owned subsidiaries of Unisource Energy Inc.

Schedule Page: 326 Line No.: 11 Column: a

Unisource Energy Development, Inc., UNS Electric Inc., and Tucson Electric Power are affiliated, wholly owned subsidiaries of Unisource Energy Inc. Unisource Energy Development delivers energy to UNS-Electric from its Black Mountain Generating Station. Black Mountain delivers up to 90 MW of energy.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456.1)
(Including transactions referred to as 'wheeling')

1. Report all transmission of electricity, i.e., wheeling, provided for other electric utilities, cooperatives, other public authorities, qualifying facilities, non-traditional utility suppliers and ultimate customers for the quarter.
2. Use a separate line of data for each distinct type of transmission service involving the entities listed in column (a), (b) and (c).
3. Report in column (a) the company or public authority that paid for the transmission service. Report in column (b) the company or public authority that the energy was received from and in column (c) the company or public authority that the energy was delivered to. Provide the full name of each company or public authority. Do not abbreviate or truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation the respondent has with the entities listed in columns (a), (b) or (c)
4. In column (d) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO - Firm Network Service for Others, FNS - Firm Network Transmission Service for Self, LFP - "Long-Term Firm Point to Point Transmission Service, OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point to Point Transmission Reservation, NF - non-firm transmission service, OS - Other Transmission Service and AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.

Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistical Classification (d)
1	Aha Macav Power Service	Western Area Power Admin	Aha Macav Power Service	NF
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
	TOTAL			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)(Continued)
(Including transactions reffered to as 'wheeling')

5. In column (e), identify the FERC Rate Schedule or Tariff Number, On separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (d), is provided.
6. Report receipt and delivery locations for all single contract path, "point to point" transmission service. In column (f), report the designation for the substation, or other appropriate identification for where energy was received as specified in the contract. In column (g) report the designation for the substation, or other appropriate identification for where energy was delivered as specified in the contract.
7. Report in column (h) the number of megawatts of billing demand that is specified in the firm transmission service contract. Demand reported in column (h) must be in megawatts. Footnote any demand not stated on a megawatts basis and explain.
8. Report in column (i) and (j) the total megawatthours received and delivered.

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Subsatation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY		Line No.
				MegaWatt Hours Received (i)	MegaWatt Hours Delivered (j)	
ER03-1064	Griffith, AZ	Boundry Cone, AZ	8	5,298	5,298	1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
			8	5,298	5,298	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456) (Continued)
(Including transactions reffered to as 'wheeling')

9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
10. The total amounts in columns (i) and (j) must be reported as Transmission Received and Transmission Delivered for annual report purposes only on Page 401, Lines 16 and 17, respectively.
11. Footnote entries and provide explanations following all required data.

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

Demand Charges ($) (k)	Energy Charges ($) (l)	(Other Charges) ($) (m)	Total Revenues ($) (k+l+m) (n)	Line No.
9,654			9,654	1
				2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12
				13
				14
				15
				16
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				18
				19
				20
				21
				22
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				25
				26
				27
				28
				29
				30
				31
				32
				33
				34
9,654	0	0	9,654	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

TRANSMISSION OF ELECTRICITY BY OTHERS (Account 565)
(Including transactions referred to as "wheeling")

1. Report all transmission, i.e. wheeling or electricity provided by other electric utilities, cooperatives, municipalities, other public authorities, qualifying facilities, and others for the quarter.
2. In column (a) report each company or public authority that provided transmission service. Provide the full name of the company, abbreviate if necessary, but do not truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation with the transmission service provider. Use additional columns as necessary to report all companies or public authorities that provided transmission service for the quarter reported.
3. In column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNS - Firm Network Transmission Service for Self, LFP - Long-Term Firm Point-to-Point Transmission Reservations. OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point-to- Point Transmission Reservations, NF - Non-Firm Transmission Service, and OS - Other Transmission Service. See General Instructions for definitions of statistical classifications.
4. Report in column (c) and (d) the total megawatt hours received and delivered by the provider of the transmission service.
5. Report in column (e), (f) and (g) expenses as shown on bills or vouchers rendered to the respondent. In column (e) report the demand charges and in column (f) energy charges related to the amount of energy transferred. On column (g) report the total of all other charges on bills or vouchers rendered to the respondent, including any out of period adjustments. Explain in a footnote all components of the amount shown in column (g). Report in column (h) the total charge shown on bills rendered to the respondent. If no monetary settlement was made, enter zero in column (h). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
6. Enter "TOTAL" in column (a) as the last line.
7. Footnote entries and provide explanations following all required data.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	TRANSFER OF ENERGY		EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS			
			Magawatt-hours Received (c)	Magawatt-hours Delivered (d)	Demand Charges ($) (e)	Energy Charges ($) (f)	Other Charges ($) (g)	Total Cost of Transmission ($) (h)
1	Received Power From:							
2	Arizona Public Service	SFP	116,729	116,729		875,144		875,144
3	Southwest Trans Coop	NF	925	925		8,297		8,297
4	Western Area Power Admn	FNS	1,124,262	1,124,262	1,681,001			1,681,001
5	Western Area Power Admn	NF	281,755	281,755		801,559		801,559
6	Western Area Power Admn	LFP	3,163,400	3,163,400	4,659,935			4,659,935
7	Western Area Power Admn	SFP	1,341	1,341		2,323		2,323
8	Tucson Electric Power		16,496	22,405				
9	Purchased Powr Fuel Adj	OS					54,738	54,738
10								
11								
12								
13								
14								
15								
16								
	TOTAL		4,704,908	4,710,817	6,340,936	1,687,323	54,738	8,082,997

FOOTNOTE DATA

Schedule Page: 332 Line No.: 4 Column: a

Network Service

Schedule Page: 332 Line No.: 7 Column: a

OASIS Short Term Firm

Schedule Page: 332 Line No.: 8 Column: a

UNS Electric Inc. and Tucson Electric Power are affiliated, wholly owned subsidiaries of Unisource Energy Inc.

Schedule Page: 332 Line No.: 8 Column: c

Network Imbalance Energy Received

Schedule Page: 332 Line No.: 8 Column: d

Network Imbalance Energy Delivered

Schedule Page: 332 Line No.: 9 Column: a

Purchased Power Fuel Adjustor Clause

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	81,699
2	Nuclear Power Research Expenses	
3	Other Experimental and General Research Expenses	
4	Pub & Dist Info to Stkhldrs...expn servicing outstanding Securities	12,636
5	Oth Expn >=5,000 show purpose, recipient, amount. Group if < $5,000	
6	Directors Fees	108,512
7	Wages	24,959
8	Allocated Internal Expenses	21,301
9	Materials & Supplies	12,754
10	Training	12,388
11	Travel	6,198
12	Facilities Rental & Building Usage	5,395
13	Other	2,855
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
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31		
32		
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45		
46	TOTAL	288,697

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Account 403, 404, 405)
(Except amortization of aquisition adjustments)

1. Report in section A for the year the amounts for.: (b) Depreciation Expense (Account 403; (c) Depreciation Expense for Asset Retirement Costs (Account 403.1; (d) Amortization of Limited-Term Electric Plant (Account 404); and (e) Amortization of Other Electric Plant (Account 405).
2. Report in Section 8 the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute charges and whether any changes have been made in the basis or rates used from the preceding report year.
3. Report all available information called for in Section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.
Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of Section C the type of plant included in any sub-account used.
In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional Classifications and showing composite total. Indicate at the bottom of section C the manner in which column balances are obtained. If average balances, state the method of averaging used.
For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification Listed in column (a). If plant mortality studies are prepared to assist in estimating average service Lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant. If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.
4. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.

A. Summary of Depreciation and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Depreciation Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization of Limited Term Electric Plant (Account 404) (d)	Amortization of Other Electric Plant (Acc 405) (e)	Total (f)
1	Intangible Plant			1,213,651		1,213,651
2	Steam Production Plant					
3	Nuclear Production Plant					
4	Hydraulic Production Plant-Conventional					
5	Hydraulic Production Plant-Pumped Storage					
6	Other Production Plant	576,999				576,999
7	Transmission Plant	2,037,026				2,037,026
8	Distribution Plant	14,140,711		3,464		14,144,175
9	Regional Transmission and Market Operation					
10	General Plant	689,295				689,295
11	Common Plant-Electric					
12	TOTAL	17,444,031		1,217,115		18,661,146

B. Basis for Amortization Charges

Amortization charges to account 404 primarily consist of amortization of software and capital obligations for certain transmission property construction funding by UNS Electric in accordance with the current transmission agreement between the Company and WAPA. Software is amortized over its estimated economic life. The capital obligations are amortized over the economic life of the transmission property constructed.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)

C. Factors Used in Estimating Depreciation Charges

Line No.	Account No. (a)	Depreciable Plant Base (In Thousands) (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. rates (Percent) (e)	Mortality Curve Type (f)	Average Remaining Life (g)
12	Other Production	26,381					
13	341	1,969	49.00		2.07	S6	29.50
14	342	847	40.00		2.51	S4	32.63
15	343	13,419	40.00		2.53	R3	26.17
16	344	6,304	43.00		2.33	SO	36.15
17	345	2,513	43.00		2.35	S6	29.39
18	346	1,329	38.00		2.64	R1	33.34
19	Transmission	55,575					
20	350-Rights	346	50.00		2.02	SQ	31.35
21	352	428	33.00		3.13	R3	12.75
22	353	18,912	32.00		3.15	R1	21.72
23	354	522	20.00		5.03	L0	15.92
24	355	20,666	25.00	-10.00	4.48	S5	12.68
25	356	14,517	38.00		2.66	L3	23.85
26	358	27	50.00	-5.00	4.36	R4	10.50
27	359	184	50.00		2.02	SQ	35.18
28	Distribution	331,999					
29	360-Rights	133	50.00		2.03	SQ	27.71
30	361	5,691	34.00		2.96	R4	25.54
31	362	39,478	25.00		4.09	S4	11.54
32	364	85,011	27.00	-10.00	4.14	S4	14.83
33	365	58,978	27.00	-10.00	4.13	S3	15.16
34	366	16,265	28.00	-5.00	3.79	S2	18.66
35	367	37,799	23.00		4.40	S3	14.20
36	368	62,000	23.00	-5.00	4.63	S4	13.46
37	369-Overhead	8,524	27.00		3.77	R5	14.43
38	369-Underground	4,877	27.00		3.75	R5	16.26
39	370	9,136	34.00	-5.00	3.11	R3	24.14
40	373	4,107	25.00		4.04	S4	16.64
41	General	22,696					
42	390	2,611	38.00		2.65	R2	29.03
43	391-Office F&E	1,575	21.00		4.76	SQ	13.37
44	391-Computer Eq	670	5.00		20.00	SQ	1.13
45	392-Class 1	148	8.00		12.75	L1.5	4.00
46	392-Class 2	1,261	6.00		16.99	L2	3.02
47	392-Class 3	1,057	5.00		20.21	S5	3.28
48	392-Class 4	1,834	8.00		13.47	S4	1.63
49	392-Class 5	5,144	8.00		12.55	S4	6.58
50	393	119	33.00		3.03	SQ	14.67

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DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)

C. Factors Used in Estimating Depreciation Charges

Line No.	Account No. (a)	Depreciable Plant Base (In Thousands) (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. rates (Percent) (e)	Mortality Curve Type (f)	Average Remaining Life (g)
12	394	2,667	29.00		3.45	SQ	16.32
13	395	1,431	40.00		2.50	SQ	25.85
14	396	1,879	15.00		6.92	S5	5.16
15	397	2,176	23.00		4.35	SQ	19.07
16	398	124	18.00		5.56	SQ	5.19
17							
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

REGULATORY COMMISSION EXPENSES

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to format cases before a regulatory body, or cases in which such a body was a party.
2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.

Line No.	Description (Furnish name of regulatory commission or body the docket or case number and a description of the case) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expense for Current Year (b) + (c) (d)	Deferred in Account 182.3 at Beginning of Year (e)
1	Misc. expenses pertaining to Rate Case Filing				
2	to the Arizona Corporation Commission for the		537,757	537,757	
3	test year ended June 30, 2006. Commission				
4	approved $300,000 of rate case expenses to be				
5	amortized over a 3 year period starting Jun-08				
6	ACC Decision 70360				
7					
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45					
46	TOTAL		537,757	537,757	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
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REGULATORY COMMISSION EXPENSES (Continued)

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.
4. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.
5. Minor items (less than $25,000) may be grouped.

EXPENSES INCURRED DURING YEAR				AMORTIZED DURING YEAR			
CURRENTLY CHARGED TO			Deferred to Account 182.3	Contra Account	Amount	Deferred in Account 182.3 End of Year	Line No.
Department (f)	Account No. (g)	Amount (h)	(i)	(j)	(k)	(l)	
	186	-300,000	300,000	407	58,333	241,667	1
	920	195,005					2
	923	206,359					3
	Various	78,060					4
							5
							6
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		179,424	300,000		58,333	241,667	46

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	57,028		
4	Transmission	46,604		
5	Regional Market			
6	Distribution	1,335,736		
7	Customer Accounts	850,435		
8	Customer Service and Informational	114,123		
9	Sales			
10	Administrative and General	735,616		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	3,139,542		
12	Maintenance			
13	Production	58,595		
14	Transmission	27,898		
15	Regional Market			
16	Distribution	975,429		
17	Administrative and General			
18	TOTAL Maintenance (Total of lines 13 thru 17)	1,061,922		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	115,623		
21	Transmission (Enter Total of lines 4 and 14)	74,502		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	2,311,165		
24	Customer Accounts (Transcribe from line 7)	850,435		
25	Customer Service and Informational (Transcribe from line 8)	114,123		
26	Sales (Transcribe from line 9)			
27	Administrative and General (Enter Total of lines 10 and 17)	735,616		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	4,201,464	601,480	4,802,944
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	4,201,464	601,480	4,802,944
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	4,083,251	902,413	4,985,664
69	Gas Plant			
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	4,083,251	902,413	4,985,664
72	Plant Removal (By Utility Departments)			
73	Electric Plant	63,083	2,872	65,955
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	63,083	2,872	65,955
77	Other Accounts (Specify, provide details in footnote):			
78				
79				
80				
81				
82				
83	163 - Stores Expense	306,971	-306,971	
84				
85	184 - Clearing Accounts	1,205,029	-1,205,029	
86				
87	416 - Merchandising Expense		21	21
88	417 - Nonutility Income and Expense	10,789	5,214	16,003
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	1,522,789	-1,506,765	16,024
96	TOTAL SALARIES AND WAGES	9,870,587		9,870,587

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PURCHASES AND SALES OF ANCILLARY SERVICES

Report the amounts for each type of ancillary service shown in column (a) for the year as specified in Order No. 888 and defined in the respondents Open Access Transmission Tariff.

In columns for usage, report usage-related billing determinant and the unit of measure.

(1) On line 1 columns (b), (c), (d), (e), (f) and (g) report the amount of ancillary services purchased and sold during the year.

(2) On line 2 columns (b) (c), (d), (e), (f), and (g) report the amount of reactive supply and voltage control services purchased and sold during the year.

(3) On line 3 columns (b) (c), (d), (e), (f), and (g) report the amount of regulation and frequency response services purchased and sold during the year.

(4) On line 4 columns (b), (c), (d), (e), (f), and (g) report the amount of energy imbalance services purchased and sold during the year.

(5) On lines 5 and 6, columns (b), (c), (d), (e), (f), and (g) report the amount of operating reserve spinning and supplement services purchased and sold during the period.

(6) On line 7 columns (b), (c), (d), (e), (f), and (g) report the total amount of all other types ancillary services purchased or sold during the year. Include in a footnote and specify the amount for each type of other ancillary service provided.

		Amount Purchased for the Year			Amount Sold for the Year		
		Usage - Related Billing Determinant			Usage - Related Billing Determinant		
Line No.	Type of Ancillary Service (a)	Number of Units (b)	Unit of Measure (c)	Dollars (d)	Number of Units (e)	Unit of Measure (f)	Dollars (g)
1	Scheduling, System Control and Dispatch	1,805,266	MWH	105,782		MW	
2	Reactive Supply and Voltage	4,097,287	MWH	511,089		MWh	
3	Regulation and Frequency Response	14,470	MWH	238,195		KW	
4	Energy Imbalance	16,496	MWH	761,128	22,405	MWh	396,603
5	Operating Reserve - Spinning	45,412	MWH	871,452		MW	
6	Operating Reserve - Supplement						
7	Other	5,077	MWH	325,131			
8	Total (Lines 1 thru 7)	5,984,008		2,812,777	22,405		396,603

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UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

MONTHLY TRANSMISSION SYSTEM PEAK LOAD

(1) Report the monthly peak load on the respondent's transmission system. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.
(2) Report on Column (b) by month the transmission system's peak load.
(3) Report on Columns (c) and (d) the specified information for each monthly transmission - system peak load reported on Column (b).
(4) Report on Columns (e) through (j) by month the system' monthly maximum megawatt load by statistical classifications. See General Instruction for the definition of each statistical classification.

NAME OF SYSTEM:

Line No.	Month (a)	Monthly Peak MW - Total (b)	Day of Monthly Peak (c)	Hour of Monthly Peak (d)	Firm Network Service for Self (e)	Firm Network Service for Others (f)	Long-Term Firm Point-to-point Reservations (g)	Other Long-Term Firm Service (h)	Short-Term Firm Point-to-point Reservation (i)	Other Service (j)
1	January	278	17	800	278					
2	February	271	6	800	271					
3	March	224	4	800	224					
4	Total for Quarter 1	773			773					
5	April	245	29	1700	245					
6	May	367	19	1700	367					
7	June	400	17	1600	400					
8	Total for Quarter 2	1,012			1,012					
9	July	409	2	1600	409					
10	August	408	1	1600	408					
11	September	354	5	1600	354					
12	Total for Quarter 3	1,171			1,171					
13	October	307	1	1600	307					
14	November	217	1	1600	217					
15	December	266	17	1900	266					
16	Total for Quarter 4	790			790					
17	Total Year to Date/Year	3,746			3,746					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

ELECTRIC ENERGY ACCOUNT

Report below the information called for concerning the disposition of electric energy generated, purchased, exchanged and wheeled during the year.

Line No.	Item (a)	MegaWatt Hours (b)	Line No.	Item (a)	MegaWatt Hours (b)
1	SOURCES OF ENERGY		21	DISPOSITION OF ENERGY	
2	Generation (Excluding Station Use):		22	Sales to Ultimate Consumers (Including Interdepartmental Sales)	1,663,318
3	Steam		23	Requirements Sales for Resale (See instruction 4, page 311.)	
4	Nuclear		24	Non-Requirements Sales for Resale (See instruction 4, page 311.)	152,947
5	Hydro-Conventional		25	Energy Furnished Without Charge	
6	Hydro-Pumped Storage		26	Energy Used by the Company (Electric Dept Only, Excluding Station Use)	1,293
7	Other	15,157	27	Total Energy Losses	122,609
8	Less Energy for Pumping		28	TOTAL (Enter Total of Lines 22 Through 27) (MUST EQUAL LINE 20)	1,940,167
9	Net Generation (Enter Total of lines 3 through 8)	15,157			
10	Purchases	1,930,919			
11	Power Exchanges:				
12	Received				
13	Delivered				
14	Net Exchanges (Line 12 minus line 13)				
15	Transmission For Other (Wheeling)				
16	Received	5,298			
17	Delivered	5,298			
18	Net Transmission for Other (Line 16 minus line 17)				
19	Transmission By Others Losses	-5,909			
20	TOTAL (Enter Total of lines 9, 10, 14, 18 and 19)	1,940,167			

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UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

MONTHLY PEAKS AND OUTPUT

(1) Report the monthly peak load and energy output. If the respondent has two or more power which are not physically integrated, furnish the required information for each non- integrated system.
(2) Report on line 2 by month the system's output in Megawatt hours for each month.
(3) Report on line 3 by month the non-requirements sales for resale. Include in the monthly amounts any energy losses associated with the sales.
(4) Report on line 4 by month the system's monthly maximum megawatt load (60 minute integration) associated with the system.
(5) Report on lines 5 and 6 the specified information for each monthly peak load reported on line 4.

NAME OF SYSTEM:

Line No.	Month (a)	Total Monthly Energy (b)	Monthly Non-Requirments Sales for Resale & Associated Losses (c)	MONTHLY PEAK Megawatts (See Instr. 4) (d)	Day of Month (e)	Hour (f)
29	January	146,984	240	278	17	800
30	February	128,698	189	271	6	800
31	March	127,861	212	224	4	800
32	April	123,459	258	245	29	1700
33	May	138,488	219	367	19	1700
34	June	204,460	28,927	400	17	1600
35	July	222,837	23,464	409	2	1600
36	August	218,068	19,550	408	1	1600
37	September	197,387	35,480	354	5	1600
38	October	157,474	30,675	307	1	1600
39	November	123,392	10,264	217	1	1600
40	December	151,059	13,376	266	17	1900
41	TOTAL	1,940,167	162,854			

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STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants)

1. Report data for plant in Service only. 2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this page gas-turbine and internal combustion plants of 10,000 Kw or more, and nuclear plants. 3. Indicate by a footnote any plant leased or operated as a joint facility. 4. If net peak demand for 60 minutes is not available, give data which is available, specifying period. 5. If any employees attend more than one plant, report on line 11 the approximate average number of employees assignable to each plant. 6. If gas is used and purchased on a therm basis report the Btu content or the gas and the quantity of fuel burned converted to Mct. 7. Quantities of fuel burned (Line 38) and average cost per unit of fuel burned (Line 41) must be consistent with charges to expense accounts 501 and 547 (Line 42) as show on Line 20. 8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.

Line No.	Item (a)	Plant Name: *Valencia* (b)	Plant Name: (c)
1	Kind of Plant (Internal Comb, Gas Turb, Nuclear	Gas Turbine	
2	Type of Constr (Conventional, Outdoor, Boiler, etc)	Outdoor	
3	Year Originally Constructed	1989	
4	Year Last Unit was Installed	2006	
5	Total Installed Cap (Max Gen Name Plate Ratings-MW)	61.00	0.00
6	Net Peak Demand on Plant - MW (60 minutes)	59	0
7	Plant Hours Connected to Load	923	0
8	Net Continuous Plant Capability (Megawatts)	61	0
9	When Not Limited by Condenser Water	61	0
10	When Limited by Condenser Water	61	0
11	Average Number of Employees	1	0
12	Net Generation, Exclusive of Plant Use - KWh	3174000	0
13	Cost of Plant: Land and Land Rights	97573	0
14	Structures and Improvements	1969407	0
15	Equipment Costs	24413732	0
16	Asset Retirement Costs	0	0
17	Total Cost	26480712	0
18	Cost per KW of Installed Capacity (line 17/5) Including	434.1100	0.0000
19	Production Expenses: Oper, Supv, & Engr	905284	0
20	Fuel	1320109	0
21	Coolants and Water (Nuclear Plants Only)	0	0
22	Steam Expenses	0	0
23	Steam From Other Sources	0	0
24	Steam Transferred (Cr)	0	0
25	Electric Expenses	0	0
26	Misc Steam (or Nuclear) Power Expenses	0	0
27	Rents	0	0
28	Allowances	0	0
29	Maintenance Supervision and Engineering	0	0
30	Maintenance of Structures	64400	0
31	Maintenance of Boiler (or reactor) Plant	0	0
32	Maintenance of Electric Plant	125323	0
33	Maintenance of Misc Steam (or Nuclear) Plant	0	0
34	Total Production Expenses	2415116	0
35	Expenses per Net KWh	0.7609	0.0000

Line No.	Item (a)	(b)			(c)		
36	Fuel: Kind (Coal, Gas, Oil, or Nuclear)	Gas					
37	Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate)	MCF					
38	Quantity (Units) of Fuel Burned	75255	0	0	0	0	0
39	Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	1015	0	0	0	0	0
40	Avg Cost of Fuel/unit, as Delvd f.o.b. during year	17.542	0.000	0.000	0.000	0.000	0.000
41	Average Cost of Fuel per Unit Burned	17.542	0.000	0.000	0.000	0.000	0.000
42	Average Cost of Fuel Burned per Million BTU	17.283	0.000	0.000	0.000	0.000	0.000
43	Average Cost of Fuel Burned per KWh Net Gen	0.416	0.000	0.000	0.000	0.000	0.000
44	Average BTU per KWh Net Generation	24065.477	0.000	0.000	0.000	0.000	0.000

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants)*(Continued)*

9. Items under Cost of Plant are based on U. S. of A. Accounts. Production expenses do not include Purchased Power, System Control and Load Dispatching, and Other Expenses Classified as Other Power Supply Expenses. 10. For IC and GT plants, report Operating Expenses, Account Nos. 547 and 549 on Line 25 "Electric Expenses," and Maintenance Account Nos. 553 and 554 on Line 32, "Maintenance of Electric Plant." Indicate plants designed for peak load service. Designate automatically operated plants. 11. For a plant equipped with combinations of fossil fuel steam, nuclear steam, hydro, internal combustion or gas-turbine equipment, report each as a separate plant. However, if a gas-turbine unit functions in a combined cycle operation with a conventional steam unit, include the gas-turbine with the steam plant. 12. If a nuclear power generating plant, briefly explain by footnote (a) accounting method for cost of power generated including any excess costs attributed to research and development; (b) types of cost units used for the various components of fuel cost; and (c) any other informative data concerning plant type fuel used, fuel enrichment type and quantity for the report period and other physical and operating characteristics of plant.

Plant Name: (d)	Plant Name: (e)	Plant Name: (f)	Line No.
			1
			2
			3
			4
0.00	0.00	0.00	5
0	0	0	6
0	0	0	7
0	0	0	8
0	0	0	9
0	0	0	10
0	0	0	11
0	0	0	12
0	0	0	13
0	0	0	14
0	0	0	15
0	0	0	16
0	0	0	17
0.0000	0.0000	0.0000	18
0	0	0	19
0	0	0	20
0	0	0	21
0	0	0	22
0	0	0	23
0	0	0	24
0	0	0	25
0	0	0	26
0	0	0	27
0	0	0	28
0	0	0	29
0	0	0	30
0	0	0	31
0	0	0	32
0	0	0	33
0	0	0	34
0.0000	0.0000	0.0000	35

									36
									37
0	0	0	0	0	0	0	0	0	38
0	0	0	0	0	0	0	0	0	39
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	40
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	41
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	42
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	43
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	44

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

TRANSMISSION LINE STATISTICS

1. Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below these voltages in group totals only for each voltage.
2. Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
3. Report data by individual lines for all voltages if so required by a State commission.
4. Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
5. Indicate whether the type of supporting structure reported in column (e) is: (1) single pole wood or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
6. Report in columns (f) and (g) the total pole miles of each transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

Line No.	DESIGNATION		VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase)		Type of Supporting	LENGTH (Pole miles) (In the case of underground lines report circuit miles)		Number Of Circuits
	From (a)	To (b)	Operating (c)	Designed (d)	Structure (e)	On Structure of Line Designated (f)	On Structures of Another Line (g)	(h)
1	Transmission-Northern Ariz	Havasu / Kingman		69.00	SP-W	225.78		
2				69.00	SP-S	1.00		2
3				69.00	SP-S	9.00		1
4				69.00	SP-S	14.29		1
5				69.00	SP-S	1.30		1
6				69.00	SP-S	12.00		1
7				69.00	SP-S	0.30		2
8	Transmission-Santa Cruz		115.00		SP-S	55.75		
9					HF-W			
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32								
33								
34								
35								
36					TOTAL	319.42		8

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of Lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the Line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.
9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

Size of Conductor and Material (i)	COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way)			EXPENSES, EXCEPT DEPRECIATION AND TAXES				Line No.
	Land (j)	Construction and Other Costs (k)	Total Cost (l)	Operation Expenses (m)	Maintenance Expenses (n)	Rents (o)	Total Expenses (p)	
1/0 Copper	1,047,291	25,993,205	27,040,496	113,807	48,376	27,940	190,123	1
927 AAAC/795								2
927 AAAC/795								3
559AAAC								4
1/0 ACSR								5
954 ACSR								6
4/0 ACSR								7
559.5 AAAC	383,797	9,922,943	10,306,740	65,174	10,456		75,630	8
								9
								10
								11
								12
								13
								14
								15
								16
								17
								18
								19
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								21
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								34
								35
	1,431,088	35,916,148	37,347,236	178,981	58,832	27,940	265,753	36

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

TRANSMISSION LINES ADDED DURING YEAR

1. Report below the information called for concerning Transmission lines added or altered during the year. It is not necessary to report minor revisions of lines.
2. Provide separate subheadings for overhead and under- ground construction and show each transmission line separately. If actual costs of competed construction are not readily available for reporting columns (l) to (o), it is permissible to report in these columns the

Line No.	LINE DESIGNATION		Line Length in Miles	SUPPORTING STRUCTURE		CIRCUITS PER STRUCTURE	
	From (a)	To (b)	(c)	Type (d)	Average Number per Miles (e)	Present (f)	Ultimate (g)
1	West Golden Valley	Mineral Park	12.00	SP-S	15.00	1	1
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
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34							
35							
36							
37							
38							
39							
40							
41							
42							
43							
44	TOTAL		12.00		15.00	1	1

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

TRANSMISSION LINES ADDED DURING YEAR (Continued)

costs. Designate, however, if estimated amounts are reported. Include costs of Clearing Land and Rights-of-Way, and Roads and Trails, in column (l) with appropriate footnote, and costs of Underground Conduit in column (m).

3. If design voltage differs from operating voltage, indicate such fact by footnote; also where line is other than 60 cycle, 3 phase, indicate such other characteristic.

CONDUCTORS			Voltage	LINE COST					Line
Size (h)	Specification (i)	Configuration and Spacing (j)	KV (Operating) (k)	Land and Land Rights (l)	Poles, Towers and Fixtures (m)	Conductors and Devices (n)	Asset Retire. Costs (o)	Total (p)	No.
929 AAAC		Armless	69		1,453,627	131,346		1,584,973	1
									2
									3
									4
									5
									6
									7
									8
									9
									10
									11
									12
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									35
									36
									37
									38
									39
									40
									41
									42
									43
					1,453,627	131,346		1,584,973	44

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities of Less than 10 MVa except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa) Primary (c)	Secondary (d)	Tertiary (e)
1	MOHAVE				
2	Casson	DIST/ UNATTENDED	69.00	13.20	
3	Highway	DIST/ UNATTENDED	69.00	12.00	
4	Pierce Ferry Junction	DIST/ UNATTENDED	69.00	12.00	
5	Chloride	DIST/ UNATTENDED	69.00	12.00	
6	Duval Booster	DIST/ UNATTENDED	69.00	2.40	
7	Golden Valley	DIST/ UNATTENDED	69.00	20.80	
8	South Kingman	DIST/ UNATTENDED	69.00	12.00	
9	North Kingman	DIST/ UNATTENDED	69.00	12.00	
10	Airport	DIST/ UNATTENDED	69.00	13.20	
11	Jagerson	DIST/ UNATTENDED	69.00	13.20	
12	Boriana Junction	DIST/ UNATTENDED	69.00	20.80	
13	Yucca	DIST/ UNATTENDED	69.00	20.80	
14	Duval Waterfield	DIST/ UNATTENDED	69.00	2.40	
15	Warm Springs	DIST/ UNATTENDED	69.00	13.20	
16	Boundary Cone	DIST/ UNATTENDED	69.00	13.20	
17	Sacramento	DIST/ UNATTENDED	69.00	20.80	
18	Dolan Springs	DIST/ UNATTENDED	69.00	12.00	
19	So-Hi	DIST/ UNATTENDED	69.00	20.80	
20	Willow Beach	DIST/ UNATTENDED	69.00	12.00	
21	Eastern	DIST/ UNATTENDED	69.00	13.20	
22	West Golden Valley	DIST/ UNATTENDED	69.00	20.80	
23	Cattail Cove	DIST/ UNATTENDED	69.00	13.20	
24	Havasu Sub	DIST/ UNATTENDED	69.00	13.20	
25	Palo Verde	DIST/ UNATTENDED	69.00	13.20	
26	London Bridge	DIST/ UNATTENDED	69.00	13.20	
27	Franconia	DIST/ UNATTENDED	69.00	20.80	
28	Kiowa	DIST/ UNATTENDED	69.00	13.20	
29	Mulberry	DIST/ UNATTENDED	69.00	13.20	
30	Clearwater	DIST/ UNATTENDED	69.00	13.20	
31	North Havasu 20.8kV	DIST/ UNATTENDED	69.00	20.80	
32	Desert Hills	DIST/ UNATTENDED	69.00	13.20	
33	Black Mesa Substation	TRANS/UNATTENDED	230.00	69.00	13.20
34	Hilltop Substation	TRANS/UNATTENDED	230.00	69.00	13.20
35	Griffith Substation	TRANS/UNATTENDED	230.00	69.00	12.00
36	North Havasu Substation	TRANS/UNATTENDED	230.00	69.00	12.00
37	SANTA CRUZ - AZ Electric				
38	Valencia	DIST/ UNATTENDED	115.00	13.20	
39	Sonoita	DIST/ UNATTENDED	115.00	13.20	
40	Kantor	DIST/ UNATTENDED	115.00	13.20	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

SUBSTATIONS (Continued)

5. Show in columns (i), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVa) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVa) (k)	Line No.
						1
66	2		Forced Air		66	2
3	3		None		3	3
12	1		Forced Air		12	4
1	3		None		1	5
2	3		None		2	6
10	1		Forced Air		10	7
12	1		Forced Air		12	8
12	1		Forced Air		12	9
20	1	1	Forced Air		20	10
40	1		Forced Air		40	11
5	1		None		5	12
3	1		Forced Air		3	13
3	3		None		3	14
12	1	1	Forced Air		12	15
12	1	1	Forced Air		12	16
20	1		Forced Air		20	17
12	1		Forced Air		12	18
3	1		Forced Air		3	19
2	1		Forced Air		2	20
12	1		Forced Air		12	21
20	1		Forced Air		20	22
1	3	1	None		1	23
50	2		Force Air		50	24
50	2		Forced Air		50	25
90	3		Forced Air & Oil		90	26
5	1		Forced Air		5	27
50	2		Forced Air		50	28
33	1		Forced Air		33	29
33	1		Forced Air & Oil		33	30
6	1		Forced Air		6	31
40	1		Forced Air		40	32
230	4		Forced Air		230	33
160	2		Forced Air		160	34
80	1		Forced Air		80	35
80	1		Forced Air		80	36
						37
12	2		Forced Air & Oil		40	38
12	2		Forced Air & Oil		40	39
10	1		Forced Air		12	40

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities of Less than 10 MVa except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa) Primary (c)	Secondary (d)	Tertiary (e)
1	Canez	DIST/ UNATTENDED	115.00	13.20	
2					
3	Summary	DIST/ UNATTENDED			
4	Summary	TRANS/ UNATTENDED			
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
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40					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNS Electric, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2009	End of 2008/Q4

SUBSTATIONS (Continued)

5. Show in columns (I), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVa) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVa) (k)	Line No.
10	1		Forced Air		12	1
						2
684						3
550						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
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						40

BMGS
Schedule F

Black Mountain Generating Station

UNS Electric, Inc.
Income Statement - Test Year Ended December 31, 2008 and
Projected Year Ended December 31, 2009 at Present and Proposed Rates

Line No.	Description	Test Year Ended December 31, 2008 (a)	Projected Year Ended December 31, 2009 Present Rates	Projected Year Ended December 31, 2009 Proposed Rates	Line No.
1	Operating Revenues	$194,910,688	$178,640,124	$193,029,867	1
	Operating Expenses				
2	Fuel, Purchased Power & Transmission	143,362,723	122,046,966	111,086,187 (1)	2
3	Other Operations and Maintenance Expense	21,409,649	27,058,677 (2)	27,058,677 (2)	3
4	Depreciation and Amortization	14,429,415	16,145,910 (2)	16,145,910 (2)	4
5	Taxes Other than Income Taxes	3,680,634	4,622,876 (2)	4,622,876 (2)	5
6	Total Operating Expenses	182,882,421	169,874,429	158,913,650	6
7	Pre-Tax Operating Income	12,028,267	8,765,695	34,116,217	7
	Other Income and Deductions				
8	Allowance for Equity Funds	322,168	359,803	359,803	8
9	Other - Net	76,881	(23,336)	(13,890)	9
10	Total Other Income and Deductions	399,049	336,467	345,913	10
11	Income Before Interest Expense	12,427,316	9,102,162	34,462,130	11
	Interest Expense				
12	Interest on Long-Term Debt	6,546,248	9,148,115 (3)	9,148,115 (3)	12
13	Other Interest Expense	217,612	275,555	270,583	13
14	Allowance for Borrowed Funds	(181,815)	(313,178)	(313,178)	14
15	Total Interest Expense	6,582,045	9,110,492	9,105,520	15
16	Income Before Income Tax Expense	5,845,271	(8,330)	25,356,610	16
17	Income Tax Expense	2,081,685	(28,424) (4)	10,067,615 (4)	17
18	Net Income Available for Common Stock	$3,763,586	$20,094	$15,288,995	18
19	Earnings Per Share of Average Common Stock Outstanding	N/A	N/A (5)	N/A (5)	19
20	Return on Average Common Equity	4.60%	0.02%	14.70%	20

(1) Fuel, Purchased Power & Transmission Expense for Proposed Rates is adjusted to reflect BMGS Pro Forma Adjustments from Schedule C-1 BMGS.
(2) Projected year adjusted to reflect BMGS Pro Forma Adjustments from Schedule C-1 BMGS.
(3) Projected year adjusted to reflect incremental long-term borrowing costs incurred to purchase the BMGS.
(4) Projected year adjusted to reflect the income tax impact of BMGS Pro Forma Adjustments.
(5) UNS Electric, Inc. is a subsidiary of UniSource Energy Corporation and has no publicly traded stock; thus such information is not meaningful.

Supporting Schedules	Recap Schedules
(a) E-2 BMGS	A-2 BMGS

UNS Electric, Inc.
Statements of Cash Flows - Test Year Ended December 31, 2008 and
Projected Year Ended December 31, 2009 at Present and Proposed Rates
(Thousands of Dollars)

Line No.	Description	Test Year Ended December 31, 2008 (a)	Projected Year Ended December 31, 2009 Present Rates	Projected Year Ended December 31, 2009 Proposed Rates	Line No.
	Cash Flows from Operating Activities				
1	Cash Receipts from Retail Customers	$196,541	$188,612	$202,589	1
2	Cash Receipts from Electric Wholesale Sales	$9,410	1,789	1,789	2
3	Other Cash Receipts	2,132	4,904	4,914	3
4	Fuel & Purchased Power	(134,127)	(116,043) (1)	(105,083) (1)	4
5	Payment of Other Operations and Maintenance Costs	(24,135)	(24,107) (3)	(24,107) (3)	5
6	Intercompany Cash Flows	(5,171)	(12,916)	(12,916)	6
7	Interest Paid, Net of Amounts Capitalized	(5,019)	(9,019) (2)	(9,014) (2)	7
8	Taxes Paid, Net of Amounts Capitalized	(17,789)	(16,138) (3)	(18,094) (3)	8
9	Net Income Taxes Paid	(713)	11,079 (4)	6,607 (4)	9
10	Other Cash Payments	(7,578)	3,530	3,530	10
11	Net Cash Flows from Operating Activities	13,551	31,691	50,215	11
	Cash Flows from Investing Activities				
12	Capital Expenditures	(29,664)	(29,512)	(29,512)	12
13	Other	80	0	0	13
14	Net Cash Flows from Investing Activities	(29,584)	(29,512)	(29,512)	14
	Cash Flow from Financing Activities				
15	Net Proceeds from Issuance / Retirement of Long-Term Debt	40,000	0	0	
16	Net Borrowings under Revolver	(18,000)	(5,255)	(8,000)	16
17	Equity Investment from UniSource Energy Services	270	0	0	17
18	Payments on Capital Lease Obligations	(104)	(102)	(102)	18
19	Other	6	(2,061)	(2,061)	19
20	Net Cash Flows from Financing Activities	22,172	(7,418)	(10,163)	20
21	Net Increase (Decrease) in Cash	$6,139	($5,239)	$10,540	21

(1) Fuel & Purchased Power for Proposed Rates is adjusted to reflect BMGS Pro Forma Adjustments from Schedule C-1 BMGS.
(2) Projected year adjusted to reflect incremental long-term borrowing costs incurred to purchase the BMGS.
(3) Projected year adjusted to reflect BMGS Pro Forma Adjustments from Schedule C-1 BMGS.
(4) Projected year adjusted to reflect the income tax impact of BMGS Pro Forma adjustments.

Supporting Schedule	Recap Schedules
(a) E-3 BMGS	A-5 BMGS

Black Mountain Generating Station

UNS Electric, Inc.
Projected Construction Requirements
Test Year Ended December 31, 2008 and Projected Years 2009 through 2011 as of December 31
(Thousands of Dollars)

Line No.	Description	Test Year Ended December 31, 2008 (a), (b)	Projected Year Ended December 31, 2009 (a), (b)	2010 (a)	2011 (a)	Total 2009-2011	Line No.
1	Other Production Plant	$649	$1,692	$354	$565	$2,611	1
2	Transmission Plant	6,401	7,241	9,623	9,957	26,821	2
3	Distribution Plant	20,411	18,953	11,422	9,787	40,162	3
4	General Plant	2,203	1,626	2,503	1,922	6,051	4
5	Total Construction Expenditures	$29,664	$29,512	$23,902	$22,231	$75,645	5

Supporting Schedules
N/A

Recap Schedules
(a) A-4 BMGS
(b) F-2 BMGS

UNS Electric, Inc.
Key Assumptions Used in Preparing Forecasts

Customer Growth and Sales

Retail customer growth is forecasted to be 0.5% in 2009.
Retail sales growth is forecasted to be 6.5% in 2009.

Fuel, Purchased Power & Transmission Costs

Fuel and purchased power costs are forecasted using forward market projections and completed hedging transactions as of April 6, 2009.
PPFAC pricing and fuel and purchased power cost recovery are based on the PPFAC mechanism in effect as of April 2009.
For illustrative purposes, $11M of purchase power and transmission costs savings are reflected in the projected year for the "Proposed Rates" scenario to reflect the proposed rate reclassification.

Operations and Maintenance Expenses

O&M Expenses for 2009 are based on the operating budget approved in December 2008.
Additional O&M, property taxes, and depreciation are added to reflect ownership of BMGS in the projected year.

Construction Expenditures

Construction expenditures for 2009 are based on the capital budget approved in December 2008, adjusted for slower growth, and stated net of forecasted CIAC.

Interest Rate Assumptions

The interest rate on temporary investments is forecasted at 0.301% in 2009.
The interest rate on short-term borrowing is forecasted at 1.601% in 2009.

Capital Structure Changes

The balance of common equity is forecasted to grow in 2009 due to continued retention of earnings (no dividend is assumed).
Financing of BMGS is assumed to use the same mix of capital and component costs as reflected in the company's requested weighted average cost of capital.
External financing needs are assumed to be met with borrowings under the UNS Electric revolving credit facility.

BMGS
Schedule G

SUMMARY AT PRESENT RATES

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	DEVELOPMENT OF RATE BASE								
2	ELECTRIC PLANT IN SERVICE		$601,775,731	$330,877,172	$41,375,652	$155,593,221	$59,070,260	$8,203,850	$6,655,577
3	RESERVE FOR DEPRECIATION		257,176,488	142,335,442	17,953,328	65,635,510	24,423,806	3,786,329	3,042,073
4	DEFERRED TAXES & TAX CREDITS		(3,012,192)	(1,772,112)	(241,436)	(657,304)	(246,944)	(33,520)	(60,875)
5	WORKING CAPITAL		(13,639,723)	(7,392,067)	(2,223,259)	(2,305,977)	(1,041,526)	(520,617)	(156,277)
6									
7	TOTAL RATE BASE		$327,947,328	$179,377,550	$20,957,628	$86,994,430	$33,357,983	$3,863,384	$3,396,352
8									
9	DEVELOPMENT OF RETURN								
10	SALES OF ELECTRICITY		$159,280,447	$80,442,482	$10,569,832	$48,286,092	$16,938,518	$2,481,085	$562,438
11	SALES FOR RESALE		(0)	(0)	(0)	(0)	(0)	(0)	(0)
12	OTHER OPERATING REVENUE		1,645,619	1,269,510	183,877	129,035	53,938	7,569	1,691
13	TOTAL OPERATING REVENUE		160,926,065	81,711,991	10,753,709	48,415,127	16,992,456	2,488,654	564,129
14									
15	OPERATING EXPENSES								
16	OPERATION & MAINTENANCE		120,926,865	62,135,737	7,528,562	33,282,225	15,090,609	2,112,172	777,561
17	DEPRECIATION & AMORT EXPENSE		15,884,718	8,757,061	1,097,439	4,098,190	1,546,623	216,614	168,791
18	TAXES OTHER THAN INCOME TAX		4,256,354	2,358,777	298,128	1,081,091	410,101	56,793	51,465
19	STATE & FEDERAL INCOME TAX		4,201,088	2,309,904	288,850	1,086,220	412,378	57,272	46,464
20	TOTAL OPERATING EXPENSES		145,269,026	75,561,479	9,212,979	39,547,726	17,459,711	2,442,851	1,044,281
21									
22	OPERATING INCOME		$15,657,039	$6,150,513	$1,540,730	$8,867,401	($467,255)	$45,803	($480,152)
23									
24	RATE OF RETURN		4.77%	3.43%	7.35%	10.19%	-1.40%	1.19%	-14.14%
25									
26	INDEX RATE OF RETURN		1.00	0.72	1.54	2.14	-0.29	0.25	-2.96
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SUMMARY AT PROPOSED RATES

		ALLOC	TOTAL	RESIDENTIAL	SGS	LGS	LPS	INTERRUPTIBLE	STREET LIGHTING
			1	2	3	4	5	6	7
1	DEVELOPMENT OF RETURN AT EQUALIZED RATE LEVELS								
2									
3	RATE BASE		$327,947,328	$179,377,550	$20,957,628	$86,994,430	$33,357,983	$3,863,384	$3,396,352
4	RETURN		$23,907,360	$13,076,623	$1,527,811	$6,341,894	$2,431,797	$281,641	$247,594
5	RATE OF RETURN		7.29%	7.29%	7.29%	7.29%	7.29%	7.29%	7.29%
6									
7	OPERATION & MAINTENANCE EXPENSE		120,926,865	62,135,737	7,528,562	33,282,225	15,090,609	2,112,172	777,561
8	DEPRECIATION & AMORT EXPENSE		15,884,718	8,757,061	1,097,439	4,098,190	1,546,623	216,614	168,791
9	TAXES OTHER THAN INCOME TAX		4,256,354	2,358,777	298,128	1,081,091	410,101	56,793	51,465
10	STATE & FEDERAL INCOME TAX		9,450,767	6,716,988	280,629	(520,760)	2,257,045	207,336	509,528
11	TOTAL OPERATING EXPENSES		150,518,704	79,968,563	9,204,758	37,940,746	19,304,378	2,592,914	1,507,345
12									
13	TOTAL COST OF SERVICE		$174,426,065	$93,045,187	$10,732,569	$44,282,640	$21,736,175	$2,874,555	$1,754,939
14	LESS:								
15	SALES FOR RESALE		(0)	(0)	(0)	(0)	(0)	(0)	(0)
16	OTHER OPERATING REVENUES		1,645,619	1,269,510	183,877	129,035	53,938	7,569	1,691
17	EQUALS:								
18	PROPOSED BASE RATE SALES OF ELECTRICITY		$172,780,446	$91,775,677	$10,548,693	$44,153,605	$21,682,237	$2,866,986	$1,753,248
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SUMMARY OF PROPOSED RATES

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	DEVELOPMENT OF RETURN AT PROPOSED RATE LEVELS								
2									
3	SALES OF ELECTRICITY		$172,780,444	$86,680,495	$11,543,449	$52,733,859	$18,498,772	$2,709,624	$614,248
4	SALES FOR RESALE		(0)	(0)	(0)	(0)	(0)	(0)	(0)
5	OTHER OPERATING REVENUE		1,645,619	1,269,510	183,877	129,035	53,938	7,569	1,691
6	TOTAL OPERATING REVENUE		174,426,063	87,950,005	11,727,325	52,862,894	18,552,710	2,717,193	615,939
7									
8	OPERATION & MAINTENANCE EXPENSE		120,926,865	62,135,737	7,528,562	33,282,225	15,090,609	2,112,172	777,561
9	DEPRECIATION & AMORT EXPENSE		15,884,718	8,757,061	1,097,439	4,098,190	1,546,623	216,614	168,791
10	TAXES OTHER THAN INCOME TAX		4,256,354	2,358,777	298,128	1,081,091	410,101	56,793	51,465
11	STATE & FEDERAL INCOME TAX		9,450,767	6,716,988	280,629	(520,760)	2,257,045	207,336	509,528
12	TOTAL OPERATING EXPENSES		150,518,704	79,968,563	9,204,758	37,940,746	19,304,378	2,592,914	1,507,345
13									
14	RETURN AT PROPOSED RATES		$23,907,358	$7,981,442	$2,522,567	$14,922,149	($751,668)	$124,279	($891,407)
15									
16	RATE OF RETURN		7.29%	4.45%	12.04%	17.15%	-2.25%	3.22%	-26.25%
17	INDEX RATE OF RETURN		1.00	0.61	1.65	2.35	(0.31)	0.44	(3.60)

DEVELOPMENT OF RATE BASE

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	ELECTRIC PLANT IN SERVICE								
1	INTANGIBLE PLANT								
2	302-FRANCHISES & CONSENTS	PISXGENL	$0	$0	$0	$0	$0	$0	$0
3	303-MISCELLANEOUS INTANG PLT	PISXGENL	8,741,931	4,793,610	597,207	2,273,922	863,576	120,023	93,592
4	302-FRANCH & CONSENTS - ACQ ADJ	PISXGENL	(5,817)	(3,190)	(397)	(1,513)	(575)	(80)	(62)
5	303-MISC INTANGIBLE PLT - ACQ ADJ	PISXGENL	(2,187,601)	(1,199,564)	(149,447)	(569,032)	(216,103)	(30,035)	(23,421)
6	TOTAL INTANGIBLE PLANT		$6,548,513	$3,590,856	$447,363	$1,703,378	$646,898	$89,908	$70,109
7									
8									
9	TOTAL OTHER PRODUCTION PLANT								
10	340-LAND & LAND RIGHTS	DTRAN	$227,484	$116,840	$13,291	$66,283	$27,965	$2,718	$387
11	341-STRUCTURES & IMPROVE	DTRAN	5,347,516	2,746,575	312,443	1,558,137	657,372	63,890	9,100
12	342-FUEL HOLDERS, PROD, & ACC	DTRAN	1,368,179	702,720	79,939	398,654	168,191	16,346	2,328
13	343-PRIME MOVERS	DTRAN	17,612,927	9,046,297	1,029,082	5,131,982	2,165,162	210,432	29,972
14	344-GENERATORS	DTRAN	47,487,333	24,390,297	2,774,574	13,836,663	5,837,631	567,360	80,809
15	345-ACCESSORY ELECT EQUIP	DTRAN	12,192,407	6,262,226	712,374	3,552,573	1,498,816	145,670	20,748
16	346-MISC POWER PLANT EQUIP	DTRAN	11,387,743	5,848,937	665,359	3,318,113	1,399,898	136,056	19,378
17	340-LAND & LAND RIGHTS - ACQ ADJ	DTRAN	(379,032)	(194,677)	(22,146)	(110,441)	(46,594)	(4,529)	(645)
18	341-STRUCT & IMPROVE - ACQ ADJ	DTRAN	(180,283)	(92,597)	(10,534)	(52,530)	(22,162)	(2,154)	(307)
19	342-FUEL HLD, PROD, & ACC - ACQ ADJ	DTRAN	(300,582)	(154,384)	(17,562)	(87,582)	(36,951)	(3,591)	(511)
20	343-PRIME MOVERS - ACQ ADJ	DTRAN	(3,870,528)	(1,987,969)	(226,146)	(1,127,778)	(475,805)	(46,244)	(6,586)
21	344-GENERATORS - ACQ. ADJ	DTRAN	(1,222,549)	(627,922)	(71,431)	(356,221)	(150,288)	(14,607)	(2,080)
22	345-ACCESS ELECT EQUIP - ACQ ADJ	DTRAN	(949,529)	(487,694)	(55,479)	(276,670)	(116,726)	(11,345)	(1,616)
23	346-MISC POWER PLT EQUIP - ACQ ADJ	DTRAN	(235,301)	(120,854)	(13,748)	(68,561)	(28,926)	(2,811)	(400)
24	TOTAL OTHER PRODUCTION PLANT		88,485,785	45,447,794	5,170,018	25,782,622	10,877,582	1,057,193	150,576
25	TOTAL PRODUCTION PLANT		$88,485,785	$45,447,794	$5,170,018	$25,782,622	$10,877,582	$1,057,193	$150,576
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		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	ELECTRIC PLANT IN SERVICE CONTINUED								
1	TRANSMISSION PLANT								
2	350-LAND	DTRANSUB	$1,431,088	$735,031	$83,615	$416,984	$175,924	$17,098	$2,435
3	352-STRUCTURES & IMPROVE	DTRANSUB	660,559	339,274	38,595	192,471	81,203	7,892	1,124
4	353-STATION EQUIPMENT	DTRANSUB	34,660,745	17,802,344	2,025,146	10,099,304	4,260,855	414,113	58,982
5	354-TOWERS & FIXTURES	DTRANSUB	1,319,681	677,810	77,106	384,523	162,229	15,767	2,246
6	355-POLES & FIXTURES	DTRANSUB	29,873,421	15,343,494	1,745,434	8,704,394	3,672,348	356,916	50,835
7	356-OVHD COND. & DEVICES	DTRANSUB	27,366,793	14,056,047	1,598,978	7,974,023	3,364,207	326,968	46,570
8	358-UNDERGROUND CONDUCTORS & DEV	DTRANSUB	32,861	16,878	1,920	9,575	4,040	393	56
8	359-ROADS & TRAILS	DTRANSUB	379,610	194,974	22,180	110,609	46,666	4,535	646
9	350-LAND - ACQ ADJ	DTRANSUB	(631,356)	(324,275)	(36,889)	(183,962)	(77,613)	(7,543)	(1,074)
10	352-STRUCT & IMPROVE - ACQ ADJ	DTRANSUB	(39,618)	(20,349)	(2,315)	(11,544)	(4,870)	(473)	(67)
11	353-STATION EQUIPMENT - ACQ ADJ	DTRANSUB	(7,636,820)	(3,922,400)	(446,202)	(2,225,185)	(938,796)	(91,242)	(12,996)
12	354-TOWERS & FIXTURES - ACQ ADJ	DTRANSUB	(422,919)	(217,218)	(24,710)	(123,228)	(51,990)	(5,053)	(720)
13	355-POLES & FIXTURES - ACQ ADJ	DTRANSUB	(3,225,104)	(1,656,468)	(188,435)	(939,717)	(396,463)	(38,532)	(5,488)
14	356-OVHD COND. & DEVICES - ACQ ADJ	DTRANSUB	(5,494,105)	(2,821,865)	(321,008)	(1,600,850)	(675,392)	(65,641)	(9,349)
15	359-ROADS & TRAILS - ACQ ADJ	DTRANSUB	(110,880)	(56,950)	(6,478)	(32,308)	(13,630)	(1,325)	(189)
16	TOTAL TRANSMISSION PLANT		$78,163,957	$40,146,329	$4,566,937	$22,775,090	$9,608,717	$933,872	$133,011
17									
18	DISTRIBUTION PLANT								
19	360-LAND & LAND RIGHTS	DDISPSUB	$1,354,701	$762,541	$97,196	$343,181	$123,940	$24,249	$3,595
20	361-STRUCTURES & IMPROV	DDISPSUB	7,100,486	3,996,757	509,439	1,798,739	649,613	127,097	18,841
21	362-STATION EQUIPMENT	DDISPSUB	60,306,987	33,945,898	4,326,850	15,277,342	5,517,394	1,079,477	160,025
22	364-POLES, TOWERS & FIXTURES	DDISTPOL	117,897,983	66,363,006	8,458,836	29,866,653	10,786,306	2,110,339	312,844
23	365-OVERHEAD CONDUCT & DEV	DDISTPOL	95,499,476	53,755,222	6,851,808	24,192,523	8,737,101	1,709,412	253,409
24	366-UNDERGROUND CONDUIT	DDISTSUL	19,991,384	11,488,986	1,464,422	5,170,615	1,867,361	0	0
25	367-UNDERGROUND CONDUCTORS	DDISTSUL	55,428,668	31,854,682	4,060,297	14,336,191	5,177,498	0	0
26	368-LINE TRANSFORMERS	DDISPSUB	95,508,942	53,760,551	6,852,487	24,194,921	8,737,967	1,709,582	253,434
27	369-SERVICES	DDISTSOS	17,960,238	10,109,548	1,288,595	4,549,800	1,643,155	321,483	47,658
28	370-METERS	CMETERS	10,899,944	8,730,643	1,477,663	673,870	6,370	11,399	0
29	371-INSTALLATIONS CUST PREM	CUST	0	0	0	0	0	0	0
30	373-STREET LTG & SIGNAL SYS	CLIGHT	6,304,998	0	0	0	0	0	6,304,998
31	360-LAND & LAND RIGHTS - ACQ ADJ	DDISPSUB	(577,074)	(324,826)	(41,403)	(146,188)	(52,796)	(10,329)	(1,531)
32	361-STRUCTURES & IMPROVE - ACQ ADJ	DDISPSUB	(1,515,959)	(853,310)	(108,766)	(384,032)	(138,693)	(27,135)	(4,023)
33	362-STATION EQUIPMENT - ACQ ADJ	DDISPSUB	(10,619,807)	(5,977,730)	(761,940)	(2,690,276)	(971,590)	(190,091)	(28,180)
34	364-POLES, TOWERS & FIXT - ACQ ADJ	DDISTPOL	(23,602,225)	(13,285,338)	(1,693,391)	(5,979,063)	(2,159,332)	(422,473)	(62,629)
35	365-OVERHEAD COND & DEV - ACQ ADJ	DDISTPOL	(15,967,886)	(8,988,084)	(1,145,649)	(4,045,085)	(1,460,878)	(285,820)	(42,371)
36	366-UNDERGRND CONDUIT - ACQ ADJ	DDISTSUL	(4,228,884)	(2,430,326)	(309,777)	(1,093,768)	(395,013)	0	0
37	367-UNDERGRND CONDUCT - ACQ ADJ	DDISTSUL	(5,695,660)	(3,273,278)	(417,222)	(1,473,138)	(532,022)	0	0
38	368-LINE TRANSFORMERS - ACQ ADJ	DDISPSUB	(11,607,603)	(6,533,746)	(832,812)	(2,940,510)	(1,061,962)	(207,773)	(30,801)
39	369-SERVICES - ACQ ADJ	DDISTSOS	(4,069,080)	(2,290,424)	(291,945)	(1,030,805)	(372,274)	(72,835)	(10,797)
40	370-METERS - ACQ ADJ	CMETERS	(2,869,304)	(2,298,257)	(388,980)	(177,390)	(1,677)	(3,001)	0
41	373-ST LTG & SIGNAL SYS - ACQ ADJ	CLIGHT	(1,325,336)	0	0	0	0	0	(1,325,336)
42	TOTAL DISTRIBUTION PLANT		$406,174,990	$228,512,514	$29,395,708	$100,443,582	$36,100,471	$5,873,580	$5,849,136
43									
44	TOTAL PROD, TRANS, & DIST PLT		$572,824,731	$314,106,637	$39,132,663	$149,001,294	$56,586,769	$7,864,645	$6,132,723
45									

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	ELECTRIC PLANT IN SERVICE CONTINUED								
1	GENERAL PLANT								
2	389-LAND & LAND RIGHTS	LABOR	$45,767	$26,925	$3,668	$9,987	$3,752	$509	$925
3	390-STRUCTURES & IMPROVEMENTS	LABOR	3,852,233	2,266,319	308,768	840,613	315,812	42,868	77,852
4	391-OFFICE FURNITURE & EQUIP	LABOR	2,552,511	1,501,676	204,591	556,995	209,259	28,405	51,585
5	392-TRANSPORTATION EQUIP	LABOR	9,645,647	5,674,661	773,127	2,104,821	790,766	107,338	194,934
6	393-STORES EQUIPMENT	LABOR	109,831	64,615	8,803	23,967	9,004	1,222	2,220
7	394-TOOLS, SHOP, & GARAGE EQUIP	LABOR	3,258,333	1,916,920	261,165	711,016	267,123	36,259	65,850
8	395-LABORATORY EQUIPMENT	LABOR	1,428,110	840,176	114,467	311,634	117,079	15,892	28,861
9	396-POWER OPERATED EQUIP	LABOR	2,058,023	1,210,762	164,957	449,091	168,720	22,902	41,592
10	397-COMMUNICATION EQUIPMENT	LABOR	2,186,070	1,286,094	175,220	477,032	179,218	24,327	44,180
11	398-MISCELLANEOUS EQUIPMENT	LABOR	166,294	97,833	13,329	36,288	13,633	1,851	3,361
12	399-OTHER TANGIBLE PROPERTY	LABOR	0	0	0	0	0	0	0
13	389-LAND & LAND RIGHTS - ACQ ADJ	LABOR	(28,497)	(16,765)	(2,284)	(6,218)	(2,336)	(317)	(576)
14	390-STRUCTURES & IMPROV - ACQ ADJ	LABOR	(681,411)	(400,883)	(54,617)	(148,694)	(55,863)	(7,583)	(13,771)
15	391-OFFICE FURNITURE & EQ - ACQ ADJ	LABOR	(628,090)	(369,513)	(50,343)	(137,058)	(51,492)	(6,989)	(12,693)
16	392-TRANSPORTATION EQUIP - ACQ ADJ	LABOR	116,146	68,330	9,309	25,345	9,522	1,292	2,347
17	393-STORES EQUIPMENT - ACQ ADJ	LABOR	(44,769)	(26,338)	(3,588)	(9,769)	(3,670)	(498)	(905)
18	394-TOOLS, SHOP, & GAR EQ - ACQ ADJ	LABOR	(825,457)	(485,627)	(66,163)	(180,127)	(67,672)	(9,186)	(16,682)
19	395-LABORATORY EQUIP - ACQ ADJ	LABOR	(300,794)	(176,961)	(24,110)	(65,638)	(24,660)	(3,347)	(6,079)
20	396-POWER OPER EQUIP - ACQ ADJ	LABOR	(144,474)	(84,996)	(11,580)	(31,526)	(11,844)	(1,608)	(2,920)
21	397-COMMUNICATION EQUIP - ACQ ADJ	LABOR	(344,154)	(202,471)	(27,585)	(75,100)	(28,214)	(3,830)	(6,955)
22	398-MISCELLANEOUS EQUIP - ACQ ADJ	LABOR	(18,831)	(11,079)	(1,509)	(4,109)	(1,544)	(210)	(381)
23	TOTAL GENERAL PLANT		$22,402,487	$13,179,678	$1,795,625	$4,888,549	$1,836,593	$249,297	$452,745
24									
25									
26	COMMON PLANT	LABOR	$0	$0	$0	$0	$0	$0	$0
27									
28									
29	TOTAL PLANT IN SERVICE		$601,775,731	$330,877,172	$41,375,652	$155,593,221	$59,070,260	$8,203,850	$6,655,577
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		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	ELECTRIC PLANT IN SERVICE CONTINUED								
1	LESS: RESERVE FOR DEPRECIATION								
2									
3	INTANGIBLE PLANT RESERVE								
4	302-FRANCH & CONSENTS	PISXGENL	$0	$0	$0	$0	$0	$0	$0
5	303-MISC. INTANG PLT	PISXGENL	2,877,462	1,577,847	196,575	748,476	284,252	39,506	30,806
6	302-FRANCH & CONSENTS - ACQ ADJ	PISXGENL	(135)	(74)	(9)	(35)	(13)	(2)	(1)
7	303-MISC. INTANG PLT - ACQ ADJ	PISXGENL	(346,772)	(190,151)	(23,690)	(90,201)	(34,256)	(4,761)	(3,713)
8	TOTAL INTANGIBLE PLANT RESERVE		$2,530,555	$1,387,622	$172,875	$658,240	$249,982	$34,743	$27,092
9									
10	PRODUCTION PLANT RESERVE								
11	340-LAND & LAND RIGHTS	PRODPIS	$0	$0	$0	$0	$0	$0	$0
12	341-STRUCT & IMPROVE	PRODPIS	498,164	255,865	29,107	145,153	61,239	5,952	848
13	342-FUEL HLD\, PROD, & ACC	PRODPIS	216,270	111,080	12,636	63,016	26,586	2,584	368
14	343-PRIME MOVERS	PRODPIS	5,051,791	2,594,685	295,164	1,471,970	621,018	60,357	8,597
15	344-GENERATORS	PRODPIS	1,282,750	658,842	74,948	373,762	157,689	15,326	2,183
16	345-ACCESSORY ELECT EQ	PRODPIS	1,218,641	625,915	71,202	355,083	149,808	14,560	2,074
17	346-MISC POWER PLT EQUIP	PRODPIS	308,120	158,255	18,003	89,779	37,877	3,681	524
18	340-LAND & LAND RIGHTS - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0
19	341-STRUCT & IMPROVE - ACQ ADJ	PRODPIS	(14,139)	(7,262)	(826)	(4,120)	(1,738)	(169)	(24)
20	342-FUEL HLD\, PROD, & ACC - ACQ ADJ	PRODPIS	(39,375)	(20,224)	(2,301)	(11,473)	(4,840)	(470)	(67)
21	343-PRIME MOVERS - ACQ ADJ	PRODPIS	(492,580)	(252,997)	(28,780)	(143,526)	(60,553)	(5,885)	(838)
22	344-GENERATORS - ACQ ADJ	PRODPIS	(55,998)	(28,762)	(3,272)	(16,317)	(6,884)	(669)	(95)
23	345-ACCESSORY ELECT EQ - ACQ ADJ	PRODPIS	(113,453)	(58,271)	(6,629)	(33,057)	(13,947)	(1,355)	(193)
24	346-MISC POWER PLT EQUIP - ACQ ADJ	PRODPIS	(24,779)	(12,727)	(1,448)	(7,220)	(3,046)	(296)	(42)
25	TOTAL PRODUCTION PLANT RESERVE		$7,835,413	$4,024,400	$457,805	$2,283,050	$963,209	$93,614	$13,333
26									
27	TRANSMISSION PLANT RESERVE								
28	350-LAND	TRANPIS	$130,588	$67,072	$7,630	$38,050	$16,053	$1,560	$222
29	352-STRUCTURES & IMPROV.	TRANPIS	243,686	125,161	14,238	71,004	29,956	2,911	415
30	353-STATION EQUIPMENT	TRANPIS	11,911,817	6,118,110	695,980	3,470,816	1,464,323	142,318	20,270
31	354-TOWERS & FIXTURES	TRANPIS	432,787	222,287	25,287	126,104	53,203	5,171	736
32	355-POLES & FIXTURES	TRANPIS	13,216,631	6,788,285	772,217	3,851,007	1,624,724	157,907	22,491
33	356-OVHD COND. & DEVICES	TRANPIS	9,601,308	4,931,394	560,982	2,797,589	1,180,291	114,713	16,339
34	358-UNDERGROUND CONDUCTORS & DEV	TRANPIS	3,005	1,543	176	875	369	36	5
34	359-ROADS & TRAILS	TRANPIS	133,202	68,415	7,783	38,812	16,375	1,591	227
35	350-LAND - ACQ ADJ	TRANPIS	(2,015)	(1,035)	(118)	(587)	(248)	(24)	(3)
36	352-STRUCTURES & IMPROV.- ACQ ADJ	TRANPIS	(7,905)	(4,060)	(462)	(2,303)	(972)	(94)	(13)
37	353-STATION EQUIPMENT - ACQ ADJ	TRANPIS	(1,212,474)	(622,747)	(70,842)	(353,286)	(149,050)	(14,486)	(2,063)
38	354-TOWERS & FIXTURES - ACQ ADJ	TRANPIS	(100,145)	(51,436)	(5,851)	(29,180)	(12,311)	(1,196)	(170)
39	355-POLES & FIXTURES - ACQ ADJ	TRANPIS	(978,985)	(502,823)	(57,200)	(285,253)	(120,347)	(11,697)	(1,666)
40	356-OVHD COND. & DEVICES - ACQ ADJ	TRANPIS	(801,106)	(411,461)	(46,807)	(233,423)	(98,480)	(9,571)	(1,363)
41	359-ROADS & TRAILS - ACQ ADJ	TRANPIS	(12,022)	(6,175)	(702)	(3,503)	(1,478)	(144)	(20)
42	TOTAL TRANSMISSION PLANT RESERVE		$32,558,373	$16,722,530	$1,902,310	$9,486,724	$4,002,410	$388,995	$55,404
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BLACK MOUNTAIN GENERATING STATION

UNS ELECTRIC COMPANY
RETAIL COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2008

	ELECTRIC PLANT IN SERVICE CONTINUED	ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	DISTRIBUTION PLANT RESERVE								
2	360-LAND & LAND RIGHTS	PLT360	$39,431	$22,195	$2,829	$9,989	$3,607	$706	$105
3	361-STRUCTURES & IMPROV	PLT361	1,604,690	903,256	115,132	406,510	146,811	28,723	4,258
4	362-STATION EQUIPMENT	PLT362	29,319,311	16,503,400	2,103,575	7,427,351	2,682,379	524,807	77,799
5	364-POLES, TOWERS & FIXTURES	PLT364	64,768,141	36,457,015	4,646,925	16,407,470	5,925,538	1,159,331	171,863
6	365-OVHD CONDUCTORS & DEVICES	PLT365	47,778,302	26,893,689	3,427,954	12,103,498	4,371,164	855,217	126,780
7	366-UDGR CONDUCTORS & DEVICES	PLT366	7,432,398	4,271,376	544,443	1,922,332	694,248	0	0
8	367-UDGR CONDUIT	PLT367	19,653,085	11,294,567	1,439,641	5,083,117	1,835,762	0	0
9	368-LINE TRANSFORMER	PLT368	41,461,410	23,338,006	2,974,735	10,503,263	3,793,241	742,147	110,018
10	369-SERVICE DROP	PLT369	8,211,453	4,622,104	589,148	2,080,176	751,253	146,983	21,789
11	370-METERS	PLT370	2,120,609	1,698,566	287,483	131,103	1,239	2,218	0
12	371-INSTAL. ON CUST. PREMISE	PLT371	0	0	0	0	0	0	0
13	373-STREET LIGHTS	PLT373	2,621,600	0	0	0	0	0	2,621,600
14	360-LAND & LAND RIGHTS - ACQ ADJ	PLT360	(507)	(285)	(36)	(128)	(46)	(9)	(1)
15	361-STRUCTURES & IMPROV - ACQ ADJ	PLT361	(259,412)	(146,019)	(18,612)	(65,716)	(23,733)	(4,643)	(688)
16	362-STATION EQUIPMENT - ACQ ADJ	PLT362	(2,714,433)	(1,527,914)	(194,753)	(687,637)	(248,339)	(48,588)	(7,203)
17	364-POLES, TOWERS & FIX - ACQ ADJ	PLT364	(5,370,117)	(3,022,759)	(385,290)	(1,360,392)	(491,304)	(96,124)	(14,250)
18	365-OVHD COND & DEVICES - ACQ ADJ	PLT365	(3,731,981)	(2,100,676)	(267,759)	(945,409)	(341,433)	(66,801)	(9,903)
19	366-UDGR COND & DEVICES - ACQ ADJ	PLT366	(963,713)	(553,843)	(70,595)	(249,257)	(90,019)	0	0
20	367-UDGR CONDUIT - ACQ ADJ	PLT367	(1,613,992)	(927,556)	(118,229)	(417,446)	(150,760)	0	0
21	368-LINE TRANSFORMER - ACQ ADJ	PLT368	(3,064,870)	(1,725,169)	(219,895)	(776,412)	(280,400)	(54,860)	(8,133)
22	369-SERVICE DROP - ACQ ADJ	PLT369	(916,869)	(516,092)	(65,783)	(232,267)	(83,883)	(16,412)	(2,433)
23	370-METERS - ACQ ADJ	PLT370	(500,406)	(400,815)	(67,838)	(30,937)	(292)	(523)	0
24	373-STREET LIGHTS - ACQ ADJ	PLT373	(321,166)	0	0	0	0	0	(321,166)
25	TOTAL DISTRIBUTION PLANT RESV		$205,552,964	$115,083,045	$14,723,073	$51,309,207	$18,495,031	$3,172,171	$2,770,435
26									
27	GENERAL PLANT RESERVE								
28	389-LAND & LAND RIGHTS	GENLPIS	$0	$0	$0	$0	$0	$0	$0
29	390-STRUCT & IMPROVE	GENLPIS	1,062,849	625,288	85,190	231,929	87,134	11,827	21,480
30	391-OFFICE FURN & EQUIP	GENLPIS	1,767,385	1,039,776	141,661	385,669	144,893	19,668	35,718
31	392-TRANSP EQUIP	GENLPIS	3,007,290	1,769,228	241,043	656,234	246,543	33,465	60,776
32	393-STORES EQUIPMENT	GENLPIS	98,986	58,235	7,934	21,600	8,115	1,102	2,000
33	394-TOOLS, SHOP, & GAR EQ	GENLPIS	1,447,195	851,404	115,997	315,799	118,643	16,105	29,247
34	395-LABORATORY EQUIP	GENLPIS	398,707	234,565	31,958	87,004	32,687	4,437	8,058
35	396-POWER OPER EQUIP	GENLPIS	853,822	502,315	68,436	186,316	69,998	9,501	17,255
36	397-COMMUNICATION EQUIP	GENLPIS	632,410	372,055	50,690	138,001	51,846	7,038	12,781
37	398-MISCELLANEOUS EQUIP	GENLPIS	96,323	56,668	7,721	21,019	7,897	1,072	1,947
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		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	GENERAL PLANT RESERVE CONTINUED								
2	389-LAND & LAND RIGHTS - ACQ ADJ	GENLPIS	$0	$0	$0	$0	$0	$0	$0
3	390-STRUCT & IMPROVE - ACQ ADJ	GENLPIS	(105,216)	(61,900)	(8,433)	(22,960)	(8,626)	(1,171)	(2,126)
4	391-OFFICE FURN & EQUIP - ACQ ADJ	GENLPIS	(454,710)	(267,512)	(36,446)	(99,224)	(37,278)	(5,060)	(9,190)
5	392-TRANSP EQUIP - ACQ ADJ	GENLPIS	187,860	110,520	15,058	40,994	15,401	2,091	3,797
6	393-STORES EQUIPMENT - ACQ ADJ	GENLPIS	(6,430)	(3,783)	(515)	(1,403)	(527)	(72)	(130)
7	394-TOOLS, SHOP, & GAR EQ - ACQ ADJ	GENLPIS	(136,469)	(80,287)	(10,938)	(29,780)	(11,188)	(1,519)	(2,758)
8	395-LABORATORY EQUIP - ACQ ADJ	GENLPIS	(39,240)	(23,085)	(3,145)	(8,563)	(3,217)	(437)	(793)
9	396-POWER OPER EQUIP - ACQ ADJ	GENLPIS	(28,962)	(17,039)	(2,321)	(6,320)	(2,374)	(322)	(585)
10	397-COMMUNICATION EQUIP - ACQ ADJ	GENLPIS	(77,071)	(45,342)	(6,177)	(16,818)	(6,318)	(858)	(1,558)
11	398-MISCELLANEOUS EQUIP - ACQ ADJ	GENLPIS	(5,545)	(3,262)	(444)	(1,210)	(455)	(62)	(112)
12	TOTAL GENERAL PLANT RESERVE		$8,699,184	$5,117,844	$697,265	$1,898,289	$713,173	$96,805	$175,807
13									
14	TOTAL RESERVE FOR DEPRECIATION		$257,176,488	$142,335,442	$17,953,328	$65,635,510	$24,423,806	$3,786,329	$3,042,073
15									
16	NET PLANT IN SERVICE		$344,599,243	$188,541,729	$23,422,323	$89,957,711	$34,646,454	$4,417,521	$3,613,505
17									
18									
19	ADDITIONS & DEDUCTIONS TO RATE BASE								
20									
21	DEFERRED TAXES AND TAX CREDITS								
22	PRODUCTION	PRODPIS	$0	$0	$0	$0	$0	$0	$0
23	TRANSMISSION	TRANPIS	0	0	0	0	0	0	0
24	DISTRIBUTION	DISTPIS	0	0	0	0	0	0	0
25	GENERAL	GENLPIS	(3,012,192)	(1,772,112)	(241,436)	(657,304)	(246,944)	(33,520)	(60,875)
26	TOTAL DEF. TAXES AND TAX CREDITS		($3,012,192)	($1,772,112)	($241,436)	($657,304)	($246,944)	($33,520)	($60,875)
27									
28	WORKING CAPITAL								
29	CASH WORKING CAPITAL	TOTPIS	($3,390,766)	($1,864,361)	($233,135)	($876,706)	($332,837)	($46,225)	($37,502)
30	MATERIALS & SUPPLIES	TOTPIS	8,261,763	4,542,604	568,045	2,136,135	810,974	112,630	91,374
31	FUEL RELATED	EFUEL	0	0	0	0	0	0	0
32	PREPAYMENTS	TOTPIS	634,351	348,788	43,615	164,016	62,268	8,648	7,016
33	TOTAL CASH WORKING CAPITAL		$5,505,348	$3,027,031	$378,525	$1,423,445	$540,405	$75,053	$60,889
34	CIAC & AMORT	DISTPIS	0	0	0	0	0	0	0
35	CUSTOMER ADVANCES	DISTPIS	(15,080,400)	(8,484,176)	(1,091,399)	(3,729,253)	(1,340,333)	(218,073)	(217,166)
36	CUSTOMER DEPOSITS	DDEPOS	(4,064,671)	(1,934,922)	(1,510,385)	(169)	(241,599)	(377,597)	0
37	TOTAL CASH WORKING CAPITAL		($13,639,723)	($7,392,067)	($2,223,259)	($2,305,977)	($1,041,526)	($520,617)	($156,277)
38									
39	TOTAL RATE BASE		$327,947,328	$179,377,550	$20,957,628	$86,994,430	$33,357,983	$3,863,384	$3,396,352
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OPERATING REVENUES

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	SALES REVENUES								
2	SALES OF ELECTRICITY		$159,280,447	$80,442,482	$10,569,832	$48,286,092	$16,938,518	$2,481,085	$562,438
3	SALES FOR RESALE	TOTPIS	(0)	(0)	(0)	(0)	(0)	(0)	(0)
4	TOTAL SALES REVENUE		159,280,446	80,442,482	10,569,832	48,286,092	16,938,518	2,481,085	562,438
5									
6	OTHER OPERATING REVENUES								
7	450-LATE FEES	SALESREV	0	0	0	0	0	0	0
8	451-MISCELLANEOUS SERVICE REV	SALESREV	1,220,716	1,054,918	155,680	225	8,753	950	191
9	454-RENT FROM ELECT PROPERTY	SALESREV	428,014	216,163	28,403	129,753	45,517	6,667	1,511
10	456-OTHER ELECTRIC REVENUES	SALESREV	(3,111)	(1,571)	(206)	(943)	(331)	(48)	(11)
11	TOTAL OTHER OPERATING REV		1,645,619	1,269,510	183,877	129,035	53,938	7,569	1,691
12									
13	TOTAL OPERATING REVENUES		$160,926,066	$81,711,991	$10,753,709	$48,415,127	$16,992,456	$2,488,654	$564,129

OPERATION & MAINTENANCE EXPENSE

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	POWER PRODUCTION EXPENSE								
2	OTHER POWER GENERATION								
3	OPERATION								
4	546-SUPERVISION & ENGINEERING	DPROD	$77,527	$39,819	$4,530	$22,590	$9,530	$926	$132
5	547-FUEL	EFUEL	7,621,714	3,757,105	433,355	2,236,377	1,034,146	146,141	14,589
6	548-GENERATION EXPENSES	PRODPIS	37,023	19,015	2,163	10,787	4,551	442	63
7	549-MISC OTH POWER GEN EXP	PRODPIS	116,207	59,686	6,790	33,860	14,285	1,388	198
8	550-RENTS	PRODPIS	144,000	73,961	8,414	41,958	17,702	1,720	245
9	550.1-OPER SUPPLIES & EXP	PRODPIS	0	0	0	0	0	0	0
10	TOTAL OPERATION EXPENSE		7,996,471	3,949,586	455,252	2,345,573	1,080,215	150,619	15,227
11	MAINTENANCE								
12	551-SUPERVISION & ENGINEER	LAB55254	0	0	0	0	0	0	0
13	552-STRUCTURES	PRODPIS	0	0	0	0	0	0	0
14	553-GENERATING & ELECT PLT	PRODPIS	674,009	346,183	39,381	196,390	82,856	8,053	1,147
15	554-MISC OTH POWER GEN PLT	PRODPIS	106,485	54,693	6,222	31,027	13,090	1,272	181
16	BLANK	PRODPIS	0	0	0	0	0	0	0
17	TOTAL MAINTENANCE EXPENSE		780,494	400,875	45,602	227,417	95,946	9,325	1,328
18	TOT OTH POWER GENERATION EXP		$8,776,966	$4,350,461	$500,854	$2,572,990	$1,176,161	$159,944	$16,555
19									
20	OTHER POWER SUPPLY EXPENSES								
21	555-PURCHASED POWER								
22	DEMAND CHARGES	DPROD	0	0	0	0	0	0	0
23	ENERGY CHARGES	EFUEL	84,638,076	41,722,126	4,812,351	24,834,662	11,484,047	1,622,881	162,009
24	ENERGY CHARGES	EFUEL	0	0	0	0	0	0	0
25	OTHER CHARGES	EPROD	0	0	0	0	0	0	0
26	TOTAL PURCHASED POWER		84,638,076	41,722,126	4,812,351	24,834,662	11,484,047	1,622,881	162,009
27	556-SYS CONTRL & LOAD DISP	DPROD	3,220	1,654	188	938	396	38	5
28	557-OTHER EXPENSES	DPROD	224,398	115,255	13,111	65,384	27,585	2,681	382
29	TOTAL OTHER POWER SUPPLY EXP		$84,865,693	$41,839,035	$4,825,650	$24,900,984	$11,512,028	$1,625,600	$162,397
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40	TOTAL POWER PRODUCTION EXP		$93,642,659	$46,189,496	$5,326,504	$27,473,974	$12,688,189	$1,785,544	$178,952
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		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	OPERATION & MAINTENANCE EXPENSE								
1	TRANSMISSION EXPENSES								
2	OPERATION								
3	560-SUPERVISION & ENGINEER	TRANPIS	$0	$0	$0	$0	$0	$0	$0
4	561-LOAD DISPATCHING	TRANPIS	6,095	3,130	356	1,776	749	73	10
5	562-STATION EXPENSES	TRANPIS	33,073	16,987	1,932	9,637	4,066	395	56
6	563-OVERHEAD LINE EXPENSES	TRANPIS	26,672	13,699	1,558	7,772	3,279	319	45
7	564-UNDERGROUND LINE EXP	TRANPIS	15,619	8,022	913	4,551	1,920	187	27
8	565-TRANSM ELECT BY OTHERS	EFUEL	8,082,997	3,984,493	459,583	2,371,728	1,096,735	154,986	15,472
9	566-MISCELLANEOUS TRNSM EXP	TRANPIS	100,085	51,405	5,848	29,162	12,303	1,196	170
10	567-RENTS	TRANPIS	27,940	14,350	1,632	8,141	3,435	334	48
11	565-TRANSM ELECT BY OTHERS	EFUEL	0	0	0	0	0	0	0
12	TOTAL OPERATION EXPENSE		8,292,481	4,092,088	471,823	2,432,767	1,122,487	157,489	15,828
13	MAINTENANCE								
14	568-SUPERVISION & ENGINEER	LAB56973	0	0	0	0	0	0	0
15	569-STRUCTURES	TRANPIS	0	0	0	0	0	0	0
16	570-STATION EQUIPMENT	TRANPIS	22,997	11,811	1,344	6,701	2,827	275	39
17	571-OVERHEAD LINES	TRANPIS	37,340	19,179	2,182	10,880	4,590	446	64
18	572-MAINT OF UNDRGRND LINES	TRANPIS	23	12	1	7	3	0	0
19	573-MAINT MISC TRANSM PLT	TRANPIS	0	0	0	0	0	0	0
20	TOTAL MAINTENANCE EXPENSE		60,360	31,002	3,527	17,587	7,420	721	103
21	TOTAL TRANSMISSION EXPENSES		$8,352,841	$4,123,089	$475,349	$2,450,354	$1,129,907	$158,210	$15,931
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		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	OPERATION & MAINTENANCE EXPENSE CONTINUED								
1	DISTRIBUTION EXPENSES								
2	OPERATION								
3	580-SUPERVISION & ENGINEER	LAB58189	$423,430	$273,693	$39,837	$78,992	$25,311	$3,177	$2,419
4	581-LOAD DISPATCHING	DISTPIS	582,583	327,759	42,163	144,068	51,779	8,425	8,389
5	582-STATION EXPENSES	PLTDSUB	74,790	42,098	5,366	18,946	6,842	1,339	198
6	583-OVERHEAD LINE EXPENSES	PLTDOHL	499,849	281,357	35,863	126,625	45,730	8,947	1,326
7	584-UNDERGROUND LINE EXP	PLTDUGL	490,312	281,781	35,917	126,815	45,799	0	0
8	585-STREET LIGHT & SIGNAL	PLT373	1,894	0	0	0	0	0	1,894
9	586-METER EXPENSES	PLT370	778,885	623,872	105,590	48,153	455	815	0
10	587-CUST INSTALLATIONS EXP	DISTPIS	35,827	20,156	2,593	8,860	3,184	518	516
11	588-MISC DISTRIBUTION EXP	DISTPIS	1,097,758	617,595	79,447	271,466	97,568	15,874	15,808
12	589-RENTS	DISTPIS	83,088	46,745	6,013	20,547	7,385	1,202	1,197
13	TOTAL OPERATION EXPENSE		4,068,416	2,515,056	352,789	844,473	284,055	40,296	31,748
14	MAINTENANCE								
15	590-SUPERVISION & ENGINEER	LAB59198	0	0	0	0	0	0	0
16	591-STRUCTURES	PLT361	0	0	0	0	0	0	0
17	592-STATION EQUIPMENT	PLT362	734,286	413,319	52,683	186,014	67,179	13,144	1,948
18	593-OVERHEAD LINES	DISTSUB	763,922	430,000	54,809	193,522	69,890	13,674	2,027
19	594-UNDERGROUND LINES	PLTDUGL	108,736	62,490	7,965	28,124	10,157	0	0
20	595-LINE TRANSFORMERS	PLT368	104,881	59,036	7,525	26,569	9,595	1,877	278
21	596-STREET LIGHT & SIGNAL	PLT373	315,846	0	0	0	0	0	315,846
22	597-METERS	PLT370	614	492	83	38	0	1	0
23	598-MISC DISTRIBUTION PLANT	DISTPIS	15,555	8,751	1,126	3,847	1,383	225	224
24	BLANK	SALESREV	0	0	0	0	0	0	0
25	TOTAL MAINTENANCE EXPENSE		2,043,840	974,088	124,191	438,113	158,204	28,920	320,323
26	TOTAL DISTRIBUTION EXPENSES		$6,112,256	$3,489,144	$476,980	$1,282,585	$442,259	$69,216	$352,071
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		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	OPERATION & MAINTENANCE EXPENSE CONTINUED								
1	CUSTOMER ACCOUNTS EXPENSES								
2	901-SUPERVISION	LAB90205	$260,950	$198,177	$33,541	$15,296	$9,470	$259	$4,207
3	902-METER READING EXPENSE	CMETRDG	915,625	706,293	119,540	54,515	34,354	922	0
4	903-CUST RECORDS & COLL EXP	CBILLCOL	3,070,993	2,327,967	394,009	179,683	113,233	3,039	53,063
5	904-UNCOLLECTIBLE ACCOUNTS	DISTPIS	764,063	429,859	55,297	188,946	67,909	11,049	11,003
6	905-MISC CUST ACCTS EXP	CUST	39,451	31,033	5,252	2,395	23	41	707
7	TOTAL CUSTOMER ACCTS EXPENSE		$5,051,083	$3,693,328	$607,640	$440,835	$224,989	$15,310	$68,980
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9	CUSTOMER SERVICE & INFO EXP								
10	431-CUSTOMER DEPOSIT INTEREST	DISTPIS	$14,499	$8,157	$1,049	$3,585	$1,289	$210	$209
11	908-CUSTOMER ASSISTANCE EXP	CINFO	94,671	75,830	12,834	5,853	55	99	0
12	909-INFO & INSTRUCT EXP	CINFO	49,423	39,587	6,700	3,055	29	52	0
13	910-MISC CUST SERV & INFO EX	CINFO	31,336	25,100	4,248	1,937	18	33	0
14	TOTAL CUST SERVICE & INFO EXP		$189,930	$148,674	$24,832	$14,431	$1,391	$393	$209
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16	SALES EXPENSES								
17	911-SUPERVISION	LAB91217	$0	$0	$0	$0	$0	$0	$0
18	912-DEMONSTRATING & SELLING	CUST	0	0	0	0	0	0	0
19	913-ADVERTISING EXPENSE								
20	SAFETY	CUST	0	0	0	0	0	0	0
21	DSM	CDSM	0	0	0	0	0	0	0
22	ENVIRONMENTAL	CENVIRON	0	0	0	0	0	0	0
23	OTHER	CUST	0	0	0	0	0	0	0
24	TOTAL ACCOUNT 913		0	0	0	0	0	0	0
25	914-MISCELLANEOUS SALES EXP	CUST	0	0	0	0	0	0	0
26	TOTAL SALES EXPENSES		$0	$0	$0	$0	$0	$0	$0
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28	TOTAL OPER & MAINT EXCL A&G		$113,348,768	$57,643,732	$6,911,305	$31,662,180	$14,486,735	$2,028,674	$616,143
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		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	OPERATION & MAINTENANCE EXPENSE CONTINUED								
1	ADMINISTRATIVE & GENERAL EXP								
2	OPERATION								
3	920-ADMIN & GEN SALARIES	LABXAG	$3,103,362	$1,851,680	$256,374	$650,663	$242,309	$33,358	$68,978
4	921-OFFICE SUPPLIES & EXP	LABXAG	978,916	584,089	80,870	205,243	76,433	10,522	21,758
5	922-ADMIN EXP TRANSF-CREDIT	LABXAG	(1,004,502)	(599,355)	(82,984)	(210,608)	(78,431)	(10,797)	(22,327)
6	923-OUTSIDE SERVICES EMPLOY	LABXAG	1,218,155	726,836	100,634	255,403	95,113	13,094	27,076
7	924-PROPERTY INSURANCE								
8	PRODUCTION RELATED	PRODPIS	0	0	0	0	0	0	0
9	TRANSMISSION RELATED	TRANPIS	0	0	0	0	0	0	0
10	DISTRIBUTION RELATED	DISTPIS	137,277	77,231	9,935	33,947	12,201	1,985	1,977
11	OTHER	TOTPIS	0	0	0	0	0	0	0
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13	925-INJURIES & DAMAGES	LABXAG	527,714	314,871	43,595	110,643	41,204	5,672	11,729
14	926-EMPLOYEE PENSNS & BENE	LABXAG	2,068,341	1,234,115	170,869	433,656	161,495	22,232	45,973
15	927-FRANCHISE REQUIREMENTS	TOTPIS	0	0	0	0	0	0	0
16	928-REGULATORY COMMISSION EXP	TOTPIS	197,223	108,440	13,560	50,993	19,359	2,689	2,181
17	929-DUPLICATE CHARGES-CR.	TOTPIS	(86,769)	(47,709)	(5,966)	(22,435)	(8,517)	(1,183)	(960)
18	930-GENERL ADVERTISING EX	TOTPIS	360,936	198,455	24,817	93,323	35,429	4,921	3,992
19	931-RENTS	TOTPIS	57,417	31,570	3,948	14,845	5,636	783	635
20	933-TRANSPORTATION EXPT	TOTPIS	0	0	0	0	0	0	0
21	TOTAL OPERATION EXPENSE		7,558,071	4,480,223	615,652	1,615,675	602,232	83,275	161,013
22	MAINTENANCE								
23	935-MAINT OF GENERAL PLANT	GENLPIS	20,026	11,782	1,605	4,370	1,642	223	405
24	TOTAL ADMIN & GENERAL EXPENSE		7,578,097	4,492,005	617,257	1,620,045	603,874	83,498	161,418
25	PAYROLL EXPENSE ADJUSTMENT	LABXAG	0	0	0	0	0	0	0
26	TOTAL OPERATION & MAINT EXP		120,926,865	62,135,737	7,528,562	33,282,225	15,090,609	2,112,172	777,561
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		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	DEPRECIATION & AMORTIZATION EXPENSE								
1	DEPRECIATION EXPENSE								
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3	INTANGIBLE DEPREC EXP								
4	302-FRANCH & CONSENTS	PISXGENL	$20	$11	$1	$5	$2	$0	$0
5	303-MISC. INTANG PLT	PISXGENL	1,160,542	636,379	79,283	301,876	114,645	15,934	12,425
6	302-FRANCH & CONSENTS - ACQ ADJ	PISXGENL	(153)	(84)	(10)	(40)	(15)	(2)	(2)
7	303-MISC. INTANG PLT - ACQ ADJ	PISXGENL	(119,427)	(65,487)	(8,159)	(31,065)	(11,798)	(1,640)	(1,279)
8	TOTAL INTANGIBLE DEPREC EXPENSE		$1,040,982	$570,819	$71,115	$270,777	$102,834	$14,292	$11,145
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10	PRODUCTION DEPREC EXP								
11	340-LAND & LAND RIGHTS	PRODPIS	$0	$0	$0	$0	$0	$0	$0
12	341-STRUCT & IMPROVE	PRODPIS	32,914	16,905	1,923	9,590	4,046	393	56
13	342-FUEL HLD\, PROD, & ACC	PRODPIS	19,643	10,089	1,148	5,723	2,415	235	33
14	343-PRIME MOVERS	PRODPIS	308,783	158,596	18,041	89,972	37,959	3,689	525
15	344-GENERATORS	PRODPIS	96,843	49,740	5,658	28,218	11,905	1,157	165
16	345-ACCESSORY ELECT EQ	PRODPIS	53,906	27,687	3,150	15,707	6,627	644	92
17	346-MISC POWER PLT EQUIP	PRODPIS	28,904	14,846	1,689	8,422	3,553	345	49
18	340-LAND & LAND RIGHTS - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0
19	341-STRUCT & IMPROVE - ACQ ADJ	PRODPIS	62,280	31,988	3,639	18,147	7,656	744	106
20	342-FUEL HLD\, PROD, & ACC - ACQ ADJ	PRODPIS	2,241	1,151	131	653	276	27	4
21	343-PRIME MOVERS - ACQ ADJ	PRODPIS	(74,538)	(38,284)	(4,355)	(21,719)	(9,163)	(891)	(127)
22	344-GENERATORS - ACQ ADJ	PRODPIS	1,008,120	517,788	58,902	293,742	123,929	12,045	1,716
23	345-ACCESSORY ELECT EQ - ACQ ADJ	PRODPIS	195,876	100,605	11,445	57,074	24,079	2,340	333
24	346-MISC POWER PLT EQUIP - ACQ ADJ	PRODPIS	244,160	125,405	14,266	71,142	30,015	2,917	415
25	TOTAL PRODUCTION DEPREC EXPENSE		$1,979,134	$1,016,516	$115,636	$576,672	$243,295	$23,646	$3,368
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27	TRANSMISSION DEPREC EXP								
28	350-LAND	TRANPIS	$3,823	$1,964	$223	$1,114	$470	$46	$7
29	352-STRUCTURES & IMPROV.	TRANPIS	13,625	6,998	796	3,970	1,675	163	23
30	353-STATION EQUIPMENT	TRANPIS	635,820	326,568	37,149	185,263	78,162	7,597	1,082
31	354-TOWERS & FIXTURES	TRANPIS	22,677	11,647	1,325	6,608	2,788	271	39
32	355-POLES & FIXTURES	TRANPIS	959,507	492,819	56,062	279,577	117,953	11,464	1,633
33	356-OVHD COND. & DEVICES	TRANPIS	369,804	189,938	21,607	107,752	45,460	4,418	629
34	358-UNDERGROUND CONDUCTORS & DEV	TRANPIS	1,121	576	66	327	138	13	2
34	359-ROADS & TRAILS	TRANPIS	3,475	1,785	203	1,013	427	42	6
35	350-LAND - ACQ ADJ	TRANPIS	(1,898)	(975)	(111)	(553)	(233)	(23)	(3)
36	352-STRUCTURES & IMPROV.- ACQ ADJ	TRANPIS	(965)	(496)	(56)	(281)	(119)	(12)	(2)
37	353-STATION EQUIPMENT - ACQ ADJ	TRANPIS	(152,537)	(78,346)	(8,912)	(44,446)	(18,751)	(1,822)	(260)
38	354-TOWERS & FIXTURES - ACQ ADJ	TRANPIS	(9,443)	(4,850)	(552)	(2,751)	(1,161)	(113)	(16)
39	355-POLES & FIXTURES - ACQ ADJ	TRANPIS	(135,224)	(69,453)	(7,901)	(39,401)	(16,623)	(1,616)	(230)
40	356-OVHD COND. & DEVICES - ACQ ADJ	TRANPIS	(84,215)	(43,254)	(4,920)	(24,538)	(10,353)	(1,006)	(143)
41	358-UNDERGROUND DEVICES - ACQ ADJ	TRANPIS	0	0	0	0	0	0	0
41	359-ROADS & TRAILS - ACQ ADJ	TRANPIS	(1,121)	(576)	(66)	(327)	(138)	(13)	(2)
42	TOTAL TRANSMISSION DEPREC EXPENSE		$1,624,450	$834,345	$94,913	$473,326	$199,694	$19,408	$2,764
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		ALLOC	TOTAL	RESIDENTIAL	SGS	LGS	LPS	INTERRUPTIBLE	STREET LIGHTING
			1	2	3	4	5	6	7
	DEPRECIATION & AMORTIZATION EXPENSE								
1	DISTRIBUTION DEPREC EXPENSE								
2	360-LAND RIGHTS	PLT360	$1,480	$833	$106	$375	$135	$26	$4
3	361-STRUCTURES & IMPROV	PLT361	175,281	98,663	12,576	44,403	16,036	3,137	465
4	362-STATION EQUIPMENT	PLT362	1,691,289	952,001	121,345	428,448	154,733	30,274	4,488
5	364-POLES, TOWERS & FIXTURES	PLT364	3,293,750	1,854,002	236,317	834,393	301,340	58,957	8,740
6	365-OVERHEAD CONDUCT & DEV	PLT365	2,342,026	1,318,291	168,033	593,297	214,268	41,922	6,215
7	366-UNDERGROUND CONDUIT	PLT366	612,122	351,785	44,840	158,321	57,177	0	0
8	367-UNDERGROUND COND & DEV	PLT367	1,646,348	946,151	120,599	425,815	153,783	0	0
9	368-LINE TRANSFORMERS	PLT368	2,798,122	1,575,021	200,757	708,838	255,996	50,086	7,425
10	369-SERVICES	PLT369	537,690	302,658	38,578	136,211	49,192	9,624	1,427
11	370-METERS	PLT370	255,143	204,365	34,589	15,774	149	267	0
12	371-INSTALLATIONS CUST PREM	PLT371	0	0	0	0	0	0	0
13	373-STRT LGHT & SIGNAL SYS	PLT373	162,199	0	0	0	0	0	162,199
14	360-LAND RIGHTS - ACQ ADJ	PLT360	(477)	(269)	(34)	(121)	(44)	(9)	(1)
15	361-STRUCTURES & IMPROV - ACQ ADJ	PLT361	(40,378)	(22,728)	(2,897)	(10,229)	(3,694)	(723)	(107)
16	362-STATION EQUIPMENT - ACQ ADJ	PLT362	(358,189)	(201,619)	(25,699)	(90,739)	(32,770)	(6,411)	(950)
17	364-POLES, TOWERS & FIX - ACQ ADJ	PLT364	(799,568)	(450,065)	(57,367)	(202,552)	(73,151)	(14,312)	(2,122)
18	365-OVERHEAD COND & DEV - ACQ ADJ	PLT365	(482,646)	(271,674)	(34,628)	(122,267)	(44,157)	(8,639)	(1,281)
19	366-UNDERGRND CONDUIT - ACQ ADJ	PLT366	(152,216)	(87,478)	(11,150)	(39,370)	(14,218)	0	0
20	367-UNDERGR COND & DEV - ACQ ADJ	PLT367	(225,545)	(129,620)	(16,522)	(58,335)	(21,068)	0	0
21	368-LINE TRANSFORMERS - ACQ ADJ	PLT368	(431,512)	(242,892)	(30,960)	(109,313)	(39,478)	(7,724)	(1,145)
22	369-SERVICES - ACQ ADJ	PLT369	(134,150)	(75,511)	(9,625)	(33,984)	(12,273)	(2,401)	(356)
23	370-METERS - ACQ ADJ	PLT370	(81,914)	(65,612)	(11,105)	(5,064)	(48)	(86)	0
24	373-ST LIGHT & SIGNAL SYS - ACQ ADJ	PLT373	(43,073)	0	0	0	0	0	(43,073)
25	TOTAL DISTRIBUTION DEPREC EXPENSE		$10,765,782	$6,056,302	$777,753	$2,673,901	$961,910	$153,988	$141,927
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		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	OPERATION & MAINTENANCE EXPENSE CONTINUED								
1	GENERAL DEPREC EXPENSE								
2	389-LAND & LAND RIGHTS	GENLPIS	$0	$0	$0	$0	$0	$0	$0
3	390-STRUCT & IMPROVE	GENLPIS	76,639	$45,088	$6,143	$16,724	$6,283	$853	$1,549
4	391-OFFICE FURN & EQUIP	GENLPIS	426,158	$250,714	$34,158	$92,994	$34,937	$4,742	$8,612
5	392-TRANSP EQUIP	GENLPIS	(68,346)	($40,209)	($5,478)	($14,914)	($5,603)	($761)	($1,381)
6	393-STORES EQUIPMENT	GENLPIS	1,657	$975	$133	$362	$136	$18	$33
7	394-TOOLS, SHOP, & GAR EQ	GENLPIS	84,270	$49,577	$6,755	$18,389	$6,909	$938	$1,703
8	395-LABORATORY EQUIP	GENLPIS	33,558	$19,742	$2,690	$7,323	$2,751	$373	$678
9	396-POWER OPER EQUIP	GENLPIS	97,285	$57,234	$7,798	$21,229	$7,976	$1,083	$1,966
10	397-COMMUNICATION EQUIP	GENLPIS	17,394	$10,233	$1,394	$3,796	$1,426	$194	$352
11	398-MISCELLANEOUS EQUIP	GENLPIS	8,184	$4,815	$656	$1,786	$671	$91	$165
12	389-LAND & LAND RIGHTS - ACQ ADJ	GENLPIS	0	$0	$0	$0	$0	$0	$0
13	390-STRUCT & IMPROVE - ACQ ADJ	GENLPIS	(14,725)	($8,663)	($1,180)	($3,213)	($1,207)	($164)	($298)
14	391-OFFICE FURN & EQUIP - ACQ ADJ	GENLPIS	(130,566)	($76,814)	($10,465)	($28,491)	($10,704)	($1,453)	($2,639)
15	392-TRANSP EQUIP - ACQ ADJ	GENLPIS	0	$0	$0	$0	$0	$0	$0
16	393-STORES EQUIPMENT - ACQ ADJ	GENLPIS	(979)	($576)	($78)	($214)	($80)	($11)	($20)
17	394-TOOLS, SHOP, & GAR EQ - ACQ ADJ	GENLPIS	(23,740)	($13,966)	($1,903)	($5,180)	($1,946)	($264)	($480)
18	395-LABORATORY EQUIP - ACQ ADJ	GENLPIS	(7,528)	($4,429)	($603)	($1,643)	($617)	($84)	($152)
19	396-POWER OPER EQUIP - ACQ ADJ	GENLPIS	(7,895)	($4,644)	($633)	($1,723)	($647)	($88)	($160)
20	397-COMMUNICATION EQUIP - ACQ ADJ	GENLPIS	(15,968)	($9,394)	($1,280)	($3,484)	($1,309)	($178)	($323)
21	398-MISCELLANEOUS EQUIP - ACQ ADJ	GENLPIS	(1,027)	($604)	($82)	($224)	($84)	($11)	($21)
22	TOTAL GENERAL DEPREC EXPENSE		$474,371	$279,079	$38,022	$103,515	$38,890	$5,279	$9,587
23									
24	TOTAL DEPREC & AMORT EXPENSE		$15,884,718	$8,757,061	$1,097,439	$4,098,190	$1,546,623	$216,614	$168,791
25									
26									

		ALLOC	TOTAL	RESIDENTIAL	SGS	LGS	LPS	INTERRUPTIBLE	STREET LIGHTING
			1	2	3	4	5	6	7
27	TAXES OTHER THAN INCOME TAXES								
28									
29	TAXES OTHER THAN INCOME TAXES								
30	PRODUCTION PROPERTY TAX	PRODPIS	$617,411	$317,113	$36,074	$179,899	$75,899	$7,377	$1,051
31	TRANSMISSTION PROPERTY TAX	TRANPIS	437,531	$224,723	$25,564	$127,486	$53,786	$5,227	$745
32	DISTRIBUTION PROPERTY TAX	DISTPIS	2,500,847	$1,406,967	$180,991	$618,438	$222,273	$36,164	$36,014
33	GENERAL PROPERTY TAX	TOTPIS	171,505	$94,299	$11,792	$44,344	$16,835	$2,338	$1,897
34	PAYROLL TAX	LABXAG	445,648	$265,904	$36,816	$93,436	$34,796	$4,790	$9,905
35	MEDICAL AND DENTAL	LABXAG	5,173	$3,087	$427	$1,085	$404	$56	$115
36	REGULATORY & OTHER	LABXAG	78,240	$46,683	$6,464	$16,404	$6,109	$841	$1,739
37	TOTAL TAXES OTHER THAN INCOME		$4,256,354	$2,358,777	$298,128	$1,081,091	$410,101	$56,793	$51,465
38									
39									
40	TOTAL EXPENSES BEFORE INCOME TAX		$141,067,938	$73,251,575	$8,924,129	$38,461,506	$17,047,333	$2,385,578	$997,817
41									
42	OPERATING INCOME BEFORE INCOME TAX		$19,858,128	$8,460,417	$1,829,580	$9,953,621	($54,877)	$103,075	($433,688)
43									
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BLACK MOUNTAIN GENERATING STATION

UNS ELECTRIC COMPANY
RETAIL COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2008

		ALLOC	TOTAL	RESIDENTIAL	SGS	LGS	LPS	INTERRUPTIBLE	STREET LIGHTING
			1	2	3	4	5	6	7
	DEVELOPMENT OF INCOME TAXES								
1	TOTAL OPERATING REVENUES		160,926,066	81,711,991	10,753,709	48,415,127	16,992,456	2,488,654	564,129
2									
3	LESS:								
4	OPERATION & MAINT EXPENSE		120,926,865	62,135,737	7,528,562	33,282,225	15,090,609	2,112,172	777,561
5	DEPREC & AMORT EXPENSE		0	0	0	0	0	0	0
6	TAXES OTHER THAN INCOME		4,256,354	2,358,777	298,128	1,081,091	410,101	56,793	51,465
7									
8	OPERATING INCOME BEFORE TAXES		35,742,846	17,217,478	2,927,019	14,051,811	1,491,746	319,689	(264,897)
9									
10	LESS:								
11	INTEREST	TOTPIS	0	0	0	0	0	0	0
12									
13	STATE TAXABLE INCOME		35,742,846	17,217,478	2,927,019	14,051,811	1,491,746	319,689	(264,897)
14	TOTAL STATE INCOME TAX		0	0	0	0	0	0	0
15									
16									
17	FEDERAL TAXABLE INCOME		35,742,846	17,217,478	2,927,019	14,051,811	1,491,746	319,689	(264,897)
18									
19	STATE AND FEDERAL INCOME TAX	TOTPIS	0	0	0	0	0	0	0
20	INC TAX	TOTPIS	4,201,088	2,309,904	288,850	1,086,220	412,378	57,272	46,464
21	DEF INC TAX	TOTPIS	0	0	0	0	0	0	0
22									
23			4,201,088	2,309,904	288,850	1,086,220	412,378	57,272	46,464
24									
25	TOTAL INCOME TAXES		4,201,088	2,309,904	288,850	1,086,220	412,378	57,272	46,464
26									
27									
28	TOTAL OPERATING EXPENSES		145,269,026	75,561,479	9,212,979	39,547,726	17,459,711	2,442,851	1,044,281
29									
30	TOTAL NET INCOME		15,657,040	6,150,513	1,540,730	8,867,401	(467,255)	45,803	(480,152)
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DEVELOPMENT OF RATE BASE

			TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
	ELECTRIC PLANT IN SERVICE								
1	INTANGIBLE PLANT								
2	302-FRANCHISES & CONSENTS	PISXGENL	$0	$0	$0	$0	$0	$0	$0
3	303-MISCELLANEOUS INTANG PLT	PISXGENL	8,741,931	8,331,385	0	410,546	0	1,350,390	0
4	302-FRANCH & CONSENTS - ACQ ADJ	PISXGENL	(5,817)	(5,543)	0	(273)	0	(899)	0
5	303-MISC INTANGIBLE PLT - ACQ ADJ	PISXGENL	(2,187,601)	(2,084,866)	0	(102,736)	0	(337,925)	0
6	TOTAL INTANGIBLE PLANT		$6,548,513	$6,240,976	$0	$307,537	$0	$1,011,567	$0
7									
8									
9	TOTAL OTHER PRODUCTION PLANT								
10	340-LAND & LAND RIGHTS	DTRAN	$227,484	$227,484	$0	$0	$0	$227,484	$0
11	341-STRUCTURES & IMPROVE	DTRAN	5,347,516	5,347,516	0	0	0	5,347,516	0
12	342-FUEL HOLDERS, PROD, & ACC	DTRAN	1,368,179	1,368,179	0	0	0	1,368,179	0
13	343-PRIME MOVERS	DTRAN	17,612,927	17,612,927	0	0	0	17,612,927	0
14	344-GENERATORS	DTRAN	47,487,333	47,487,333	0	0	0	47,487,333	0
15	345-ACCESSORY ELECT EQUIP	DTRAN	12,192,407	12,192,407	0	0	0	12,192,407	0
16	346-MISC POWER PLANT EQUIP	DTRAN	11,387,743	11,387,743	0	0	0	11,387,743	0
17	340-LAND & LAND RIGHTS - ACQ ADJ	DTRAN	(379,032)	(379,032)	0	0	0	(379,032)	0
18	341-STRUCT & IMPROVE - ACQ ADJ	DTRAN	(180,283)	(180,283)	0	0	0	(180,283)	0
19	342-FUEL HLD, PROD, & ACC - ACQ AD	DTRAN	(300,582)	(300,582)	0	0	0	(300,582)	0
20	343-PRIME MOVERS - ACQ ADJ	DTRAN	(3,870,528)	(3,870,528)	0	0	0	(3,870,528)	0
21	344-GENERATORS - ACQ. ADJ	DTRAN	(1,222,549)	(1,222,549)	0	0	0	(1,222,549)	0
22	345-ACCESS ELECT EQUIP - ACQ ADJ	DTRAN	(949,529)	(949,529)	0	0	0	(949,529)	0
23	346-MISC POWER PLT EQUIP - ACQ AD	DTRAN	(235,301)	(235,301)	0	0	0	(235,301)	0
24	TOTAL OTHER PRODUCTION PLANT		88,485,785	88,485,785	0	0	0	88,485,785	0
25	TOTAL PRODUCTION PLANT		$88,485,785	$88,485,785	$0	$0	$0	$88,485,785	$0
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DEVELOPMENT OF RATE BASE

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
	ELECTRIC PLANT IN SERVICE										
1	INTANGIBLE PLANT										
2	302-FRANCHISES & CONSENTS	PISXGENL	$0	$0	$0	$0	$0	$0	$0	$0	$0
3	303-MISCELLANEOUS INTANG PLT	PISXGENL	1,192,867	4,788,595	999,533	211,994	122,556	0	0	0	75,995
4	302-FRANCH & CONSENTS - ACQ ADJ	PISXGENL	(794)	(3,186)	(665)	(141)	(82)	0	0	0	(51)
5	303-MISC INTANGIBLE PLT - ACQ ADJ	PISXGENL	(298,506)	(1,198,309)	(250,125)	(53,050)	(30,669)	0	0	0	(19,017)
6	TOTAL INTANGIBLE PLANT		$893,568	$3,587,100	$748,742	$158,803	$91,806	$0	$0	$0	$56,927
7											
8											
9	TOTAL OTHER PRODUCTION PLANT										
10	340-LAND & LAND RIGHTS	DTRAN	$0	$0	$0	$0	$0	$0	$0	$0	$0
11	341-STRUCTURES & IMPROVE	DTRAN	0	0	0	0	0	0	0	0	0
12	342-FUEL HOLDERS, PROD, & ACC	DTRAN	0	0	0	0	0	0	0	0	0
13	343-PRIME MOVERS	DTRAN	0	0	0	0	0	0	0	0	0
14	344-GENERATORS	DTRAN	0	0	0	0	0	0	0	0	0
15	345-ACCESSORY ELECT EQUIP	DTRAN	0	0	0	0	0	0	0	0	0
16	346-MISC POWER PLANT EQUIP	DTRAN	0	0	0	0	0	0	0	0	0
17	340-LAND & LAND RIGHTS - ACQ ADJ	DTRAN	0	0	0	0	0	0	0	0	0
18	341-STRUCT & IMPROVE - ACQ ADJ	DTRAN	0	0	0	0	0	0	0	0	0
19	342-FUEL HLD, PROD, & ACC - ACQ AD	DTRAN	0	0	0	0	0	0	0	0	0
20	343-PRIME MOVERS - ACQ ADJ	DTRAN	0	0	0	0	0	0	0	0	0
21	344-GENERATORS - ACQ. ADJ	DTRAN	0	0	0	0	0	0	0	0	0
22	345-ACCESS ELECT EQUIP - ACQ ADJ	DTRAN	0	0	0	0	0	0	0	0	0
23	346-MISC POWER PLT EQUIP - ACQ AD	DTRAN	0	0	0	0	0	0	0	0	0
24	TOTAL OTHER PRODUCTION PLANT		0	0	0	0	0	0	0	0	0
25	TOTAL PRODUCTION PLANT		$0	$0	$0	$0	$0	$0	$0	$0	$0
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BLACK MOUNTAIN GENERATING STATION

UNS ELECTRIC COMPANY
RETAIL COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2008

			TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
	ELECTRIC PLANT IN SERVICE CONTINUED								
1	TRANSMISSION PLANT								
2	350-LAND	DTRANSUB	$1,431,088	$1,431,088	$0	$0	$0	$0	$0
3	352-STRUCTURES & IMPROVE	DTRANSUB	660,559	660,559	0	0	0	0	0
4	353-STATION EQUIPMENT	DTRANSUB	34,660,745	34,660,745	0	0	0	0	0
5	354-TOWERS & FIXTURES	DTRANSUB	1,319,681	1,319,681	0	0	0	0	0
6	355-POLES & FIXTURES	DTRANSUB	29,873,421	29,873,421	0	0	0	0	0
7	356-OVHD COND. & DEVICES	DTRANSUB	27,366,793	27,366,793	0	0	0	0	0
8	358-UNDERGROUND CONDUCTORS &	DTRANSUB	32,861	32,861	0	0	0	0	0
8	359-ROADS & TRAILS	DTRANSUB	379,610	379,610	0	0	0	0	0
9	350-LAND - ACQ ADJ	DTRANSUB	(631,356)	(631,356)	0	0	0	0	0
10	352-STRUCT & IMPROVE - ACQ ADJ	DTRANSUB	(39,618)	(39,618)	0	0	0	0	0
11	353-STATION EQUIPMENT - ACQ ADJ	DTRANSUB	(7,636,820)	(7,636,820)	0	0	0	0	0
12	354-TOWERS & FIXTURES - ACQ ADJ	DTRANSUB	(422,919)	(422,919)	0	0	0	0	0
13	355-POLES & FIXTURES - ACQ ADJ	DTRANSUB	(3,225,104)	(3,225,104)	0	0	0	0	0
14	356-OVHD COND. & DEVICES - ACQ AI	DTRANSUB	(5,494,105)	(5,494,105)	0	0	0	0	0
15	359-ROADS & TRAILS - ACQ ADJ	DTRANSUB	(110,880)	(110,880)	0	0	0	0	0
16	TOTAL TRANSMISSION PLANT		$78,163,957	$78,163,957	$0	$0	$0	$0	$0
17									
18	DISTRIBUTION PLANT								
19	360-LAND & LAND RIGHTS	DDISPSUB	$1,354,701	$1,354,701	$0	$0	$0	$0	$0
20	361-STRUCTURES & IMPROV	DDISPSUB	7,100,486	7,100,486	0	0	0	0	0
21	362-STATION EQUIPMENT	DDISPSUB	60,306,987	60,306,987	0	0	0	0	0
22	364-POLES, TOWERS & FIXTURES	DDISTPOL	117,897,983	117,897,983	0	0	0	0	0
23	365-OVERHEAD CONDUCT & DEV	DDISTPOL	95,499,476	95,499,476	0	0	0	0	0
24	366-UNDERGROUND CONDUIT	DDISTSUL	19,991,384	19,991,384	0	0	0	0	0
25	367-UNDERGROUND CONDUCTORS	DDISTSUL	55,428,668	55,428,668	0	0	0	0	0
26	368-LINE TRANSFORMERS	DDISPSUB	95,508,942	95,508,942	0	0	0	0	0
27	369-SERVICES	DDISTSOS	17,960,238	0	0	17,960,238	0	0	0
28	370-METERS	CMETERS	10,899,944	0	0	10,899,944	0	0	0
29	371-INSTALLATIONS CUST PREM	CUST	0	0	0	0	0	0	0
30	373-STREET LTG & SIGNAL SYS	CLIGHT	6,304,998	0	0	6,304,998	0	0	0
31	360-LAND & LAND RIGHTS - ACQ ADJ	DDISPSUB	(577,074)	(577,074)	0	0	0	0	0
32	361-STRUCTURES & IMPROVE - ACQ A	DDISPSUB	(1,515,959)	(1,515,959)	0	0	0	0	0
33	362-STATION EQUIPMENT - ACQ ADJ	DDISPSUB	(10,619,807)	(10,619,807)	0	0	0	0	0
34	364-POLES, TOWERS & FIXT - ACQ AD	DDISTPOL	(23,602,225)	(23,602,225)	0	0	0	0	0
35	365-OVERHEAD COND & DEV - ACQ AI	DDISTPOL	(15,967,886)	(15,967,886)	0	0	0	0	0
36	366-UNDERGRND CONDUIT - ACQ AD.	DDISTSUL	(4,228,884)	(4,228,884)	0	0	0	0	0
37	367-UNDERGRND CONDUCT - ACQ AC	DDISTSUL	(5,695,660)	(5,695,660)	0	0	0	0	0
38	368-LINE TRANSFORMERS - ACQ ADJ	DDISPSUB	(11,607,603)	(11,607,603)	0	0	0	0	0
39	369-SERVICES - ACQ ADJ	DDISTSOS	(4,069,080)	0	0	(4,069,080)	0	0	0
40	370-METERS - ACQ ADJ	CMETERS	(2,869,304)	0	0	(2,869,304)	0	0	0
41	373-ST LTG & SIGNAL SYS - ACQ ADJ	CLIGHT	(1,325,336)	0	0	(1,325,336)	0	0	0
42	TOTAL DISTRIBUTION PLANT		$406,174,990	$379,273,529	$0	$26,901,461	$0	$0	$0
43									
44	TOTAL PROD, TRANS, & DIST PLT		$572,824,731	$545,923,271	$0	$26,901,461	$0	$88,485,785	$0

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
	ELECTRIC PLANT IN SERVICE CONTINUED										
1	TRANSMISSION PLANT										
2	350-LAND	DTRANSUB	$1,431,088	$0	$0	$0	$0	$0	$0	$0	$0
3	352-STRUCTURES & IMPROVE	DTRANSUB	660,559	0	0	0	0	0	0	0	0
4	353-STATION EQUIPMENT	DTRANSUB	34,660,745	0	0	0	0	0	0	0	0
5	354-TOWERS & FIXTURES	DTRANSUB	1,319,681	0	0	0	0	0	0	0	0
6	355-POLES & FIXTURES	DTRANSUB	29,873,421	0	0	0	0	0	0	0	0
7	356-OVHD COND. & DEVICES	DTRANSUB	27,366,793	0	0	0	0	0	0	0	0
8	358-UNDERGROUND CONDUCTORS &	DTRANSUB	32,861	0	0	0	0	0	0	0	0
8	359-ROADS & TRAILS	DTRANSUB	379,610	0	0	0	0	0	0	0	0
9	350-LAND - ACQ ADJ	DTRANSUB	(631,356)	0	0	0	0	0	0	0	0
10	352-STRUCT & IMPROVE - ACQ ADJ	DTRANSUB	(39,618)	0	0	0	0	0	0	0	0
11	353-STATION EQUIPMENT - ACQ ADJ	DTRANSUB	(7,636,820)	0	0	0	0	0	0	0	0
12	354-TOWERS & FIXTURES - ACQ ADJ	DTRANSUB	(422,919)	0	0	0	0	0	0	0	0
13	355-POLES & FIXTURES - ACQ ADJ	DTRANSUB	(3,225,104)	0	0	0	0	0	0	0	0
14	356-OVHD COND. & DEVICES - ACQ AI	DTRANSUB	(5,494,105)	0	0	0	0	0	0	0	0
15	359-ROADS & TRAILS - ACQ ADJ	DTRANSUB	(110,880)	0	0	0	0	0	0	0	0
16	TOTAL TRANSMISSION PLANT		$78,163,957	$0	$0	$0	$0	$0	$0	$0	$0
17											
18	DISTRIBUTION PLANT										
19	360-LAND & LAND RIGHTS	DDISPSUB	$0	$1,354,701	$0	$0	$0	$0	$0	$0	$0
20	361-STRUCTURES & IMPROV	DDISPSUB	0	7,100,486	0	0	0	0	0	0	0
21	362-STATION EQUIPMENT	DDISPSUB	0	60,306,987	0	0	0	0	0	0	0
22	364-POLES, TOWERS & FIXTURES	DDISTPOL	0	117,897,983	0	0	0	0	0	0	0
23	365-OVERHEAD CONDUCT & DEV	DDISTPOL	0	95,499,476	0	0	0	0	0	0	0
24	366-UNDERGROUND CONDUIT	DDISTSUL	0	0	19,991,384	0	0	0	0	0	0
25	367-UNDERGROUND CONDUCTORS	DDISTSUL	0	0	55,428,668	0	0	0	0	0	0
26	368-LINE TRANSFORMERS	DDISPSUB	0	95,508,942	0	0	0	0	0	0	0
27	369-SERVICES	DDISTSOS	0	0	0	17,960,238	0	0	0	0	0
28	370-METERS	CMETERS	0	0	0	0	10,899,944	0	0	0	0
29	371-INSTALLATIONS CUST PREM	CUST	0	0	0	0	0	0	0	0	0
30	373-STREET LTG & SIGNAL SYS	CLIGHT	0	0	0	0	0	0	0	0	6,304,998
31	360-LAND & LAND RIGHTS - ACQ ADJ	DDISPSUB	0	(577,074)	0	0	0	0	0	0	0
32	361-STRUCTURES & IMPROVE - ACQ A	DDISPSUB	0	(1,515,959)	0	0	0	0	0	0	0
33	362-STATION EQUIPMENT - ACQ ADJ	DDISPSUB	0	(10,619,807)	0	0	0	0	0	0	0
34	364-POLES, TOWERS & FIXT - ACQ AD	DDISTPOL	0	(23,602,225)	0	0	0	0	0	0	0
35	365-OVERHEAD COND & DEV - ACQ AI	DDISTPOL	0	(15,967,886)	0	0	0	0	0	0	0
36	366-UNDERGRND CONDUIT - ACQ AD.	DDISTSUL	0	0	(4,228,884)	0	0	0	0	0	0
37	367-UNDERGRND CONDUCT - ACQ AI	DDISTSUL	0	0	(5,695,660)	0	0	0	0	0	0
38	368-LINE TRANSFORMERS - ACQ ADJ	DDISPSUB	0	(11,607,603)	0	0	0	0	0	0	0
39	369-SERVICES - ACQ ADJ	DDISTSOS	0	0	0	(4,069,080)	0	0	0	0	0
40	370-METERS - ACQ ADJ	CMETERS	0	0	0	0	(2,869,304)	0	0	0	0
41	373-ST LTG & SIGNAL SYS - ACQ ADJ	CLIGHT	0	0	0	0	0	0	0	0	(1,325,336)
42	TOTAL DISTRIBUTION PLANT		$0	$313,778,021	$65,495,508	$13,891,158	$8,030,640	$0	$0	$0	$4,979,662
43											
44	TOTAL PROD, TRANS, & DIST PLT		$78,163,957	$313,778,021	$65,495,508	$13,891,158	$8,030,640	$0	$0	$0	$4,979,662

			TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
45									
	ELECTRIC PLANT IN SERVICE CONTINUED								
1	GENERAL PLANT								
2	389-LAND & LAND RIGHTS	LABOR	$45,767	$35,185	$0	$10,582	$1,180	$3,766	$0
3	390-STRUCTURES & IMPROVEMENTS	LABOR	3,852,233	2,961,555	0	890,677	99,315	316,974	0
4	391-OFFICE FURNITURE & EQUIP	LABOR	2,552,511	1,962,343	0	590,168	65,806	210,029	0
5	392-TRANSPORTATION EQUIP	LABOR	9,645,647	7,415,471	0	2,230,176	248,675	793,675	0
6	393-STORES EQUIPMENT	LABOR	109,831	84,437	0	25,394	2,832	9,037	0
7	394-TOOLS, SHOP, & GARAGE EQUIP	LABOR	3,258,333	2,504,972	0	753,361	84,003	268,106	0
8	395-LABORATORY EQUIPMENT	LABOR	1,428,110	1,097,916	0	330,194	36,818	117,510	0
9	396-POWER OPERATED EQUIP	LABOR	2,058,023	1,582,187	0	475,837	53,058	169,341	0
10	397-COMMUNICATION EQUIPMENT	LABOR	2,186,070	1,680,627	0	505,443	56,359	179,877	0
11	398-MISCELLANEOUS EQUIPMENT	LABOR	166,294	127,845	0	38,449	4,287	13,683	0
12	399-OTHER TANGIBLE PROPERTY	LABOR	0	0	0	0	0	0	0
13	389-LAND & LAND RIGHTS - ACQ ADJ	LABOR	(28,497)	(21,908)	0	(6,589)	(735)	(2,345)	0
14	390-STRUCTURES & IMPROV - ACQ AD	LABOR	(681,411)	(523,862)	0	(157,549)	(17,568)	(56,069)	0
15	391-OFFICE FURNITURE & EQ - ACQ A	LABOR	(628,090)	(482,869)	0	(145,221)	(16,193)	(51,681)	0
16	392-TRANSPORTATION EQUIP - ACQ A	LABOR	116,146	89,292	0	26,854	2,994	9,557	0
17	393-STORES EQUIPMENT - ACQ ADJ	LABOR	(44,769)	(34,418)	0	(10,351)	(1,154)	(3,684)	0
18	394-TOOLS, SHOP, & GAR EQ - ACQ AD	LABOR	(825,457)	(634,602)	0	(190,854)	(21,281)	(67,921)	0
19	395-LABORATORY EQUIP - ACQ ADJ	LABOR	(300,794)	(231,248)	0	(69,547)	(7,755)	(24,750)	0
20	396-POWER OPER EQUIP - ACQ ADJ	LABOR	(144,474)	(111,070)	0	(33,404)	(3,725)	(11,888)	0
21	397-COMMUNICATION EQUIP - ACQ AD	LABOR	(344,154)	(264,582)	0	(79,572)	(8,873)	(28,318)	0
22	398-MISCELLANEOUS EQUIP - ACQ AD	LABOR	(18,831)	(14,477)	0	(4,354)	(485)	(1,549)	0
23	TOTAL GENERAL PLANT		$22,402,487	$17,222,794	$0	$5,179,693	$577,560	$1,843,349	$0
24									
25									
26	COMMON PLANT	LABOR	$0	$0	$0	$0	$0	$0	$0
27									
28									
29	TOTAL PLANT IN SERVICE		$601,775,731	$569,387,041	$0	$32,388,690	$577,560	$91,340,701	$0
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			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
45											
	ELECTRIC PLANT IN SERVICE CONTINUED										
1	GENERAL PLANT										
2	389-LAND & LAND RIGHTS	LABOR	$3,373	$21,656	$5,210	$729	$2,909	$359	$4,856	$873	$857
3	390-STRUCTURES & IMPROVEMENTS	LABOR	283,927	1,822,822	438,517	61,367	244,841	30,178	408,691	73,455	72,145
4	391-OFFICE FURNITURE & EQUIP	LABOR	188,131	1,207,812	290,564	40,662	162,233	19,996	270,801	48,672	47,804
5	392-TRANSPORTATION EQUIP	LABOR	710,928	4,564,185	1,098,008	153,657	613,060	75,562	1,023,327	183,925	180,645
6	393-STORES EQUIPMENT	LABOR	8,095	51,971	12,503	1,750	6,981	860	11,652	2,094	2,057
7	394-TOOLS, SHOP, & GARAGE EQUIP	LABOR	240,154	1,541,798	370,911	51,906	207,094	25,525	345,683	62,131	61,023
8	395-LABORATORY EQUIPMENT	LABOR	105,258	675,762	162,568	22,750	90,768	11,187	151,511	27,231	26,746
9	396-POWER OPERATED EQUIP	LABOR	151,686	973,828	234,274	32,785	130,804	16,122	218,340	39,243	38,543
10	397-COMMUNICATION EQUIPMENT	LABOR	161,123	1,034,418	248,850	34,825	138,943	17,125	231,925	41,684	40,941
11	398-MISCELLANEOUS EQUIPMENT	LABOR	12,257	78,688	18,930	2,649	10,569	1,303	17,642	3,171	3,114
12	399-OTHER TANGIBLE PROPERTY	LABOR	0	0	0	0	0	0	0	0	0
13	389-LAND & LAND RIGHTS - ACQ ADJ	LABOR	(2,100)	(13,484)	(3,244)	(454)	(1,811)	(223)	(3,023)	(543)	(534)
14	390-STRUCTURES & IMPROV - ACQ AI	LABOR	(50,223)	(322,434)	(77,568)	(10,855)	(43,309)	(5,338)	(72,292)	(12,993)	(12,762)
15	391-OFFICE FURNITURE & EQ - ACQ A	LABOR	(46,293)	(297,203)	(71,498)	(10,006)	(39,920)	(4,920)	(66,635)	(11,977)	(11,763)
16	392-TRANSPORTATION EQUIP - ACQ A	LABOR	8,560	54,959	13,221	1,850	7,382	910	12,322	2,215	2,175
17	393-STORES EQUIPMENT - ACQ ADJ	LABOR	(3,300)	(21,184)	(5,096)	(713)	(2,845)	(351)	(4,750)	(854)	(838)
18	394-TOOLS, SHOP, & GAR EQ - ACQ AI	LABOR	(60,840)	(390,595)	(93,966)	(13,150)	(52,465)	(6,466)	(87,574)	(15,740)	(15,459)
19	395-LABORATORY EQUIP - ACQ ADJ	LABOR	(22,170)	(142,332)	(34,241)	(4,792)	(19,118)	(2,356)	(31,912)	(5,736)	(5,633)
20	396-POWER OPER EQUIP - ACQ ADJ	LABOR	(10,648)	(68,363)	(16,446)	(2,302)	(9,183)	(1,132)	(15,328)	(2,755)	(2,706)
21	397-COMMUNICATION EQUIP - ACQ AI	LABOR	(25,366)	(162,849)	(39,177)	(5,482)	(21,874)	(2,696)	(36,512)	(6,562)	(6,445)
22	398-MISCELLANEOUS EQUIP - ACQ AI	LABOR	(1,388)	(8,911)	(2,144)	(300)	(1,197)	(148)	(1,998)	(359)	(353)
23	TOTAL GENERAL PLANT		$1,651,164	$10,600,543	$2,550,178	$356,876	$1,423,862	$175,496	$2,376,727	$427,175	$419,557
24											
25											
26	COMMON PLANT	LABOR	$0	$0	$0	$0	$0	$0	$0	$0	$0
27											
28											
29	TOTAL PLANT IN SERVICE		$80,708,688	$327,965,664	$68,794,428	$14,406,838	$9,546,308	$175,496	$2,376,727	$427,175	$5,456,147
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45			TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
	ELECTRIC PLANT IN SERVICE CONTINUED								
1	LESS: RESERVE FOR DEPRECIATION								
2									
3	INTANGIBLE PLANT RESERVE								
4	302-FRANCH & CONSENTS	PISXGENL	$0	$0	$0	$0	$0	$0	$0
5	303-MISC. INTANG PLT	PISXGENL	2,877,462	2,742,329	0	135,134	0	444,489	0
6	302-FRANCH & CONSENTS - ACQ ADJ	PISXGENL	(135)	(129)	0	(6)	0	(21)	0
7	303-MISC. INTANG PLT - ACQ ADJ	PISXGENL	(346,772)	(330,487)	0	(16,285)	0	(53,567)	0
8	TOTAL INTANGIBLE PLANT RESERVE		$2,530,555	$2,411,713	$0	$118,842	$0	$390,902	$0
9									
10	PRODUCTION PLANT RESERVE								
11	340-LAND & LAND RIGHTS	PRODPIS	$0	$0	$0	$0	$0	$0	$0
12	341-STRUCT & IMPROVE	PRODPIS	498,164	498,164	0	0	0	498,164	0
13	342-FUEL HLD\, PROD, & ACC	PRODPIS	216,270	216,270	0	0	0	216,270	0
14	343-PRIME MOVERS	PRODPIS	5,051,791	5,051,791	0	0	0	5,051,791	0
15	344-GENERATORS	PRODPIS	1,282,750	1,282,750	0	0	0	1,282,750	0
16	345-ACCESSORY ELECT EQ	PRODPIS	1,218,641	1,218,641	0	0	0	1,218,641	0
17	346-MISC POWER PLT EQUIP	PRODPIS	308,120	308,120	0	0	0	308,120	0
18	340-LAND & LAND RIGHTS - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0
19	341-STRUCT & IMPROVE - ACQ ADJ	PRODPIS	(14,139)	(14,139)	0	0	0	(14,139)	0
20	342-FUEL HLD\, PROD, & ACC - ACQ AI	PRODPIS	(39,375)	(39,375)	0	0	0	(39,375)	0
21	343-PRIME MOVERS - ACQ ADJ	PRODPIS	(492,580)	(492,580)	0	0	0	(492,580)	0
22	344-GENERATORS - ACQ ADJ	PRODPIS	(55,998)	(55,998)	0	0	0	(55,998)	0
23	345-ACCESSORY ELECT EQ - ACQ AD.	PRODPIS	(113,453)	(113,453)	0	0	0	(113,453)	0
24	346-MISC POWER PLT EQUIP - ACQ AI	PRODPIS	(24,779)	(24,779)	0	0	0	(24,779)	0
25	TOTAL PRODUCTION PLANT RESERVE		$7,835,413	$7,835,413	$0	$0	$0	$7,835,413	$0
26									
27	TRANSMISSION PLANT RESERVE								
28	350-LAND	TRANPIS	$130,588	$130,588	$0	$0	$0	$0	$0
29	352-STRUCTURES & IMPROV.	TRANPIS	243,686	243,686	0	0	0	0	0
30	353-STATION EQUIPMENT	TRANPIS	11,911,817	11,911,817	0	0	0	0	0
31	354-TOWERS & FIXTURES	TRANPIS	432,787	432,787	0	0	0	0	0
32	355-POLES & FIXTURES	TRANPIS	13,216,631	13,216,631	0	0	0	0	0
33	356-OVHD COND. & DEVICES	TRANPIS	9,601,308	9,601,308	0	0	0	0	0
34	358-UNDERGROUND CONDUCTORS &	TRANPIS	3,005	3,005	0	0	0	0	0
34	359-ROADS & TRAILS	TRANPIS	133,202	133,202	0	0	0	0	0
35	350-LAND - ACQ ADJ	TRANPIS	(2,015)	(2,015)	0	0	0	0	0
36	352-STRUCTURES & IMPROV.- ACQ AI	TRANPIS	(7,905)	(7,905)	0	0	0	0	0
37	353-STATION EQUIPMENT - ACQ ADJ	TRANPIS	(1,212,474)	(1,212,474)	0	0	0	0	0
38	354-TOWERS & FIXTURES - ACQ ADJ	TRANPIS	(100,145)	(100,145)	0	0	0	0	0
39	355-POLES & FIXTURES - ACQ ADJ	TRANPIS	(978,985)	(978,985)	0	0	0	0	0
40	356-OVHD COND. & DEVICES - ACQ AI	TRANPIS	(801,106)	(801,106)	0	0	0	0	0
41	359-ROADS & TRAILS - ACQ ADJ	TRANPIS	(12,022)	(12,022)	0	0	0	0	0
42	TOTAL TRANSMISSION PLANT RESERVE		$32,558,373	$32,558,373	$0	$0	$0	$0	$0
43									

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
45											
	ELECTRIC PLANT IN SERVICE CONTINUED										
1	LESS: RESERVE FOR DEPRECIATION										
2											
3	INTANGIBLE PLANT RESERVE										
4	302-FRANCH & CONSENTS	PISXGENL	$0	$0	$0	$0	$0	$0	$0	$0	$0
5	303-MISC. INTANG PLT	PISXGENL	392,640	1,576,197	329,003	69,779	40,340	0	0	0	25,014
6	302-FRANCH & CONSENTS - ACQ ADJ	PISXGENL	(18)	(74)	(15)	(3)	(2)	0	0	0	(1)
7	303-MISC. INTANG PLT - ACQ ADJ	PISXGENL	(47,318)	(189,953)	(39,649)	(8,409)	(4,862)	0	0	0	(3,015)
8	TOTAL INTANGIBLE PLANT RESERVE		$345,303	$1,386,170	$289,338	$61,367	$35,477	$0	$0	$0	$21,999
9											
10	PRODUCTION PLANT RESERVE										
11	340-LAND & LAND RIGHTS	PRODPIS	$0	$0	$0	$0	$0	$0	$0	$0	$0
12	341-STRUCT & IMPROVE	PRODPIS	0	0	0	0	0	0	0	0	0
13	342-FUEL HLD\, PROD, & ACC	PRODPIS	0	0	0	0	0	0	0	0	0
14	343-PRIME MOVERS	PRODPIS	0	0	0	0	0	0	0	0	0
15	344-GENERATORS	PRODPIS	0	0	0	0	0	0	0	0	0
16	345-ACCESSORY ELECT EQ	PRODPIS	0	0	0	0	0	0	0	0	0
17	346-MISC POWER PLT EQUIP	PRODPIS	0	0	0	0	0	0	0	0	0
18	340-LAND & LAND RIGHTS - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0	0	0
19	341-STRUCT & IMPROVE - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0	0	0
20	342-FUEL HLD\, PROD, & ACC - ACQ AI	PRODPIS	0	0	0	0	0	0	0	0	0
21	343-PRIME MOVERS - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0	0	0
22	344-GENERATORS - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0	0	0
23	345-ACCESSORY ELECT EQ - ACQ AD.	PRODPIS	0	0	0	0	0	0	0	0	0
24	346-MISC POWER PLT EQUIP - ACQ AI	PRODPIS	0	0	0	0	0	0	0	0	0
25	TOTAL PRODUCTION PLANT RESERVE		$0	$0	$0	$0	$0	$0	$0	$0	$0
26											
27	TRANSMISSION PLANT RESERVE										
28	350-LAND	TRANPIS	$130,588	$0	$0	$0	$0	$0	$0	$0	$0
29	352-STRUCTURES & IMPROV.	TRANPIS	243,686	0	0	0	0	0	0	0	0
30	353-STATION EQUIPMENT	TRANPIS	11,911,817	0	0	0	0	0	0	0	0
31	354-TOWERS & FIXTURES	TRANPIS	432,787	0	0	0	0	0	0	0	0
32	355-POLES & FIXTURES	TRANPIS	13,216,631	0	0	0	0	0	0	0	0
33	356-OVHD COND. & DEVICES	TRANPIS	9,601,308	0	0	0	0	0	0	0	0
34	358-UNDERGROUND CONDUCTORS &	TRANPIS	3,005	0	0	0	0	0	0	0	0
34	359-ROADS & TRAILS	TRANPIS	133,202	0	0	0	0	0	0	0	0
35	350-LAND - ACQ ADJ	TRANPIS	(2,015)	0	0	0	0	0	0	0	0
36	352-STRUCTURES & IMPROV.- ACQ AI	TRANPIS	(7,905)	0	0	0	0	0	0	0	0
37	353-STATION EQUIPMENT - ACQ ADJ	TRANPIS	(1,212,474)	0	0	0	0	0	0	0	0
38	354-TOWERS & FIXTURES - ACQ ADJ	TRANPIS	(100,145)	0	0	0	0	0	0	0	0
39	355-POLES & FIXTURES - ACQ ADJ	TRANPIS	(978,985)	0	0	0	0	0	0	0	0
40	356-OVHD COND. & DEVICES - ACQ AI	TRANPIS	(801,106)	0	0	0	0	0	0	0	0
41	359-ROADS & TRAILS - ACQ ADJ	TRANPIS	(12,022)	0	0	0	0	0	0	0	0
42	TOTAL TRANSMISSION PLANT RESERVE		$32,558,373	$0	$0	$0	$0	$0	$0	$0	$0
43											

ELECTRIC PLANT IN SERVICE CONTINUED

			TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
1	DISTRIBUTION PLANT RESERVE								
2	360-LAND & LAND RIGHTS	PLT360	$39,431	$39,431	$0	$0	$0	$0	$0
3	361-STRUCTURES & IMPROV	PLT361	1,604,690	1,604,690	0	0	0	0	0
4	362-STATION EQUIPMENT	PLT362	29,319,311	29,319,311	0	0	0	0	0
5	364-POLES, TOWERS & FIXTURES	PLT364	64,768,141	64,768,141	0	0	0	0	0
6	365-OVHD CONDUCTORS & DEVICES	PLT365	47,778,302	47,778,302	0	0	0	0	0
7	366-UDGR CONDUCTORS & DEVICES	PLT366	7,432,398	7,432,398	0	0	0	0	0
8	367-UDGR CONDUIT	PLT367	19,653,085	19,653,085	0	0	0	0	0
9	368-LINE TRANSFORMER	PLT368	41,461,410	41,461,410	0	0	0	0	0
10	369-SERVICE DROP	PLT369	8,211,453	0	0	8,211,453	0	0	0
11	370-METERS	PLT370	2,120,609	0	0	2,120,609	0	0	0
12	371-INSTAL. ON CUST. PREMISE	PLT371	0	0	0	0	0	0	0
13	373-STREET LIGHTS	PLT373	2,621,600	0	0	2,621,600	0	0	0
14	360-LAND & LAND RIGHTS - ACQ ADJ	PLT360	(507)	(507)	0	0	0	0	0
15	361-STRUCTURES & IMPROV - ACQ AI	PLT361	(259,412)	(259,412)	0	0	0	0	0
16	362-STATION EQUIPMENT - ACQ ADJ	PLT362	(2,714,433)	(2,714,433)	0	0	0	0	0
17	364-POLES, TOWERS & FIX - ACQ ADJ	PLT364	(5,370,117)	(5,370,117)	0	0	0	0	0
18	365-OVHD COND & DEVICES - ACQ AD	PLT365	(3,731,981)	(3,731,981)	0	0	0	0	0
19	366-UDGR COND & DEVICES - ACQ AD	PLT366	(963,713)	(963,713)	0	0	0	0	0
20	367-UDGR CONDUIT - ACQ ADJ	PLT367	(1,613,992)	(1,613,992)	0	0	0	0	0
21	368-LINE TRANSFORMER - ACQ ADJ	PLT368	(3,064,870)	(3,064,870)	0	0	0	0	0
22	369-SERVICE DROP - ACQ ADJ	PLT369	(916,869)	0	0	(916,869)	0	0	0
23	370-METERS - ACQ ADJ	PLT370	(500,406)	0	0	(500,406)	0	0	0
24	373-STREET LIGHTS - ACQ ADJ	PLT373	(321,166)	0	0	(321,166)	0	0	0
25	TOTAL DISTRIBUTION PLANT RESV		$205,552,964	$194,337,743	$0	$11,215,221	$0	$0	$0
26									
27	GENERAL PLANT RESERVE								
28	389-LAND & LAND RIGHTS	GENLPIS	$0	$0	$0	$0	$0	$0	$0
29	390-STRUCT & IMPROVE	GENLPIS	1,062,849	817,107	0	245,742	27,401	87,455	0
30	391-OFFICE FURN & EQUIP	GENLPIS	1,767,385	1,358,747	0	408,638	45,565	145,426	0
31	392-TRANSP EQUIP	GENLPIS	3,007,290	2,311,972	0	695,317	77,531	247,450	0
32	393-STORES EQUIPMENT	GENLPIS	98,986	76,099	0	22,887	2,552	8,145	0
33	394-TOOLS, SHOP, & GAR EQ	GENLPIS	1,447,195	1,112,588	0	334,607	37,310	119,080	0
34	395-LABORATORY EQUIP	GENLPIS	398,707	306,522	0	92,185	10,279	32,807	0
35	396-POWER OPER EQUIP	GENLPIS	853,822	656,409	0	197,413	22,012	70,255	0
36	397-COMMUNICATION EQUIP	GENLPIS	632,410	486,190	0	146,220	16,304	52,037	0
37	398-MISCELLANEOUS EQUIP	GENLPIS	96,323	74,052	0	22,271	2,483	7,926	0

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
44											
45											
	ELECTRIC PLANT IN SERVICE CONTINUED										
1	DISTRIBUTION PLANT RESERVE										
2	360-LAND & LAND RIGHTS	PLT360	$0	$39,431	$0	$0	$0	$0	$0	$0	$0
3	361-STRUCTURES & IMPROV	PLT361	0	1,604,690	0	0	0	0	0	0	0
4	362-STATION EQUIPMENT	PLT362	0	29,319,311	0	0	0	0	0	0	0
5	364-POLES, TOWERS & FIXTURES	PLT364	0	64,768,141	0	0	0	0	0	0	0
6	365-OVHD CONDUCTORS & DEVICES	PLT365	0	47,778,302	0	0	0	0	0	0	0
7	366-UDGR CONDUCTORS & DEVICES	PLT366	0	0	7,432,398	0	0	0	0	0	0
8	367-UDGR CONDUIT	PLT367	0	0	19,653,085	0	0	0	0	0	0
9	368-LINE TRANSFORMER	PLT368	0	41,461,410	0	0	0	0	0	0	0
10	369-SERVICE DROP	PLT369	0	0	0	8,211,453	0	0	0	0	0
11	370-METERS	PLT370	0	0	0	0	2,120,609	0	0	0	0
12	371-INSTAL. ON CUST. PREMISE	PLT371	0	0	0	0	0	0	0	0	0
13	373-STREET LIGHTS	PLT373	0	0	0	0	0	0	0	0	2,621,600
14	360-LAND & LAND RIGHTS - ACQ ADJ	PLT360	0	(507)	0	0	0	0	0	0	0
15	361-STRUCTURES & IMPROV - ACQ AD	PLT361	0	(259,412)	0	0	0	0	0	0	0
16	362-STATION EQUIPMENT - ACQ ADJ	PLT362	0	(2,714,433)	0	0	0	0	0	0	0
17	364-POLES, TOWERS & FIX - ACQ ADJ	PLT364	0	(5,370,117)	0	0	0	0	0	0	0
18	365-OVHD COND & DEVICES - ACQ AD	PLT365	0	(3,731,981)	0	0	0	0	0	0	0
19	366-UDGR COND & DEVICES - ACQ AD	PLT366	0	0	(963,713)	0	0	0	0	0	0
20	367-UDGR CONDUIT - ACQ ADJ	PLT367	0	0	(1,613,992)	0	0	0	0	0	0
21	368-LINE TRANSFORMER - ACQ ADJ	PLT368	0	(3,064,870)	0	0	0	0	0	0	0
22	369-SERVICE DROP - ACQ ADJ	PLT369	0	0	0	(916,869)	0	0	0	0	0
23	370-METERS - ACQ ADJ	PLT370	0	0	0	0	(500,406)	0	0	0	0
24	373-STREET LIGHTS - ACQ ADJ	PLT373	0	0	0	0	0	0	0	0	(321,166)
25	TOTAL DISTRIBUTION PLANT RESV		$0	$169,829,964	$24,507,779	$7,294,584	$1,620,203	$0	$0	$0	$2,300,434
26											
27	GENERAL PLANT RESERVE										
28	389-LAND & LAND RIGHTS	GENLPIS	$0	$0	$0	$0	$0	$0	$0	$0	$0
29	390-STRUCT & IMPROVE	GENLPIS	78,337	502,925	120,989	16,931	67,553	8,326	112,760	20,267	19,905
30	391-OFFICE FURN & EQUIP	GENLPIS	130,264	836,302	201,190	28,155	112,332	13,845	187,506	33,701	33,100
31	392-TRANSP EQUIP	GENLPIS	221,651	1,423,007	342,334	47,907	191,138	23,558	319,050	57,344	56,321
32	393-STORES EQUIPMENT	GENLPIS	7,296	46,839	11,268	1,577	6,291	775	10,502	1,887	1,854
33	394-TOOLS, SHOP, & GAR EQ	GENLPIS	106,665	684,792	164,741	23,054	91,981	11,337	153,536	27,595	27,103
34	395-LABORATORY EQUIP	GENLPIS	29,387	188,663	45,387	6,351	25,341	3,123	42,300	7,603	7,467
35	396-POWER OPER EQUIP	GENLPIS	62,931	404,017	97,194	13,602	54,267	6,689	90,584	16,281	15,991
36	397-COMMUNICATION EQUIP	GENLPIS	46,611	299,248	71,990	10,074	40,195	4,954	67,094	12,059	11,844
37	398-MISCELLANEOUS EQUIP	GENLPIS	7,099	45,579	10,965	1,534	6,122	755	10,219	1,837	1,804
38											
39											
40											
41											
42											
43											

			TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
44									
45									
1	GENERAL PLANT RESERVE CONTINUED								
2	389-LAND & LAND RIGHTS - ACQ ADJ	GENLPIS	$0	$0	$0	$0	$0	$0	$0
3	390-STRUCT & IMPROVE - ACQ ADJ	GENLPIS	(105,216)	(80,889)	0	(24,327)	(2,713)	(8,658)	0
4	391-OFFICE FURN & EQUIP - ACQ ADJ	GENLPIS	(454,710)	(349,577)	0	(105,134)	(11,723)	(37,415)	0
5	392-TRANSP EQUIP - ACQ ADJ	GENLPIS	187,860	144,424	0	43,435	4,843	15,458	0
6	393-STORES EQUIPMENT - ACQ ADJ	GENLPIS	(6,430)	(4,943)	0	(1,487)	(166)	(529)	0
7	394-TOOLS, SHOP, & GAR EQ - ACQ A	GENLPIS	(136,469)	(104,916)	0	(31,553)	(3,518)	(11,229)	0
8	395-LABORATORY EQUIP - ACQ ADJ	GENLPIS	(39,240)	(30,167)	0	(9,073)	(1,012)	(3,229)	0
9	396-POWER OPER EQUIP - ACQ ADJ	GENLPIS	(28,962)	(22,266)	0	(6,696)	(747)	(2,383)	0
10	397-COMMUNICATION EQUIP - ACQ A	GENLPIS	(77,071)	(59,251)	0	(17,820)	(1,987)	(6,342)	0
11	398-MISCELLANEOUS EQUIP - ACQ A	GENLPIS	(5,545)	(4,263)	0	(1,282)	(143)	(456)	0
12	TOTAL GENERAL PLANT RESERVE		$8,699,184	$6,687,840	$0	$2,011,344	$224,274	$715,797	$0
13									
14	TOTAL RESERVE FOR DEPRECIATION		$257,176,488	$243,831,081	$0	$13,345,406	$224,274	$8,942,112	$0
15									
16	NET PLANT IN SERVICE		$344,599,243	$325,555,960	$0	$19,043,284	$353,286	$82,398,589	$0
17									
18									
19	ADDITIONS & DEDUCTIONS TO RATE BASE								
20									
21	DEFERRED TAXES AND TAX CREDITS								
22	PRODUCTION	PRODPIS	$0	$0	$0	$0	$0	$0	$0
23	TRANSMISSION	TRANPIS	0	0	0	0	0	0	0
24	DISTRIBUTION	DISTPIS	0	0	0	0	0	0	0
25	GENERAL	GENLPIS	(3,012,192)	(2,315,741)	0	(696,451)	(77,658)	(247,853)	0
26	TOTAL DEF. TAXES AND TAX CREDITS		($3,012,192)	($2,315,741)	$0	($696,451)	($77,658)	($247,853)	$0
27									
28	WORKING CAPITAL								
29	CASH WORKING CAPITAL	TOTPIS	($3,390,766)	($3,208,269)	$0	($182,497)	($3,254)	($514,668)	$0
30	MATERIALS & SUPPLIES	TOTPIS	8,261,763	7,817,099	0	444,663	7,929	1,254,014	0
31	FUEL RELATED	EFUEL	0	0	0	0	0	0	0
32	PREPAYMENTS	TOTPIS	634,351	600,209	0	34,142	609	96,285	0
33	TOTAL CASH WORKING CAPITAL		$5,505,348	$5,209,040	$0	$296,308	$5,284	$835,631	$0
34	CIAC & AMORT	DISTPIS	0	0	0	0	0	0	0
35	CUSTOMER ADVANCES	DISTPIS	(15,080,400)	(14,081,607)	0	(998,793)	0	0	0
36	CUSTOMER DEPOSITS	DDEPOS	(4,064,671)	0	0	(4,064,671)	0	0	0
37	TOTAL CASH WORKING CAPITAL		($13,639,723)	($8,872,567)	$0	($4,767,156)	$5,284	$835,631	$0
38									
39	TOTAL RATE BASE		$327,947,328	$314,367,651	$0	$13,579,677	$280,912	$82,986,367	$0
40									
41									
42									
43									

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
44											
45											
1	GENERAL PLANT RESERVE CONTINUED										
2	389-LAND & LAND RIGHTS - ACQ ADJ	GENLPIS	$0	$0	$0	$0	$0	$0	$0	$0	$0
3	390-STRUCT & IMPROVE - ACQ ADJ	GENLPIS	(7,755)	(49,787)	(11,977)	(1,676)	(6,687)	(824)	(11,163)	(2,006)	(1,971)
4	391-OFFICE FURN & EQUIP - ACQ ADJ	GENLPIS	(33,514)	(215,163)	(51,762)	(7,244)	(28,901)	(3,562)	(48,241)	(8,671)	(8,516)
5	392-TRANSP EQUIP - ACQ ADJ	GENLPIS	13,846	88,893	21,385	2,993	11,940	1,472	19,930	3,582	3,518
6	393-STORES EQUIPMENT - ACQ ADJ	GENLPIS	(474)	(3,043)	(732)	(102)	(409)	(50)	(682)	(123)	(120)
7	394-TOOLS, SHOP, & GAR EQ - ACQ AI	GENLPIS	(10,058)	(64,575)	(15,535)	(2,174)	(8,674)	(1,069)	(14,478)	(2,602)	(2,556)
8	395-LABORATORY EQUIP - ACQ ADJ	GENLPIS	(2,892)	(18,568)	(4,467)	(625)	(2,494)	(307)	(4,163)	(748)	(735)
9	396-POWER OPER EQUIP - ACQ ADJ	GENLPIS	(2,135)	(13,704)	(3,297)	(461)	(1,841)	(227)	(3,073)	(552)	(542)
10	397-COMMUNICATION EQUIP - ACQ AI	GENLPIS	(5,680)	(36,469)	(8,773)	(1,228)	(4,898)	(604)	(8,177)	(1,470)	(1,443)
11	398-MISCELLANEOUS EQUIP - ACQ AI	GENLPIS	(409)	(2,624)	(631)	(88)	(352)	(43)	(588)	(106)	(104)
12	TOTAL GENERAL PLANT RESERVE		$641,169	$4,116,332	$990,268	$138,580	$552,904	$68,147	$922,915	$165,878	$162,920
13											
14	TOTAL RESERVE FOR DEPRECIATION		$33,544,845	$175,332,466	$25,787,385	$7,494,531	$2,208,584	$68,147	$922,915	$165,878	$2,485,352
15											
16	NET PLANT IN SERVICE		$47,163,843	$152,633,198	$43,007,043	$6,912,307	$7,337,724	$107,349	$1,453,812	$261,297	$2,970,795
17											
18											
19	ADDITIONS & DEDUCTIONS TO RATE BASE										
20											
21	DEFERRED TAXES AND TAX CREDITS										
22	PRODUCTION	PRODPIS	$0	$0	$0	$0	$0	$0	$0	$0	$0
23	TRANSMISSION	TRANPIS	0	0	0	0	0	0	0	0	0
24	DISTRIBUTION	DISTPIS	0	0	0	0	0	0	0	0	0
25	GENERAL	GENLPIS	(222,012)	(1,425,327)	(342,892)	(47,985)	(191,450)	(23,597)	(319,570)	(57,437)	(56,413)
26	TOTAL DEF. TAXES AND TAX CREDITS		($222,012)	($1,425,327)	($342,892)	($47,985)	($191,450)	($23,597)	($319,570)	($57,437)	($56,413)
27											
28	WORKING CAPITAL										
29	CASH WORKING CAPITAL	TOTPIS	($454,761)	($1,847,956)	($387,629)	($81,177)	($53,790)	($989)	($13,392)	($2,407)	($30,743)
30	MATERIALS & SUPPLIES	TOTPIS	1,108,047	4,502,632	944,477	197,791	131,061	2,409	32,630	5,865	74,907
31	FUEL RELATED	EFUEL	0	0	0	0	0	0	0	0	0
32	PREPAYMENTS	TOTPIS	85,078	345,719	72,518	15,187	10,063	185	2,505	450	5,751
33	TOTAL CASH WORKING CAPITAL		$738,364	$3,000,395	$629,366	$131,801	$87,334	$1,606	$21,743	$3,908	$49,916
34	CIAC & AMORT	DISTPIS	0	0	0	0	0	0	0	0	0
35	CUSTOMER ADVANCES	DISTPIS	0	(11,649,900)	(2,431,707)	(515,749)	(298,160)	0	0	0	(184,884)
36	CUSTOMER DEPOSITS	DDEPOS	0	0	0	0	0	(4,064,671)	0	0	0
37	TOTAL CASH WORKING CAPITAL		$738,364	($8,649,505)	($1,802,341)	($383,948)	($210,826)	($4,063,065)	$21,743	$3,908	($134,969)
38											
39	TOTAL RATE BASE		$47,680,195	$142,558,366	$40,861,811	$6,480,374	$6,935,448	($3,979,313)	$1,155,986	$207,768	$2,779,414
40											
41											
42											
43											

OPERATING REVENUES

			TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
1	SALES REVENUES								
2	SALES OF ELECTRICITY		$159,280,447	49,967,944	98,858,351	8,019,214	(657,831)	7,771,742	(1,217,469)
3	SALES FOR RESALE	TOTPIS	(0)	(0)	0	(0)	(0)	(0)	0
4	TOTAL SALES REVENUE		159,280,446	49,967,944	98,858,351	8,019,214	(657,831)	7,771,742	(1,217,469)
5									
6	OTHER OPERATING REVENUES								
7	450-LATE FEES	SALESREV	0	0	0	0	0	0	0
8	451-MISCELLANEOUS SERVICE REV	SALESREV	1,220,716	1,220,716	1,220,716	1,220,716	1,220,716	1,220,716	1,220,716
9	454-RENT FROM ELECT PROPERTY	SALESREV	428,014	134,273	265,650	21,549	(1,768)	20,884	(3,272)
10	456-OTHER ELECTRIC REVENUES	SALESREV	(3,111)	(976)	(1,931)	(157)	13	(152)	24
11	TOTAL OTHER OPERATING REV		1,645,619	1,354,013	1,484,435	1,242,109	1,218,962	1,241,449	1,217,469
12									
13	TOTAL OPERATING REVENUES		$160,926,066	$51,321,957	$100,342,786	$9,261,323	$561,131	$9,013,191	$0

OPERATING REVENUES

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
1	SALES REVENUES										
2	SALES OF ELECTRICITY		4,815,249	27,313,879	5,855,031	(50,910)	947,712	(387,830)	3,121,071	(854,930)	(843,241)
3	SALES FOR RESALE	TOTPIS	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
4	TOTAL SALES REVENUE		4,815,249	27,313,878	5,855,031	(50,910)	947,712	(387,830)	3,121,071	(854,930)	(843,241)
5											
6	OTHER OPERATING REVENUES										
7	450-LATE FEES	SALESREV	0	0	0	0	0	0	0	0	0
8	451-MISCELLANEOUS SERVICE REV	SALESREV	1,220,716	1,220,716	1,220,716	1,220,716	1,220,716	1,220,716	1,220,716	1,220,716	1,220,716
9	454-RENT FROM ELECT PROPERTY	SALESREV	12,939	73,397	15,733	(137)	2,547	(1,042)	8,387	(2,297)	(2,266)
10	456-OTHER ELECTRIC REVENUES	SALESREV	(94)	(534)	(114)	1	(19)	8	(61)	17	16
11	TOTAL OTHER OPERATING REV		1,233,562	1,293,580	1,236,336	1,220,581	1,223,245	1,219,682	1,229,042	1,218,436	1,218,467
12											
13	TOTAL OPERATING REVENUES		$6,048,811	$28,607,458	$7,091,367	$1,169,670	$2,170,956	$831,851	$4,350,114	$363,506	$375,226

OPERATION & MAINTENANCE EXPENSE

		TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
POWER PRODUCTION EXPENSE								
OTHER POWER GENERATION								
OPERATION								
546-SUPERVISION & ENGINEERING	DPROD	$77,527	$77,527	$0	$0	$77,527	$0	$0
547-FUEL	EFUEL	7,621,714	0	7,621,714	0	0	0	0
548-GENERATION EXPENSES	PRODPIS	37,023	37,023	0	0	0	37,023	0
549-MISC OTH POWER GEN EXP	PRODPIS	116,207	116,207	0	0	0	116,207	0
550-RENTS	PRODPIS	144,000	144,000	0	0	0	144,000	0
550.1-OPER SUPPLIES & EXP	PRODPIS	0	0	0	0	0	0	0
TOTAL OPERATION EXPENSE		7,996,471	374,757	7,621,714	0	77,527	297,230	0
MAINTENANCE								
551-SUPERVISION & ENGINEER	LAB55254	0	0	0	0	0	0	0
552-STRUCTURES	PRODPIS	0	0	0	0	0	0	0
553-GENERATING & ELECT PLT	PRODPIS	674,009	674,009	0	0	0	674,009	0
554-MISC OTH POWER GEN PLT	PRODPIS	106,485	106,485	0	0	0	106,485	0
BLANK	PRODPIS	0	0	0	0	0	0	0
TOTAL MAINTENANCE EXPENSE		780,494	780,494	0	0	0	780,494	0
TOT OTH POWER GENERATION EXP		$8,776,966	$1,155,252	$7,621,714	$0	$77,527	$1,077,724	$0
OTHER POWER SUPPLY EXPENSES								
555-PURCHASED POWER								
DEMAND CHARGES	DPROD	0	0	0	0	0	0	0
ENERGY CHARGES	EFUEL	84,638,076	0	84,638,076	0	0	0	0
ENERGY CHARGES	EFUEL	0	0	0	0	0	0	0
OTHER CHARGES	EPROD	0	0	0	0	0	0	0
TOTAL PURCHASED POWER		84,638,076	0	84,638,076	0	0	0	0
556-SYS CONTRL & LOAD DISP	DPROD	3,220	3,220	0	0	3,220	0	0
557-OTHER EXPENSES	DPROD	224,398	224,398	0	0	224,398	0	0
TOTAL OTHER POWER SUPPLY EXP		$84,865,693	$227,618	$84,638,076	$0	$227,618	$0	$0
TOTAL POWER PRODUCTION EXP		$93,642,659	$1,382,870	$92,259,789	$0	$305,145	$1,077,724	$0

OPERATION & MAINTENANCE EXPENSE

		CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
44										
45										
1 POWER PRODUCTION EXPENSE										
2 OTHER POWER GENERATION										
3 OPERATION										
4 546-SUPERVISION & ENGINEERING	DPROD	$0	$0	$0	$0	$0	$0	$0	$0	$0
5 547-FUEL	EFUEL	0	0	0	0	0	0	0	0	0
6 548-GENERATION EXPENSES	PRODPIS	0	0	0	0	0	0	0	0	0
7 549-MISC OTH POWER GEN EXP	PRODPIS	0	0	0	0	0	0	0	0	0
8 550-RENTS	PRODPIS	0	0	0	0	0	0	0	0	0
9 550.1-OPER SUPPLIES & EXP	PRODPIS	0	0	0	0	0	0	0	0	0
10 TOTAL OPERATION EXPENSE		0	0	0	0	0	0	0	0	0
11 MAINTENANCE										
12 551-SUPERVISION & ENGINEER	LAB55254	0	0	0	0	0	0	0	0	0
13 552-STRUCTURES	PRODPIS	0	0	0	0	0	0	0	0	0
14 553-GENERATING & ELECT PLT	PRODPIS	0	0	0	0	0	0	0	0	0
15 554-MISC OTH POWER GEN PLT	PRODPIS	0	0	0	0	0	0	0	0	0
16 BLANK	PRODPIS	0	0	0	0	0	0	0	0	0
17 TOTAL MAINTENANCE EXPENSE		0	0	0	0	0	0	0	0	0
18 TOT OTH POWER GENERATION EXP		$0	$0	$0	$0	$0	$0	$0	$0	$0
19										
20 OTHER POWER SUPPLY EXPENSES										
21 555-PURCHASED POWER										
22 DEMAND CHARGES	DPROD	0	0	0	0	0	0	0	0	0
23 ENERGY CHARGES	EFUEL	0	0	0	0	0	0	0	0	0
24 ENERGY CHARGES	EFUEL	0	0	0	0	0	0	0	0	0
25 OTHER CHARGES	EPROD	0	0	0	0	0	0	0	0	0
26 TOTAL PURCHASED POWER		0	0	0	0	0	0	0	0	0
27 556-SYS CONTRL & LOAD DISP	DPROD	0	0	0	0	0	0	0	0	0
28 557-OTHER EXPENSES	DPROD	0	0	0	0	0	0	0	0	0
29 TOTAL OTHER POWER SUPPLY EXP		$0	$0	$0	$0	$0	$0	$0	$0	$0
30										
31										
32										
33										
34										
35										
36										
37										
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39										
40 TOTAL POWER PRODUCTION EXP		$0	$0	$0	$0	$0	$0	$0	$0	$0
41										
42										
43										

			TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
44									
45									
	OPERATION & MAINTENANCE EXPENSE								
1	TRANSMISSION EXPENSES								
2	OPERATION								
3	560-SUPERVISION & ENGINEER	TRANPIS	$0	$0	$0	$0	$0	$0	$0
4	561-LOAD DISPATCHING	TRANPIS	6,095	6,095	0	0	0	0	0
5	562-STATION EXPENSES	TRANPIS	33,073	33,073	0	0	0	0	0
6	563-OVERHEAD LINE EXPENSES	TRANPIS	26,672	26,672	0	0	0	0	0
7	564-UNDERGROUND LINE EXP	TRANPIS	15,619	15,619	0	0	0	0	0
8	565-TRANSM ELECT BY OTHERS	EFUEL	8,082,997	0	8,082,997	0	0	0	0
9	566-MISCELLANEOUS TRNSM EXP	TRANPIS	100,085	100,085	0	0	0	0	0
10	567-RENTS	TRANPIS	27,940	27,940	0	0	0	0	0
11	565-TRANSM ELECT BY OTHERS	EFUEL	0	0	0	0	0	0	0
12	TOTAL OPERATION EXPENSE		8,292,481	209,484	8,082,997	0	0	0	0
13	MAINTENANCE								
14	568-SUPERVISION & ENGINEER	LAB56973	0	0	0	0	0	0	0
15	569-STRUCTURES	TRANPIS	0	0	0	0	0	0	0
16	570-STATION EQUIPMENT	TRANPIS	22,997	22,997	0	0	0	0	0
17	571-OVERHEAD LINES	TRANPIS	37,340	37,340	0	0	0	0	0
18	572-MAINT OF UNDRGRND LINES	TRANPIS	23	23	0	0	0	0	0
19	573-MAINT MISC TRANSM PLT	TRANPIS	0	0	0	0	0	0	0
20	TOTAL MAINTENANCE EXPENSE		60,360	60,360	0	0	0	0	0
21	TOTAL TRANSMISSION EXPENSES		$8,352,841	$269,844	$8,082,997	$0	$0	$0	$0
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			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
44											
45											
	OPERATION & MAINTENANCE EXPENSE										
1	TRANSMISSION EXPENSES										
2	OPERATION										
3	560-SUPERVISION & ENGINEER	TRANPIS	$0	$0	$0	$0	$0	$0	$0	$0	$0
4	561-LOAD DISPATCHING	TRANPIS	6,095	0	0	0	0	0	0	0	0
5	562-STATION EXPENSES	TRANPIS	33,073	0	0	0	0	0	0	0	0
6	563-OVERHEAD LINE EXPENSES	TRANPIS	26,672	0	0	0	0	0	0	0	0
7	564-UNDERGROUND LINE EXP	TRANPIS	15,619	0	0	0	0	0	0	0	0
8	565-TRANSM ELECT BY OTHERS	EFUEL	0	0	0	0	0	0	0	0	0
9	566-MISCELLANEOUS TRNSM EXP	TRANPIS	100,085	0	0	0	0	0	0	0	0
10	567-RENTS	TRANPIS	27,940	0	0	0	0	0	0	0	0
11	565-TRANSM ELECT BY OTHERS	EFUEL	0	0	0	0	0	0	0	0	0
12	TOTAL OPERATION EXPENSE		209,484	0	0	0	0	0	0	0	0
13	MAINTENANCE										
14	568-SUPERVISION & ENGINEER	LAB56973	0	0	0	0	0	0	0	0	0
15	569-STRUCTURES	TRANPIS	0	0	0	0	0	0	0	0	0
16	570-STATION EQUIPMENT	TRANPIS	22,997	0	0	0	0	0	0	0	0
17	571-OVERHEAD LINES	TRANPIS	37,340	0	0	0	0	0	0	0	0
18	572-MAINT OF UNDRGRND LINES	TRANPIS	23	0	0	0	0	0	0	0	0
19	573-MAINT MISC TRANSM PLT	TRANPIS	0	0	0	0	0	0	0	0	0
20	TOTAL MAINTENANCE EXPENSE		60,360	0	0	0	0	0	0	0	0
21	TOTAL TRANSMISSION EXPENSES		$269,844	$0	$0	$0	$0	$0	$0	$0	$0
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OPERATION & MAINTENANCE EXPENSE CONTINUED

		TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
DISTRIBUTION EXPENSES								
OPERATION								
580-SUPERVISION & ENGINEER	LAB58189	$423,430	$268,825	$0	$154,605	$0	$0	$0
581-LOAD DISPATCHING	DISTPIS	582,583	543,997	0	38,585	0	0	0
582-STATION EXPENSES	PLTDSUB	74,790	74,790	0	0	0	0	0
583-OVERHEAD LINE EXPENSES	PLTDOHL	499,849	499,849	0	0	0	0	0
584-UNDERGROUND LINE EXP	PLTDUGL	490,312	490,312	0	0	0	0	0
585-STREET LIGHT & SIGNAL	PLT373	1,894	0	0	1,894	0	0	0
586-METER EXPENSES	PLT370	778,885	0	0	778,885	0	0	0
587-CUST INSTALLATIONS EXP	DISTPIS	35,827	33,454	0	2,373	0	0	0
588-MISC DISTRIBUTION EXP	DISTPIS	1,097,758	1,025,052	0	72,706	0	0	0
589-RENTS	DISTPIS	83,088	77,585	0	5,503	0	0	0
TOTAL OPERATION EXPENSE		4,068,416	3,013,865	0	1,054,551	0	0	0
MAINTENANCE								
590-SUPERVISION & ENGINEER	LAB59198	0	0	0	0	0	0	0
591-STRUCTURES	PLT361	0	0	0	0	0	0	0
592-STATION EQUIPMENT	PLT362	734,286	734,286	0	0	0	0	0
593-OVERHEAD LINES	DISTSUB	763,922	763,922	0	0	0	0	0
594-UNDERGROUND LINES	PLTDUGL	108,736	108,736	0	0	0	0	0
595-LINE TRANSFORMERS	PLT368	104,881	104,881	0	0	0	0	0
596-STREET LIGHT & SIGNAL	PLT373	315,846	0	0	315,846	0	0	0
597-METERS	PLT370	614	0	0	614	0	0	0
598-MISC DISTRIBUTION PLANT	DISTPIS	15,555	14,525	0	1,030	0	0	0
BLANK	SALESREV	0	0	0	0	0	0	0
TOTAL MAINTENANCE EXPENSE		2,043,840	1,726,350	0	317,490	0	0	0
TOTAL DISTRIBUTION EXPENSES		$6,112,256	$4,740,215	$0	$1,372,041	$0	$0	$0

OPERATION & MAINTENANCE EXPENSE CONTINUED

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
1	DISTRIBUTION EXPENSES										
2	OPERATION										
3	580-SUPERVISION & ENGINEER	LAB58189	$0	$164,155	$104,670	$4,696	$147,939	$0	$0	$0	$1,971
4	581-LOAD DISPATCHING	DISTPIS	0	450,056	93,941	19,924	11,518	0	0	0	7,142
5	582-STATION EXPENSES	PLTDSUB	0	74,790	0	0	0	0	0	0	0
6	583-OVERHEAD LINE EXPENSES	PLTDOHL	0	499,849	0	0	0	0	0	0	0
7	584-UNDERGROUND LINE EXP	PLTDUGL	0	0	490,312	0	0	0	0	0	0
8	585-STREET LIGHT & SIGNAL	PLT373	0	0	0	0	0	0	0	0	1,894
9	586-METER EXPENSES	PLT370	0	0	0	0	778,885	0	0	0	0
10	587-CUST INSTALLATIONS EXP	DISTPIS	0	27,677	5,777	1,225	708	0	0	0	439
11	588-MISC DISTRIBUTION EXP	DISTPIS	0	848,039	177,013	37,543	21,704	0	0	0	13,458
12	589-RENTS	DISTPIS	0	64,187	13,398	2,842	1,643	0	0	0	1,019
13	TOTAL OPERATION EXPENSE		0	2,128,753	885,111	66,230	962,398	0	0	0	25,923
14	MAINTENANCE										
15	590-SUPERVISION & ENGINEER	LAB59198	0	0	0	0	0	0	0	0	0
16	591-STRUCTURES	PLT361	0	0	0	0	0	0	0	0	0
17	592-STATION EQUIPMENT	PLT362	0	734,286	0	0	0	0	0	0	0
18	593-OVERHEAD LINES	DISTSUB	0	763,922	0	0	0	0	0	0	0
19	594-UNDERGROUND LINES	PLTDUGL	0	0	108,736	0	0	0	0	0	0
20	595-LINE TRANSFORMERS	PLT368	0	104,881	0	0	0	0	0	0	0
21	596-STREET LIGHT & SIGNAL	PLT373	0	0	0	0	0	0	0	0	315,846
22	597-METERS	PLT370	0	0	0	0	614	0	0	0	0
23	598-MISC DISTRIBUTION PLANT	DISTPIS	0	12,017	2,508	532	308	0	0	0	191
24	BLANK	SALESREV	0	0	0	0	0	0	0	0	0
25	TOTAL MAINTENANCE EXPENSE		0	1,615,106	111,244	532	922	0	0	0	316,036
26	TOTAL DISTRIBUTION EXPENSES		$0	$3,743,859	$996,355	$66,762	$963,319	$0	$0	$0	$341,960

		TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
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	OPERATION & MAINTENANCE EXPENSE CONTINUED							
1	CUSTOMER ACCOUNTS EXPENSES							
2	901-SUPERVISION	LAB90205	$260,950	$0	$0	$260,950	$0	$0	$0
3	902-METER READING EXPENSE	CMETRDG	915,625	0	0	915,625	0	0	0
4	903-CUST RECORDS & COLL EXP	CBILLCOL	3,070,993	0	0	3,070,993	0	0	0
5	904-UNCOLLECTIBLE ACCOUNTS	DISTPIS	764,063	713,458	0	50,605	0	0	0
6	905-MISC CUST ACCTS EXP	CUST	39,451	0	0	39,451	0	0	0
7	TOTAL CUSTOMER ACCTS EXPENSE		$5,051,083	$713,458	$0	$4,337,624	$0	$0	$0
8									
9	CUSTOMER SERVICE & INFO EXP								
10	431-CUSTOMER DEPOSIT INTEREST	DISTPIS	$14,499	$13,539	$0	$960	$0	$0	$0
11	908-CUSTOMER ASSISTANCE EXP	CINFO	94,671	0	0	94,671	0	0	0
12	909-INFO & INSTRUCT EXP	CINFO	49,423	0	0	49,423	0	0	0
13	910-MISC CUST SERV & INFO EX	CINFO	31,336	0	0	31,336	0	0	0
14	TOTAL CUST SERVICE & INFO EXP		$189,930	$13,539	$0	$176,391	$0	$0	$0
15									
16	SALES EXPENSES								
17	911-SUPERVISION	LAB91217	$0	$0	$0	$0	$0	$0	$0
18	912-DEMONSTRATING & SELLING	CUST	0	0	0	0	0	0	0
19	913-ADVERTISING EXPENSE								
20	SAFETY	CUST	0	0	0	0	0	0	0
21	DSM	CDSM	0	0	0	0	0	0	0
22	ENVIRONMENTAL	CENVIRON	0	0	0	0	0	0	0
23	OTHER	CUST	0	0	0	0	0	0	0
24	TOTAL ACCOUNT 913		0	0	0	0	0	0	0
25	914-MISCELLANEOUS SALES EXP	CUST	0	0	0	0	0	0	0
26	TOTAL SALES EXPENSES		$0	$0	$0	$0	$0	$0	$0
27									
28	TOTAL OPER & MAINT EXCL A&G		$113,348,768	$7,119,925	$100,342,786	$5,886,056	$305,145	$1,077,724	$0
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			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
44											
45											
	OPERATION & MAINTENANCE EXPENSE CONTINUED										
1	CUSTOMER ACCOUNTS EXPENSES										
2	901-SUPERVISION	LAB90205	$0	$0	$0	$0	$0	$17,635	$238,825	$0	$4,490
3	902-METER READING EXPENSE	CMETRDG	0	0	0	0	0	915,625	0	0	0
4	903-CUST RECORDS & COLL EXP	CBILLCOL	0	0	0	0	0	0	3,070,993	0	0
5	904-UNCOLLECTIBLE ACCOUNTS	DISTPIS	0	590,254	123,205	26,131	15,107	0	0	0	9,367
6	905-MISC CUST ACCTS EXP	CUST	0	0	0	0	0	0	0	0	39,451
7	TOTAL CUSTOMER ACCTS EXPENSE		$0	$590,254	$123,205	$26,131	$15,107	$933,260	$3,309,819	$0	$53,308
8											
9	CUSTOMER SERVICE & INFO EXP										
10	431-CUSTOMER DEPOSIT INTEREST	DISTPIS	$0	$11,201	$2,338	$496	$287	$0	$0	$0	$178
11	908-CUSTOMER ASSISTANCE EXP	CINFO	0	0	0	0	0	0	0	94,671	0
12	909-INFO & INSTRUCT EXP	CINFO	0	0	0	0	0	0	0	49,423	0
13	910-MISC CUST SERV & INFO EX	CINFO	0	0	0	0	0	0	0	31,336	0
14	TOTAL CUST SERVICE & INFO EXP		$0	$11,201	$2,338	$496	$287	$0	$0	$175,431	$178
15											
16	SALES EXPENSES										
17	911-SUPERVISION	LAB91217	$0	$0	$0	$0	$0	$0	$0	$0	$0
18	912-DEMONSTRATING & SELLING	CUST	0	0	0	0	0	0	0	0	0
19	913-ADVERTISING EXPENSE										
20	SAFETY	CUST	0	0	0	0	0	0	0	0	0
21	DSM	CDSM	0	0	0	0	0	0	0	0	0
22	ENVIRONMENTAL	CENVIRON	0	0	0	0	0	0	0	0	0
23	OTHER	CUST	0	0	0	0	0	0	0	0	0
24	TOTAL ACCOUNT 913		0	0	0	0	0	0	0	0	0
25	914-MISCELLANEOUS SALES EXP	CUST	0	0	0	0	0	0	0	0	0
26	TOTAL SALES EXPENSES		$0	$0	$0	$0	$0	$0	$0	$0	$0
27											
28	TOTAL OPER & MAINT EXCL A&G		$269,844	$4,345,314	$1,121,898	$93,389	$978,713	$933,260	$3,309,819	$175,431	$395,446
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OPERATION & MAINTENANCE EXPENSE CONTINUED

		TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
ADMINISTRATIVE & GENERAL EXP								
OPERATION								
920-ADMIN & GEN SALARIES	LABXAG	$3,103,362	$2,280,591	$0	$822,771	$93,903	$109,543	$0
921-OFFICE SUPPLIES & EXP	LABXAG	978,916	719,383	0	259,533	29,621	34,554	0
922-ADMIN EXP TRANSF-CREDIT	LABXAG	(1,004,502)	(738,186)	0	(266,316)	(30,395)	(35,457)	0
923-OUTSIDE SERVICES EMPLOY	LABXAG	1,218,155	895,195	0	322,960	36,860	42,999	0
924-PROPERTY INSURANCE								
PRODUCTION RELATED	PRODPIS	0	0	0	0	0	0	0
TRANSMISSION RELATED	TRANPIS	0	0	0	0	0	0	0
DISTRIBUTION RELATED	DISTPIS	137,277	128,185	0	9,092	0	0	0
OTHER	TOTPIS	0	0	0	0	0	0	0
925-INJURIES & DAMAGES	LABXAG	527,714	387,805	0	139,909	15,968	18,627	0
926-EMPLOYEE PENSNS & BENE	LABXAG	2,068,341	1,519,977	0	548,364	62,585	73,009	0
927-FRANCHISE REQUIREMENTS	TOTPIS	0	0	0	0	0	0	0
928-REGULATORY COMMISSION EXP	TOTPIS	197,223	186,608	0	10,615	189	29,936	0
929-DUPLICATE CHARGES-CR.	TOTPIS	(86,769)	(82,099)	0	(4,670)	(83)	(13,170)	0
930-GENERL ADVERTISING EX	TOTPIS	360,936	341,510	0	19,426	346	54,785	0
931-RENTS	TOTPIS	57,417	54,326	0	3,090	55	8,715	0
933-TRANSPORTATION EXPT	TOTPIS	0	0	0	0	0	0	0
TOTAL OPERATION EXPENSE		7,558,071	5,693,297	0	1,864,774	209,049	323,540	0
MAINTENANCE								
935-MAINT OF GENERAL PLANT	GENLPIS	20,026	15,396	0	4,630	516	1,648	0
TOTAL ADMIN & GENERAL EXPENSE		7,578,097	5,708,693	0	1,869,404	209,565	325,187	0
PAYROLL EXPENSE ADJUSTMENT	LABXAG	0	0	0	0	0	0	0
TOTAL OPERATION & MAINT EXP		120,926,865	12,828,618	100,342,786	7,755,460	514,710	1,402,912	0

OPERATION & MAINTENANCE EXPENSE CONTINUED

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
1	ADMINISTRATIVE & GENERAL EXP										
2	OPERATION										
3	920-ADMIN & GEN SALARIES	LABXAG	$212,165	$1,497,525	$367,455	$48,019	$225,716	$28,533	$386,422	$69,453	$64,628
4	921-OFFICE SUPPLIES & EXP	LABXAG	66,925	472,375	115,909	15,147	71,199	9,000	121,892	21,908	20,386
5	922-ADMIN EXP TRANSF-CREDIT	LABXAG	(68,674)	(484,722)	(118,939)	(15,543)	(73,060)	(9,236)	(125,078)	(22,481)	(20,919)
6	923-OUTSIDE SERVICES EMPLOY	LABXAG	83,281	587,820	144,236	18,849	88,600	11,200	151,681	27,262	25,368
7	924-PROPERTY INSURANCE										
8	PRODUCTION RELATED	PRODPIS	0	0	0	0	0	0	0	0	0
9	TRANSMISSION RELATED	TRANPIS	0	0	0	0	0	0	0	0	0
10	DISTRIBUTION RELATED	DISTPIS	0	106,049	22,136	4,695	2,714	0	0	0	1,683
11	OTHER	TOTPIS	0	0	0	0	0	0	0	0	0
12											
13	925-INJURIES & DAMAGES	LABXAG	36,078	254,648	62,484	8,165	38,382	4,852	65,710	11,810	10,990
14	926-EMPLOYEE PENSNS & BENE	LABXAG	141,404	998,077	244,903	32,004	150,436	19,017	257,544	46,289	43,073
15	927-FRANCHISE REQUIREMENTS	TOTPIS	0	0	0	0	0	0	0	0	0
16	928-REGULATORY COMMISSION EXP	TOTPIS	26,451	107,486	22,546	4,722	3,129	58	779	140	1,788
17	929-DUPLICATE CHARGES-CR.	TOTPIS	(11,637)	(47,289)	(9,919)	(2,077)	(1,376)	(25)	(343)	(62)	(787)
18	930-GENERL ADVERTISING EX	TOTPIS	48,408	196,709	41,262	8,641	5,726	105	1,426	256	3,273
19	931-RENTS	TOTPIS	7,701	31,292	6,564	1,375	911	17	227	41	521
20	933-TRANSPORTATION EXPT	TOTPIS	0	0	0	0	0	0	0	0	0
21	TOTAL OPERATION EXPENSE		542,101	3,719,971	898,637	123,996	512,377	63,521	860,260	154,617	150,004
22	MAINTENANCE										
23	935-MAINT OF GENERAL PLANT	GENLPIS	1,476	9,476	2,280	319	1,273	157	2,125	382	375
24	TOTAL ADMIN & GENERAL EXPENSE		543,577	3,729,447	900,917	124,315	513,649	63,678	862,384	154,998	150,379
25	PAYROLL EXPENSE ADJUSTMENT	LABXAG	0	0	0	0	0	0	0	0	0
26	TOTAL OPERATION & MAINT EXP		813,421	8,074,760	2,022,815	217,704	1,492,362	996,937	4,172,203	330,429	545,825

			TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
44									
45									
	DEPRECIATION & AMORTIZATION EXPENSE								
1	DEPRECIATION EXPENSE								
2									
3	INTANGIBLE DEPREC EXP								
4	302-FRANCH & CONSENTS	PISXGENL	$20	$19	$0	$1	$0	$3	$0
5	303-MISC. INTANG PLT	PISXGENL	1,160,542	1,106,039	0	54,502	0	179,272	0
6	302-FRANCH & CONSENTS - ACQ ADJ	PISXGENL	(153)	(146)	0	(7)	0	(24)	0
7	303-MISC. INTANG PLT - ACQ ADJ	PISXGENL	(119,427)	(113,818)	0	(5,609)	0	(18,448)	0
8	TOTAL INTANGIBLE DEPREC EXPENSE		$1,040,982	$992,094	$0	$48,887	$0	$160,803	$0
9									
10	PRODUCTION DEPREC EXP								
11	340-LAND & LAND RIGHTS	PRODPIS	$0	$0	$0	$0	$0	$0	$0
12	341-STRUCT & IMPROVE	PRODPIS	32,914	32,914	0	0	0	32,914	0
13	342-FUEL HLD\, PROD, & ACC	PRODPIS	19,643	19,643	0	0	0	19,643	0
14	343-PRIME MOVERS	PRODPIS	308,783	308,783	0	0	0	308,783	0
15	344-GENERATORS	PRODPIS	96,843	96,843	0	0	0	96,843	0
16	345-ACCESSORY ELECT EQ	PRODPIS	53,906	53,906	0	0	0	53,906	0
17	346-MISC POWER PLT EQUIP	PRODPIS	28,904	28,904	0	0	0	28,904	0
18	340-LAND & LAND RIGHTS - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0
19	341-STRUCT & IMPROVE - ACQ ADJ	PRODPIS	62,280	62,280	0	0	0	62,280	0
20	342-FUEL HLD\, PROD, & ACC - ACQ AI	PRODPIS	2,241	2,241	0	0	0	2,241	0
21	343-PRIME MOVERS - ACQ ADJ	PRODPIS	(74,538)	(74,538)	0	0	0	(74,538)	0
22	344-GENERATORS - ACQ ADJ	PRODPIS	1,008,120	1,008,120	0	0	0	1,008,120	0
23	345-ACCESSORY ELECT EQ - ACQ AD.	PRODPIS	195,876	195,876	0	0	0	195,876	0
24	346-MISC POWER PLT EQUIP - ACQ AI	PRODPIS	244,160	244,160	0	0	0	244,160	0
25	TOTAL PRODUCTION DEPREC EXPENSE		$1,979,134	$1,979,134	$0	$0	$0	$1,979,134	$0
26									
27	TRANSMISSION DEPREC EXP								
28	350-LAND	TRANPIS	$3,823	$3,823	$0	$0	$0	$0	$0
29	352-STRUCTURES & IMPROV.	TRANPIS	13,625	13,625	0	0	0	0	0
30	353-STATION EQUIPMENT	TRANPIS	635,820	635,820	0	0	0	0	0
31	354-TOWERS & FIXTURES	TRANPIS	22,677	22,677	0	0	0	0	0
32	355-POLES & FIXTURES	TRANPIS	959,507	959,507	0	0	0	0	0
33	356-OVHD COND. & DEVICES	TRANPIS	369,804	369,804	0	0	0	0	0
34	358-UNDERGROUND CONDUCTORS &	TRANPIS	1,121	1,121	0	0	0	0	0
34	359-ROADS & TRAILS	TRANPIS	3,475	3,475	0	0	0	0	0
35	350-LAND - ACQ ADJ	TRANPIS	(1,898)	(1,898)	0	0	0	0	0
36	352-STRUCTURES & IMPROV.- ACQ AI	TRANPIS	(965)	(965)	0	0	0	0	0
37	353-STATION EQUIPMENT - ACQ ADJ	TRANPIS	(152,537)	(152,537)	0	0	0	0	0
38	354-TOWERS & FIXTURES - ACQ ADJ	TRANPIS	(9,443)	(9,443)	0	0	0	0	0
39	355-POLES & FIXTURES - ACQ ADJ	TRANPIS	(135,224)	(135,224)	0	0	0	0	0
40	356-OVHD COND. & DEVICES - ACQ AI	TRANPIS	(84,215)	(84,215)	0	0	0	0	0

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
44											
45											
	DEPRECIATION & AMORTIZATION EXPENSE										
1	DEPRECIATION EXPENSE										
2											
3	INTANGIBLE DEPREC EXP										
4	302-FRANCH & CONSENTS	PISXGENL	$3	$11	$2	$0	$0	$0	$0	$0	$0
5	303-MISC. INTANG PLT	PISXGENL	158,360	635,714	132,694	28,143	16,270	0	0	0	10,089
6	302-FRANCH & CONSENTS - ACQ ADJ	PISXGENL	(21)	(84)	(18)	(4)	(2)	0	0	0	(1)
7	303-MISC. INTANG PLT - ACQ ADJ	PISXGENL	(16,296)	(65,419)	(13,655)	(2,896)	(1,674)	0	0	0	(1,038)
8	TOTAL INTANGIBLE DEPREC EXPENSE		$142,046	$570,222	$119,024	$25,244	$14,594	$0	$0	$0	$9,049
9											
10	PRODUCTION DEPREC EXP										
11	340-LAND & LAND RIGHTS	PRODPIS	$0	$0	$0	$0	$0	$0	$0	$0	$0
12	341-STRUCT & IMPROVE	PRODPIS	0	0	0	0	0	0	0	0	0
13	342-FUEL HLD\, PROD, & ACC	PRODPIS	0	0	0	0	0	0	0	0	0
14	343-PRIME MOVERS	PRODPIS	0	0	0	0	0	0	0	0	0
15	344-GENERATORS	PRODPIS	0	0	0	0	0	0	0	0	0
16	345-ACCESSORY ELECT EQ	PRODPIS	0	0	0	0	0	0	0	0	0
17	346-MISC POWER PLT EQUIP	PRODPIS	0	0	0	0	0	0	0	0	0
18	340-LAND & LAND RIGHTS - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0	0	0
19	341-STRUCT & IMPROVE - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0	0	0
20	342-FUEL HLD\, PROD, & ACC - ACQ AI	PRODPIS	0	0	0	0	0	0	0	0	0
21	343-PRIME MOVERS - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0	0	0
22	344-GENERATORS - ACQ ADJ	PRODPIS	0	0	0	0	0	0	0	0	0
23	345-ACCESSORY ELECT EQ - ACQ AD.	PRODPIS	0	0	0	0	0	0	0	0	0
24	346-MISC POWER PLT EQUIP - ACQ AI	PRODPIS	0	0	0	0	0	0	0	0	0
25	TOTAL PRODUCTION DEPREC EXPENSE		$0	$0	$0	$0	$0	$0	$0	$0	$0
26											
27	TRANSMISSION DEPREC EXP										
28	350-LAND	TRANPIS	$3,823	$0	$0	$0	$0	$0	$0	$0	$0
29	352-STRUCTURES & IMPROV.	TRANPIS	13,625	0	0	0	0	0	0	0	0
30	353-STATION EQUIPMENT	TRANPIS	635,820	0	0	0	0	0	0	0	0
31	354-TOWERS & FIXTURES	TRANPIS	22,677	0	0	0	0	0	0	0	0
32	355-POLES & FIXTURES	TRANPIS	959,507	0	0	0	0	0	0	0	0
33	356-OVHD COND. & DEVICES	TRANPIS	369,804	0	0	0	0	0	0	0	0
34	358-UNDERGROUND CONDUCTORS &	TRANPIS	1,121	0	0	0	0	0	0	0	0
34	359-ROADS & TRAILS	TRANPIS	3,475	0	0	0	0	0	0	0	0
35	350-LAND - ACQ ADJ	TRANPIS	(1,898)	0	0	0	0	0	0	0	0
36	352-STRUCTURES & IMPROV.- ACQ AI	TRANPIS	(965)	0	0	0	0	0	0	0	0
37	353-STATION EQUIPMENT - ACQ ADJ	TRANPIS	(152,537)	0	0	0	0	0	0	0	0
38	354-TOWERS & FIXTURES - ACQ ADJ	TRANPIS	(9,443)	0	0	0	0	0	0	0	0
39	355-POLES & FIXTURES - ACQ ADJ	TRANPIS	(135,224)	0	0	0	0	0	0	0	0
40	356-OVHD COND. & DEVICES - ACQ AI	TRANPIS	(84,215)	0	0	0	0	0	0	0	0

			TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
41	358-UNDERGROUND DEVICES - ACQ A	TRANPIS	0	0	0	0	0	0	0
41	359-ROADS & TRAILS - ACQ ADJ	TRANPIS	(1,121)	(1,121)	0	0	0	0	0
42	TOTAL TRANSMISSION DEPREC EXPENSE		$1,624,450	$1,624,450	$0	$0	$0	$0	$0
43									
44									
45									
	DEPRECIATION & AMORTIZATION EXPENSE								
1	DISTRIBUTION DEPREC EXPENSE								
2	360-LAND RIGHTS	PLT360	$1,480	$1,480	$0	$0	$0	$0	$0
3	361-STRUCTURES & IMPROV	PLT361	175,281	175,281	0	0	0	0	0
4	362-STATION EQUIPMENT	PLT362	1,691,289	1,691,289	0	0	0	0	0
5	364-POLES, TOWERS & FIXTURES	PLT364	3,293,750	3,293,750	0	0	0	0	0
6	365-OVERHEAD CONDUCT & DEV	PLT365	2,342,026	2,342,026	0	0	0	0	0
7	366-UNDERGROUND CONDUIT	PLT366	612,122	612,122	0	0	0	0	0
8	367-UNDERGROUND COND & DEV	PLT367	1,646,348	1,646,348	0	0	0	0	0
9	368-LINE TRANSFORMERS	PLT368	2,798,122	2,798,122	0	0	0	0	0
10	369-SERVICES	PLT369	537,690	0	0	537,690	0	0	0
11	370-METERS	PLT370	255,143	0	0	255,143	0	0	0
12	371-INSTALLATIONS CUST PREM	PLT371	0	0	0	0	0	0	0
13	373-STRT LGHT & SIGNAL SYS	PLT373	162,199	0	0	162,199	0	0	0
14	360-LAND RIGHTS - ACQ ADJ	PLT360	(477)	(477)	0	0	0	0	0
15	361-STRUCTURES & IMPROV - ACQ AI	PLT361	(40,378)	(40,378)	0	0	0	0	0
16	362-STATION EQUIPMENT - ACQ ADJ	PLT362	(358,189)	(358,189)	0	0	0	0	0
17	364-POLES, TOWERS & FIX - ACQ ADJ	PLT364	(799,568)	(799,568)	0	0	0	0	0
18	365-OVERHEAD COND & DEV - ACQ A	PLT365	(482,646)	(482,646)	0	0	0	0	0
19	366-UNDERGRND CONDUIT - ACQ AD	PLT366	(152,216)	(152,216)	0	0	0	0	0
20	367-UNDERGR COND & DEV - ACQ AC	PLT367	(225,545)	(225,545)	0	0	0	0	0
21	368-LINE TRANSFORMERS - ACQ ADJ	PLT368	(431,512)	(431,512)	0	0	0	0	0
22	369-SERVICES - ACQ ADJ	PLT369	(134,150)	0	0	(134,150)	0	0	0
23	370-METERS - ACQ ADJ	PLT370	(81,914)	0	0	(81,914)	0	0	0
24	373-ST LIGHT & SIGNAL SYS - ACQ AC	PLT373	(43,073)	0	0	(43,073)	0	0	0
25	TOTAL DISTRIBUTION DEPREC EXPENSE		$10,765,782	$10,069,887	$0	$695,895	$0	$0	$0
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27									
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			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
41	358-UNDERGROUND DEVICES - ACQ A	TRANPIS	0	0	0	0	0	0	0	0	0
41	359-ROADS & TRAILS - ACQ ADJ	TRANPIS	(1,121)	0	0	0	0	0	0	0	0
42	TOTAL TRANSMISSION DEPREC EXPENSE		$1,624,450	$0	$0	$0	$0	$0	$0	$0	$0
43											
44											
45											
	DEPRECIATION & AMORTIZATION EXPENSE										
1	DISTRIBUTION DEPREC EXPENSE										
2	360-LAND RIGHTS	PLT360	$0	$1,480	$0	$0	$0	$0	$0	$0	$0
3	361-STRUCTURES & IMPROV	PLT361	0	175,281	0	0	0	0	0	0	0
4	362-STATION EQUIPMENT	PLT362	0	1,691,289	0	0	0	0	0	0	0
5	364-POLES, TOWERS & FIXTURES	PLT364	0	3,293,750	0	0	0	0	0	0	0
6	365-OVERHEAD CONDUCT & DEV	PLT365	0	2,342,026	0	0	0	0	0	0	0
7	366-UNDERGROUND CONDUIT	PLT366	0	0	612,122	0	0	0	0	0	0
8	367-UNDERGROUND COND & DEV	PLT367	0	0	1,646,348	0	0	0	0	0	0
9	368-LINE TRANSFORMERS	PLT368	0	2,798,122	0	0	0	0	0	0	0
10	369-SERVICES	PLT369	0	0	0	537,690	0	0	0	0	0
11	370-METERS	PLT370	0	0	0	0	255,143	0	0	0	0
12	371-INSTALLATIONS CUST PREM	PLT371	0	0	0	0	0	0	0	0	0
13	373-STRT LGHT & SIGNAL SYS	PLT373	0	0	0	0	0	0	0	0	162,199
14	360-LAND RIGHTS - ACQ ADJ	PLT360	0	(477)	0	0	0	0	0	0	0
15	361-STRUCTURES & IMPROV - ACQ AI	PLT361	0	(40,378)	0	0	0	0	0	0	0
16	362-STATION EQUIPMENT - ACQ ADJ	PLT362	0	(358,189)	0	0	0	0	0	0	0
17	364-POLES, TOWERS & FIX - ACQ ADJ	PLT364	0	(799,568)	0	0	0	0	0	0	0
18	365-OVERHEAD COND & DEV - ACQ A	PLT365	0	(482,646)	0	0	0	0	0	0	0
19	366-UNDERGRND CONDUIT - ACQ AD	PLT366	0	0	(152,216)	0	0	0	0	0	0
20	367-UNDERGR COND & DEV - ACQ AC	PLT367	0	0	(225,545)	0	0	0	0	0	0
21	368-LINE TRANSFORMERS - ACQ ADJ	PLT368	0	(431,512)	0	0	0	0	0	0	0
22	369-SERVICES - ACQ ADJ	PLT369	0	0	0	(134,150)	0	0	0	0	0
23	370-METERS - ACQ ADJ	PLT370	0	0	0	0	(81,914)	0	0	0	0
24	373-ST LIGHT & SIGNAL SYS - ACQ AC	PLT373	0	0	0	0	0	0	0	0	(43,073)
25	TOTAL DISTRIBUTION DEPREC EXPENSE		$0	$8,189,177	$1,880,709	$403,540	$173,229	$0	$0	$0	$119,127
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			TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
	OPERATION & MAINTENANCE EXPENSE CONTINUED								
1	GENERAL DEPREC EXPENSE								
2	389-LAND & LAND RIGHTS	GENLPIS	$0	$0	$0	$0	$0	$0	$0
3	390-STRUCT & IMPROVE	GENLPIS	76,639	58,919	0	17,720	1,976	6,306	0
4	391-OFFICE FURN & EQUIP	GENLPIS	426,158	327,626	0	98,532	10,987	35,066	0
5	392-TRANSP EQUIP	GENLPIS	(68,346)	(52,544)	0	(15,802)	(1,762)	(5,624)	0
6	393-STORES EQUIPMENT	GENLPIS	1,657	1,274	0	383	43	136	0
7	394-TOOLS, SHOP, & GAR EQ	GENLPIS	84,270	64,786	0	19,484	2,173	6,934	0
8	395-LABORATORY EQUIP	GENLPIS	33,558	25,799	0	7,759	865	2,761	0
9	396-POWER OPER EQUIP	GENLPIS	97,285	74,791	0	22,493	2,508	8,005	0
10	397-COMMUNICATION EQUIP	GENLPIS	17,394	13,372	0	4,022	448	1,431	0
11	398-MISCELLANEOUS EQUIP	GENLPIS	8,184	6,292	0	1,892	211	673	0
12	389-LAND & LAND RIGHTS - ACQ ADJ	GENLPIS	0	0	0	0	0	0	0
13	390-STRUCT & IMPROVE - ACQ ADJ	GENLPIS	(14,725)	(11,321)	0	(3,405)	(380)	(1,212)	0
14	391-OFFICE FURN & EQUIP - ACQ ADJ	GENLPIS	(130,566)	(100,378)	0	(30,188)	(3,366)	(10,743)	0
15	392-TRANSP EQUIP - ACQ ADJ	GENLPIS	0	0	0	0	0	0	0
16	393-STORES EQUIPMENT - ACQ ADJ	GENLPIS	(979)	(753)	0	(226)	(25)	(81)	0
17	394-TOOLS, SHOP, & GAR EQ - ACQ AI	GENLPIS	(23,740)	(18,251)	0	(5,489)	(612)	(1,953)	0
18	395-LABORATORY EQUIP - ACQ ADJ	GENLPIS	(7,528)	(5,788)	0	(1,741)	(194)	(619)	0
19	396-POWER OPER EQUIP - ACQ ADJ	GENLPIS	(7,895)	(6,069)	0	(1,825)	(204)	(650)	0
20	397-COMMUNICATION EQUIP - ACQ AI	GENLPIS	(15,968)	(12,276)	0	(3,692)	(412)	(1,314)	0
21	398-MISCELLANEOUS EQUIP - ACQ AI	GENLPIS	(1,027)	(790)	0	(237)	(26)	(84)	0
22	TOTAL GENERAL DEPREC EXPENSE		$474,371	$364,691	$0	$109,680	$12,230	$39,033	$0
23									
24	TOTAL DEPREC & AMORT EXPENSE		$15,884,718	$15,030,256	$0	$854,462	$12,230	$2,178,970	$0
25									
26									
27	TAXES OTHER THAN INCOME TAXES								
28									
29	TAXES OTHER THAN INCOME TAXES								
30	PRODUCTION PROPERTY TAX	PRODPIS	$617,411	$617,411	$0	$0	$0	$617,411	$0
31	TRANSMISSTION PROPERTY TAX	TRANPIS	437,531	437,531	0	0	0	0	0
32	DISTRIBUTION PROPERTY TAX	DISTPIS	2,500,847	2,335,213	0	165,634	0	0	0

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
	OPERATION & MAINTENANCE EXPENSE CONTINUED										
1	GENERAL DEPREC EXPENSE										
2	389-LAND & LAND RIGHTS	GENLPIS	$0	$0	$0	$0	$0	$0	$0	$0	$0
3	390-STRUCT & IMPROVE	GENLPIS	5,649	36,264	8,724	1,221	4,871	600	8,131	1,461	1,435
4	391-OFFICE FURN & EQUIP	GENLPIS	31,410	201,652	48,512	6,789	27,086	3,338	45,212	8,126	7,981
5	392-TRANSP EQUIP	GENLPIS	(5,037)	(32,340)	(7,780)	(1,089)	(4,344)	(535)	(7,251)	(1,303)	(1,280)
6	393-STORES EQUIPMENT	GENLPIS	122	784	189	26	105	13	176	32	31
7	394-TOOLS, SHOP, & GAR EQ	GENLPIS	6,211	39,876	9,593	1,342	5,356	660	8,940	1,607	1,578
8	395-LABORATORY EQUIP	GENLPIS	2,473	15,879	3,820	535	2,133	263	3,560	640	628
9	396-POWER OPER EQUIP	GENLPIS	7,170	46,034	11,074	1,550	6,183	762	10,321	1,855	1,822
10	397-COMMUNICATION EQUIP	GENLPIS	1,282	8,230	1,980	277	1,106	136	1,845	332	326
11	398-MISCELLANEOUS EQUIP	GENLPIS	603	3,873	932	130	520	64	868	156	153
12	389-LAND & LAND RIGHTS - ACQ ADJ	GENLPIS	0	0	0	0	0	0	0	0	0
13	390-STRUCT & IMPROVE - ACQ ADJ	GENLPIS	(1,085)	(6,968)	(1,676)	(235)	(936)	(115)	(1,562)	(281)	(276)
14	391-OFFICE FURN & EQUIP - ACQ ADJ	GENLPIS	(9,623)	(61,782)	(14,863)	(2,080)	(8,299)	(1,023)	(13,852)	(2,490)	(2,445)
15	392-TRANSP EQUIP - ACQ ADJ	GENLPIS	0	0	0	0	0	0	0	0	0
16	393-STORES EQUIPMENT - ACQ ADJ	GENLPIS	(72)	(463)	(111)	(16)	(62)	(8)	(104)	(19)	(18)
17	394-TOOLS, SHOP, & GAR EQ - ACQ AI	GENLPIS	(1,750)	(11,233)	(2,702)	(378)	(1,509)	(186)	(2,519)	(453)	(445)
18	395-LABORATORY EQUIP - ACQ ADJ	GENLPIS	(555)	(3,562)	(857)	(120)	(478)	(59)	(799)	(144)	(141)
19	396-POWER OPER EQUIP - ACQ ADJ	GENLPIS	(582)	(3,736)	(899)	(126)	(502)	(62)	(838)	(151)	(148)
20	397-COMMUNICATION EQUIP - ACQ AI	GENLPIS	(1,177)	(7,556)	(1,818)	(254)	(1,015)	(125)	(1,694)	(304)	(299)
21	398-MISCELLANEOUS EQUIP - ACQ AI	GENLPIS	(76)	(486)	(117)	(16)	(65)	(8)	(109)	(20)	(19)
22	TOTAL GENERAL DEPREC EXPENSE		$34,963	$224,466	$54,000	$7,557	$30,150	$3,716	$50,327	$9,045	$8,884
23											
24	TOTAL DEPREC & AMORT EXPENSE		$1,801,459	$8,983,865	$2,053,733	$436,341	$217,973	$3,716	$50,327	$9,045	$137,060
25											
26											
27	TAXES OTHER THAN INCOME TAXES										
28											
29	TAXES OTHER THAN INCOME TAXES										
30	PRODUCTION PROPERTY TAX	PRODPIS	$0	$0	$0	$0	$0	$0	$0	$0	$0
31	TRANSMISSTION PROPERTY TAX	TRANPIS	437,531	0	0	0	0	0	0	0	0
32	DISTRIBUTION PROPERTY TAX	DISTPIS	0	1,931,953	403,260	85,529	49,445	0	0	0	30,660

			TOTAL COMPANY (1)	DEMAND (2)	ENERGY (3)	CUSTOMER (4)	CAP-PROD (5)	CAP-TRA-PEAK (6)	CAP-TRA-WAPA (7)
33	GENERAL PROPERTY TAX	TOTPIS	171,505	162,274	0	9,231	165	26,032	0
34	PAYROLL TAX	LABXAG	445,648	327,497	0	118,151	13,485	15,731	0
35	MEDICAL AND DENTAL	LABXAG	5,173	3,801	0	1,371	157	183	0
36	REGULATORY & OTHER	LABXAG	78,240	57,497	0	20,743	2,367	2,762	0
37	TOTAL TAXES OTHER THAN INCOME		$4,256,354	$3,941,224	$0	$315,131	$16,173	$662,118	$0
38									
39									
40	TOTAL EXPENSES BEFORE INCOME TAX		$141,067,938	$31,800,098	$100,342,786	$8,925,053	$543,113	$4,243,999	$0
41									
42	OPERATING INCOME BEFORE INCOME TAX		$19,858,128	$19,521,859	$0	$336,270	$18,017	$4,769,191	$0
43									
44									
45									

DEVELOPMENT OF INCOME TAXES

1	TOTAL OPERATING REVENUES		160,926,066	51,321,957	100,342,786	9,261,323	561,131	9,013,191	0
2									
3	LESS:								
4	OPERATION & MAINT EXPENSE		120,926,865	12,828,618	100,342,786	7,755,460	514,710	1,402,912	0
5	DEPREC & AMORT EXPENSE		0	0	0	0	0	0	0
6	TAXES OTHER THAN INCOME		4,256,354	3,941,224	0	315,131	16,173	662,118	0
7									
8	OPERATING INCOME BEFORE TAXES		35,742,846	34,552,115	0	1,190,732	30,247	6,948,161	0
9									
10	LESS:								
11	INTEREST	TOTPIS	0	0	0	0	0	0	0
12									
13	STATE TAXABLE INCOME		35,742,846	34,552,115	0	1,190,732	30,247	6,948,161	0
14	TOTAL STATE INCOME TAX		0	0	0	0	0	0	0
15									
16									
17	FEDERAL TAXABLE INCOME		35,742,846	34,552,115	0	1,190,732	30,247	6,948,161	0
18									
19	STATE AND FEDERAL INCOME TAX	TOTPIS	0	0	0	0	0	0	0
20	INC TAX	TOTPIS	4,201,088	3,974,978	0	226,110	4,032	637,663	0
21	DEF INC TAX	TOTPIS	0	0	0	0	0	0	0

			CAP-SUBTRA (8)	CUST-DIST-PRI (9)	CUST-DIST-SEC (10)	CUST-TRN-SVC (11)	CUST-METER (12)	CUST-METER RDG (13)	CUST-BILL & COL (14)	CUST-INFO (15)	CUST-OTHER (16)
33	GENERAL PROPERTY TAX	TOTPIS	23,002	93,470	19,606	4,106	2,721	50	677	122	1,555
34	PAYROLL TAX	LABXAG	30,467	215,047	52,767	6,896	32,413	4,097	55,491	9,973	9,281
35	MEDICAL AND DENTAL	LABXAG	354	2,496	613	80	376	48	644	116	108
36	REGULATORY & OTHER	LABXAG	5,349	37,755	9,264	1,211	5,691	719	9,742	1,751	1,629
37	TOTAL TAXES OTHER THAN INCOME		$496,703	$2,280,720	$485,510	$97,821	$90,646	$4,914	$66,554	$11,962	$43,233
38											
39											
40	TOTAL EXPENSES BEFORE INCOME TAX		$3,111,583	$19,339,345	$4,562,058	$751,866	$1,800,981	$1,005,568	$4,289,084	$351,436	$726,118
41											
42	OPERATING INCOME BEFORE INCOME TAX		$2,937,228	$9,268,113	$2,529,309	$417,804	$369,975	($173,716)	$61,029	$12,069	($350,892)
43											
44											
45											

DEVELOPMENT OF INCOME TAXES

1	TOTAL OPERATING REVENUES		6,048,811	28,607,458	7,091,367	1,169,670	2,170,956	831,851	4,350,114	363,506	375,226
2											
3	LESS:										
4	OPERATION & MAINT EXPENSE		813,421	8,074,760	2,022,815	217,704	1,492,362	996,937	4,172,203	330,429	545,825
5	DEPREC & AMORT EXPENSE		0	0	0	0	0	0	0	0	0
6	TAXES OTHER THAN INCOME		496,703	2,280,720	485,510	97,821	90,646	4,914	66,554	11,962	43,233
7											
8	OPERATING INCOME BEFORE TAXES		4,738,687	18,251,978	4,583,041	854,145	587,948	(170,000)	111,356	21,115	(213,832)
9											
10	LESS:										
11	INTEREST	TOTPIS	0	0	0	0	0	0	0	0	0
12											
13	STATE TAXABLE INCOME		4,738,687	18,251,978	4,583,041	854,145	587,948	(170,000)	111,356	21,115	(213,832)
14	TOTAL STATE INCOME TAX		0	0	0	0	0	0	0	0	0
15											
16											
17	FEDERAL TAXABLE INCOME		4,738,687	18,251,978	4,583,041	854,145	587,948	(170,000)	111,356	21,115	(213,832)
18											
19	STATE AND FEDERAL INCOME TAX	TOTPIS	0	0	0	0	0	0	0	0	0
20	INC TAX	TOTPIS	563,440	2,289,578	480,264	100,576	66,644	1,225	16,592	2,982	38,090
21	DEF INC TAX	TOTPIS	0	0	0	0	0	0	0	0	0

UNS ELECTRIC COMPANY
RETAIL COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2008

BLACK MOUNTAIN GENERATING STATION

PRESENT RATE OF RETURN SUMMARY SCHEDULE - REVENUE REQUIREMENTS

		TOTAL	RESIDENTIAL	SGS	LGS	LPS	INTERRUPTIBLE	STREET LIGHTING
		1	2	3	4	5	6	7
	RATE OF RETURN	4.77%	3.43%	7.35%	10.19%	-1.40%	1.19%	-14.14%
	REVENUES REQUIRED							
1	**DEMAND COMPONENTS**	51,321,957	25,610,997	3,987,551	18,083,490	3,107,294	544,721	(12,096)
2	DEMAND PRODUCTION	561,131	285,970	33,175	167,768	66,777	6,577	863
3	DEMAND TRANSMISSION (PEAKING)	9,013,191	3,968,772	641,683	3,887,105	457,208	70,079	(11,657)
4	DEMAND TRANSMISSION (WAPA)	0	0	0	0	0	0	0
5	DEMAND SUBTRANSMISSION	6,048,811	2,727,247	419,528	2,486,921	369,670	50,661	(5,217)
6	DEMAND DISTRIBUTION PRIMARY	28,607,458	14,926,008	2,303,749	9,160,275	1,796,108	417,404	3,914
7	DEMAND DISTRIBUTION SECPMDARY	7,091,367	3,702,999	589,416	2,381,420	417,531	0	0
8	**ENERGY COMPONENTS**	100,342,786	49,463,724	5,705,289	29,442,767	13,614,927	1,924,008	192,070
9	**CUSTOMER COMPONENTS**	9,261,323	6,637,271	1,060,869	888,869	270,235	19,924	384,155
10	CUSTOMER SERVICE DROP	1,169,670	604,900	95,342	383,280	69,684	16,634	(169)
11	CUSTOMER METER	2,170,956	1,686,407	322,308	159,168	1,035	2,039	0
12	CUSTOMER METER READING	831,851	712,531	21,224	60,444	41,114	(3,462)	0
13	CUSTOMER BILLING & COLLECTION	4,350,114	3,293,965	563,322	258,818	158,161	4,275	71,573
14	CUSTOMER INFORMATION	363,506	289,589	50,118	23,221	205	373	0
15	CUSTOMER OTHER	375,226	49,879	8,556	3,939	36	65	312,751
21	**TOTAL COMPANY**	160,926,066	81,711,991	10,753,709	48,415,127	16,992,456	2,488,654	564,129

BLACK MOUNTAIN GENERATING STATION

PRESENT RATE OF RETURN SUMMARY SCHEDULE - UNIT COST

		TOTAL	RESIDENTIAL	SGS	LGS	LPS	INTERRUPTIBLE	STREET LIGHTING
		1	2	3	4	5	6	7
	RATE OF RETURN	4.77%	3.43%	7.35%	10.19%	-1.40%	1.19%	-14.14%
	$/KWH							
1	**DEMAND COMPONENTS**	0.0312	0.0316	0.0427	0.0375	0.0139	0.0173	(0.0038)
2	DEMAND PRODUCTION	0.0003	0.0004	0.0004	0.0003	0.0003	0.0002	0.0003
3	DEMAND TRANSMISSION (PEAKING)	0.0055	0.0049	0.0069	0.0081	0.0021	0.0022	(0.0037)
4	DEMAND TRANSMISSION (WAPA)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
5	DEMAND SUBTRANSMISSION	0.0037	0.0034	0.0045	0.0052	0.0017	0.0016	(0.0017)
6	DEMAND DISTRIBUTION PRIMARY	0.0174	0.0184	0.0247	0.0190	0.0081	0.0132	0.0012
7	DEMAND DISTRIBUTION SECPMDARY	0.0043	0.0046	0.0063	0.0049	0.0019	0.0000	0.0000
8	**ENERGY COMPONENTS**	0.0611	0.0611	0.0611	0.0611	0.0611	0.0611	0.0611
9	**CUSTOMER COMPONENTS**	0.0056	0.0082	0.0114	0.0018	0.0012	0.0006	0.1221
10	CUSTOMER SERVICE DROP	0.0007	0.0007	0.0010	0.0008	0.0003	0.0005	(0.0001)
11	CUSTOMER METER	0.0013	0.0021	0.0034	0.0003	0.0000	0.0001	0.0000
12	CUSTOMER METER READING	0.0005	0.0009	0.0002	0.0001	0.0002	(0.0001)	0.0000
13	CUSTOMER BILLING & COLLECTION	0.0026	0.0041	0.0060	0.0005	0.0007	0.0001	0.0228
14	CUSTOMER INFORMATION	0.0002	0.0004	0.0005	0.0000	0.0000	0.0000	0.0000
15	CUSTOMER OTHER	0.0002	0.0001	0.0001	0.0000	0.0000	0.0000	0.0994
16								
17								
18								
19								
20								
21	**TOTAL COMPANY**	0.0979	0.1009	0.1151	0.1004	0.0762	0.0790	0.1794
	DELIVERY	0.036870	0.039813	0.054036	0.039351	0.015149	0.017922	0.118293
	FUEL	0.061067	0.061067	0.061067	0.061067	0.061067	0.061067	0.061067
	TOTAL	0.097937	0.100880	0.115104	0.100418	0.076216	0.078989	0.179360

BLACK MOUNTAIN GENERATING STATION

		TOTAL	RESIDENTIAL	SGS	LGS	LPS	INTERRUPTIBLE	STREET LIGHTING
		1	2	3	4	5	6	7
	CLAIMED RATE OF RETURN SUMMARY SCHEDULE - REVENUE REQUIREMENTS							
	RATE OF RETURN	7.29%	7.29%	7.29%	7.29%	7.29%	7.29%	7.29%
	REVENUES REQUIRED							
1	**DEMAND COMPONENTS**	63,382,340	36,413,879	3,966,498	14,053,473	7,793,947	955,882	198,662
2	DEMAND PRODUCTION	571,755	295,086	33,158	163,880	71,688	6,912	1,031
3	DEMAND TRANSMISSION (PEAKING)	12,151,905	6,661,735	636,792	2,738,475	1,907,932	169,116	37,856
4	DEMAND TRANSMISSION (WAPA)	(0)	0	0	0	0	0	0
5	DEMAND SUBTRANSMISSION	7,852,173	4,274,501	416,718	1,826,970	1,203,190	107,563	23,231
6	DEMAND DISTRIBUTION PRIMARY	34,193,737	19,995,876	2,293,432	7,444,766	3,650,827	672,291	136,545
7	DEMAND DISTRIBUTION SECPMDARY	8,612,769	5,186,681	586,396	1,879,382	960,309	(0)	(0)
8	**ENERGY COMPONENTS**	100,342,786	49,463,724	5,705,289	29,442,767	13,614,927	1,924,008	192,070
9	**CUSTOMER COMPONENTS**	10,700,938	7,167,584	1,060,783	786,399	327,301	(5,335)	1,364,207
10	CUSTOMER SERVICE DROP	1,423,610	835,364	94,873	305,297	153,995	28,220	5,860
11	CUSTOMER METER	2,501,920	2,037,386	321,359	138,800	1,611	2,764	(0)
12	CUSTOMER METER READING	643,431	594,442	22,736	60,210	7,213	(41,170)	0
13	CUSTOMER BILLING & COLLECTION	4,415,295	3,349,330	563,173	255,605	164,222	4,389	78,576
14	CUSTOMER INFORMATION	373,420	300,103	50,089	22,610	223	395	(0)
15	CUSTOMER OTHER	1,343,263	50,959	8,553	3,876	38	67	1,279,770
16	**TOTAL COMPANY**	174,426,065	93,045,187	10,732,569	44,282,640	21,736,175	2,874,555	1,754,939
17								
18								
19	**CUSTOMER COMPONENT $/MO/CUST**	9.93628	7.64546	11.36521	32.60361	1,435.53258	(13.07653)	63.84045
20								
21		1,643,153,389	809,988,329	93,426,398	482,137,131	222,949,894	31,506,409	3,145,228
		89,746	78,125	7,778	2,010	19	34	1,781
	Service Drop	(253,939)	0.891060	1.016463	12.657433	675.417841	69.167245	0.274230
	Metering	(330,963)	2.173223	3.443037	5.754547	7.065951	6.773409	(0.000000)
	Meter Reading	188,421	0.634074	0.243595	2.496280	31.635004	(100.906907)	0.000000
	Billing & Collections	(65,181)	3.572637	6.033820	10.597218	720.272329	10.757938	3.677114
	Customer Services	(9,915)	0.320112	0.536657	0.937413	0.976700	0.967936	(0.000000)
	Customer Other	(968,038)	0.054357	0.091633	0.160716	0.164752	0.163852	59.889106
			7.645	11.365	32.604	1,435.533	(13.077)	63.840
	Service Drop		0.93	1.12	11.65	188.20	(84.63)	0.06
	Metering		2.27	3.79	5.30	1.97	(8.29)	(0.00)
	Meter Reading		0.66	0.27	2.30	8.81	123.47	0.00
	Billing & Collections		3.74	6.64	9.75	200.70	(13.16)	0.75
	Customer Services		0.33	0.59	0.86	0.27	(1.18)	(0.00)
	Customer Other		0.06	0.10	0.15	0.05	(0.20)	12.20
			8.000	12.500	30.000	400.000	16.000	13.000
			8.000000	12.500000	30.000000	400.000000	16.000000	13.000000
	Energy	0.061067	0.061067	0.061067	0.061067	0.061067	0.061067	0.061067

UNS ELECTRIC COMPANY
RETAIL COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2008

BLACK MOUNTAIN GENERATING STATION

CLAIMED RATE OF RETURN SUMMARY SCHEDULE - UNIT COSTS

		TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	RATE OF RETURN	7.29%	7.29%	7.29%	7.29%	7.29%	7.29%	7.29%
	$/KWH							
1	**DEMAND COMPONENTS**	$0.0386	$0.0450	$0.0425	$0.0291	$0.0350	$0.0303	$0.0632
2	DEMAND PRODUCTION	$0.0003	$0.0004	$0.0004	$0.0003	$0.0003	$0.0002	$0.0003
3	DEMAND TRANSMISSION (PEAKING)	$0.0074	$0.0082	$0.0068	$0.0057	$0.0086	$0.0054	$0.0120
4	DEMAND TRANSMISSION (WAPA)	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000
5	DEMAND SUBTRANSMISSION	$0.0048	$0.0053	$0.0045	$0.0038	$0.0054	$0.0034	$0.0074
6	DEMAND DISTRIBUTION PRIMARY	$0.0208	$0.0247	$0.0245	$0.0154	$0.0164	$0.0213	$0.0434
7	DEMAND DISTRIBUTION SECPMDARY	$0.0052	$0.0064	$0.0063	$0.0039	$0.0043	$0.0000	$0.0000
8	**ENERGY COMPONENTS**	$0.0611	$0.0611	$0.0611	$0.0611	$0.0611	$0.0611	$0.0611
9	**CUSTOMER COMPONENTS**	$0.0065	$0.0088	$0.0114	$0.0016	$0.0015	-$0.0002	$0.4337
10	DEMAND DISTRIBUTION TRANSF & SVCS	$0.0009	$0.0010	$0.0010	$0.0006	$0.0007	$0.0009	$0.0019
11	CUSTOMER METER	$0.0015	$0.0025	$0.0034	$0.0003	$0.0000	$0.0001	$0.0000
12	CUSTOMER METER READING	$0.0004	$0.0007	$0.0002	$0.0001	$0.0000	-$0.0013	$0.0000
13	CUSTOMER BILLING & COLLECTION	$0.0027	$0.0041	$0.0060	$0.0005	$0.0007	$0.0001	$0.0250
14	CUSTOMER INFORMATION	$0.0002	$0.0004	$0.0005	$0.0000	$0.0000	$0.0000	$0.0000
15	CUSTOMER OTHER	$0.0008	$0.0001	$0.0001	$0.0000	$0.0000	$0.0000	$0.4069
16	**SYSTEM BENEFITS**	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000
17	RENEWABLES							
18	ENVIRONMENTAL							
19	DSM							
20	LOW INCOME							
21	**TOTAL COMPANY**	$0.1062	$0.1149	$0.1149	$0.0918	$0.0975	$0.0912	$0.5580

DEVELOPMENT OF LABOR ALLOCATON FACTOR

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	POWER PRODUCTION LABOR								
2	OTHER POWER GENERATION								
3	OPERATION								
4	546-SUPERVISION & ENGINEER	OX546	0	0	0	0	0	0	0
5	547-FUEL	OX547	0	0	0	0	0	0	0
6	548-GENERATION EXPENSES	OX548	0	0	0	0	0	0	0
7	549-MISC OTH POWER GEN EXP	OX549	0	0	0	0	0	0	0
8	550-RENTS	OX550	0	0	0	0	0	0	0
9	550.1-OPER SUPPLIES & EXP	OX5501	0	0	0	0	0	0	0
10	TOTAL OPERATION LABOR		0	0	0	0	0	0	0
11	MAINTENANCE								
12	551-SUPERVISION & ENGINEER	MX551	0	0	0	0	0	0	0
13	552-STRUCTURES	MX552	0	0	0	0	0	0	0
14	553-GENERATING & ELECT PLT	MX553	67,025	34,425	3,916	19,529	8,239	801	114
15	554-MISC OTH POWER GEN PLT	MX554	45,896	23,573	2,682	13,373	5,642	548	78
16	554.1-OTHER PLANT MAINT	MX5541	0	0	0	0	0	0	0
17	TOTAL MAINTENANCE LABOR		112,921	57,998	6,598	32,902	13,881	1,349	192
18	TOT OTH POWER GENERATION LABOR		112,921	57,998	6,598	32,902	13,881	1,349	192
19	OTHER POWER SUPPLY LABOR								
20	555-PURCHASED POWER	OX555	0	0	0	0	0	0	0
21	556-SYS CONTRL & LOAD DISP	OX556	1,230	632	72	358	151	15	2
22	557-OTHER EXPENSES	OX557	276,007	141,762	16,126	80,422	33,930	3,298	470
23	TOTAL OTHER POWER SUPPLY LABOR		277,237	142,394	16,198	80,780	34,081	3,312	472
24	TOTAL POWER PRODUCTION LABOR		390,158	200,392	22,796	113,683	47,962	4,661	664
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26	TRANSMISSION LABOR								
27	OPERATION								
28	560-SUPERVISION & ENGINEER	OX560	0	0	0	0	0	0	0
29	561-LOAD DISPATCHING	OX561	28,539	14,658	1,667	8,316	3,508	341	49
30	562-STATION EXPENSES	OX562	21,914	11,255	1,280	6,385	2,694	262	37
31	563-OVERHEAD LINE EXPENSES	OX563	13,801	7,088	806	4,021	1,697	165	23
32	564-UNDERGROUND LINE EXP	OX564	0	0	0	0	0	0	0
33	565-TRANSM ELECT BY OTHERS	OX565	0	0	0	0	0	0	0
34	566-MISCELLANEOUS TRNSM EXP	OX566	24,624	12,647	1,439	7,175	3,027	294	42
35	567-RENTS	OX567	0	0	0	0	0	0	0
36	TOTAL OPERATION LABOR		88,878	45,649	5,193	25,897	10,926	1,062	151
37	MAINTENANCE								
38	568-SUPERVISION & ENGINEER	MX568	0	0	0	0	0	0	0
39	569-STRUCTURES	MX569	0	0	0	0	0	0	0
40	570-STATION EQUIPMENT	MX570	15,938	8,186	931	4,644	1,959	190	27
41	571-OVERHEAD LINES	MX571	24,951	12,815	1,458	7,270	3,067	298	42
42	572-MAINT OF UNDRGRND LINES	MX572	0	0	0	0	0	0	0
43	573-MAINT MISC TRANSM PLT	MX573	0	0	0	0	0	0	0
44	TOTAL MAINTENANCE LABOR		40,889	21,001	2,389	11,914	5,026	489	70
45	TOTAL TRANSMISSION LABOR		129,767	66,651	7,582	37,811	15,952	1,550	221

DEVELOPMENT OF LABOR ALLOCATON FACTOR CONTINUED

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	DISTRIBUTION LABOR								
2	OPERATION								
3	580-SUPERVISION & ENGINEER	LAB58189	27,291	17,640	2,568	5,091	1,631	205	156
4	581-LOAD DISPATCHING	OX581	428,693	241,181	31,025	106,012	38,102	6,199	6,173
5	582-STATION EXPENSES	OX582	13,851	7,797	994	3,509	1,267	248	37
6	583-OVERHEAD LINE EXPENSES	OX583	216,119	121,650	15,506	54,749	19,772	3,868	573
7	584-UNDERGROUND LINE EXP	OX584	326,755	187,785	23,936	84,513	30,522	0	0
8	585-STREET LIGHT & SIGNAL	OX585	1,137	0	0	0	0	0	1,137
9	586-METER EXPENSES	OX586	574,975	460,544	77,947	35,547	336	601	0
10	587-CUST INSTALLATIONS EXP	OX587	22,093	12,429	1,599	5,463	1,964	319	318
11	588-MISC DISTRIBUTION EXP	OX588	92,833	52,227	6,719	22,957	8,251	1,342	1,337
12	589-RENTS	OX589	0	0	0	0	0	0	0
13	TOTAL OPERATION LABOR		1,703,747	1,101,254	160,293	317,840	101,845	12,784	9,732
14	MAINTENANCE								
15	590-SUPERVISION & ENGINEER	LAB59198	0	0	0	0	0	0	0
16	591-STRUCTURES	MX591	0	0	0	0	0	0	0
17	592-STATION EQUIPMENT	MX592	339,146	190,900	24,333	85,915	31,028	6,071	900
18	593-OVERHEAD LINES	MX593	588,573	331,299	42,228	149,101	53,848	10,535	1,562
19	594-UNDERGROUND LINES	OX584	84,357	48,480	6,179	21,818	7,880	0	0
20	595-LINE TRANSFORMERS	MX595	57,469	32,348	4,123	14,558	5,258	1,029	152
21	596-STREET LIGHT & SIGNAL	MX596	117,379	0	0	0	0	0	117,379
22	597-METERS	MX597	105	84	14	6	0	0	0
23	598-MISC DISTRIBUTION PLANT	MX598	0	0	0	0	0	0	0
24	TOTAL MAINTENANCE LABOR		1,187,029	603,111	76,878	271,399	98,013	17,635	119,993
25	TOTAL DISTRIBUTION LABOR		2,890,776	1,704,365	237,171	589,239	199,858	30,418	129,725
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27	CUSTOMER ACCOUNTS LABOR								
28	901-SUPERVISION	LAB90205	189,091	143,604	24,305	11,084	6,862	187	3,049
29	902-METER READING EXPENSE	OX902	71,462	55,124	9,330	4,255	2,681	72	0
30	903-CUST RECORDS & COLL EXP	OX903	967,804	733,644	124,169	56,626	35,685	958	16,722
31	904-UNCOLLECTIBLE ACCOUNTS	OX904	0	0	0	0	0	0	0
32	905-MISCEL CUST ACCTS EXP	OX905	18,196	14,313	2,423	1,105	10	19	326
33	TOTAL CUSTOMER ACCTS LABOR		1,246,553	946,685	160,227	73,069	45,239	1,236	20,097
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		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	DEVELOPMENT OF LABOR ALLOCATON FACTOR CONTINUED								
1	CUSTOMER SERVICE & INFO LABOR								
2	907-SUPERVISION	OX907	0	0	0	0	0	0	0
3	908-CUSTOMER ASSISTANCE EXP	OX908	141,597	113,416	19,196	8,754	83	148	0
4	909-INFO & INSTRUCT EXP	OX909	38,343	30,712	5,198	2,370	22	40	0
5	910-MISC CUST SERV & INFO EX	OX910	25,110	20,113	3,404	1,552	15	26	0
6	TOTAL CUST SERV & INFO LABOR		205,050	164,241	27,798	12,677	120	214	0
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8	SALES EXPENSES								
9	911-SUPERVISION	OX911	0	0	0	0	0	0	0
10	912-DEMONSTRATING & SELLING	OX912	0	0	0	0	0	0	0
11	913-ADVERTISING EXPENSE	OX913	0	0	0	0	0	0	0
12	914-MISCELLANEOUS SALES EXP	OX914	0	0	0	0	0	0	0
13	TOTAL SALES EXPENSES		0	0	0	0	0	0	0
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15	ADMINISTRATIVE & GENERAL LABOR								
16	OPERATION								
17	920-ADMIN & GENRL SALARIES	OX920	2,146,264	1,280,609	177,306	449,994	167,579	23,070	47,705
18	921-OFFICE SUPPLIES & EXP	OX921	0	0	0	0	0	0	0
19	922-ADMIN EXP TRANSF-CREDIT	OX922	0	0	0	0	0	0	0
20	923-OUTSIDE SERVICES EMPLOY	TOTPIS	0	0	0	0	0	0	0
21	924-PROPERTY INSURANCE	TOTPIS	0	0	0	0	0	0	0
22	925-INJURIES & DAMAGES	TOTPIS	65,443	35,983	4,500	16,921	6,424	892	724
23	926-EMPLOYEE PENSNS & BENE	TOTPIS	87,829	48,291	6,039	22,709	8,621	1,197	971
24	927-FRANCHISE REQUIREMENTS	TOTPIS	0	0	0	0	0	0	0
25	928-REGULATRY COMMISSION EX	TOTPIS	0	0	0	0	0	0	0
26	929-DUPLICATE CHARGES-CR.	TOTPIS	0	0	0	0	0	0	0
27	930-MISC GENERAL EXPENSE	TOTPIS	24,959	13,723	1,716	6,453	2,450	340	276
28	931-RENTS	TOTPIS	0	0	0	0	0	0	0
29	933-TRANSPORTATION EXP	TOTPIS	0	0	0	0	0	0	0
30	TOTAL OPERATION LABOR		2,324,495	1,378,607	189,561	496,077	185,075	25,500	49,676
31	MAINTENANCE								
32	xxx-OTHER LABOR	PRODPIS	460,725	236,636	26,919	134,244	56,637	5,505	784
33	TOTAL ADMIN & GENERAL LABOR		2,785,220	1,615,243	216,480	630,321	241,712	31,004	50,460
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35	CAPITALIZED LABOR								
36	PRODUCTION	PRODPIS	210,491	108,112	12,298	61,332	25,876	2,515	358
37	TRANSMISSION	TRANPIS	496,623	255,074	29,017	144,704	61,050	5,933	845
38	DISTRIBUTION	DISTPIS	3,592,871	2,021,336	260,023	888,486	319,331	51,955	51,739
39	GENERAL	TOTPIS	1,383,136	760,496	95,099	357,619	135,769	18,856	15,297
40	TOTAL CAPITALIZED LABOR		5,683,121	3,145,017	396,437	1,452,141	542,025	79,260	68,240
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42	TOT OPER & MAINTENANCE LABOR		13,330,645	7,842,594	1,068,490	2,908,941	1,092,868	148,345	269,407
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ALLOCATION FACTOR TABLE

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	CAPACITY RELATED								
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1	CAPACITY - PRODUCTION RELATED								
2	DEMAND PRODUCTION	DPROD	259,850	133,463	15,182	75,714	31,943	3,105	442
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6	CAPACITY - TRANSMISSION RELATED								
7	DEMAND TRANSMISSION (PEAKING)	DTRAN	259,850	133,463	15,182	75,714	31,943	3,105	442
8	DEMAND TRANSMISSION (WAPA)	DTRAN2	259,850	133,463	15,182	75,714	31,943	3,105	442
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12	CAPACITY - SUBTRANSMISSION RELATED								
13	DEMAND SUBTRANSMISSION	DTRANSUB	259,850	133,463	15,182	75,714	31,943	3,105	442
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18									
19	CAPACITY - DISTRIBUTION RELATED								
20	DIST - PRI DIST SUBSTATIONS	DDISPSUB	442,547	249,103	31,751	112,109	40,488	7,921	1,174
21	DIST - PRIMARY OVERHEAD LINES	DDISTPOL	442,547	249,103	31,751	112,109	40,488	7,921	1,174
22	DIST - PRIMARY UNDERGROUND LINES	DDISTPUL	442,547	249,103	31,751	112,109	40,488	7,921	1,174
23	DIST - SEC DIST SUBSTATIONS	DDISSSUB	442,547	249,103	31,751	112,109	40,488	7,921	1,174
24	DIST - SEC OVERHEAD LINES	DDISTSOL	434,626	249,103	31,751	112,109	40,488	0	1,174
25	DIST - SEC UNDERGROUND LINES	DDISTSUL	433,451	249,103	31,751	112,109	40,488	0	0
26	DIST - STREET LIGHTING	DDISTLTG	1	0	0	0	0	0	1
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28									
29	CUSTOMER - DIST SERVICE RELATED								
30	DIST - OVERHEAD LINE TRANSFRMRS	DDISTSOT	434,626	249,103	31,751	112,109	40,488	0	1,174
31	DIST - UNDERGROUND LINE TRANSFRMRS	DDISTSUT	433,451	249,103	31,751	112,109	40,488	0	0
32	DIST - OVERHEAD SERVICES	DDISTSOS	442,547	249,103	31,751	112,109	40,488	7,921	1,174
33	DIST - UNDERGROUND SERVICES	DDISTSUS	441,373	249,103	31,751	112,109	40,488	7,921	0
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ALLOCATION FACTOR TABLE CONTINUED

	ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
ENERGY RELATED								
ENERGY PRODUCTION PWR SUPPLY	EPROD	259,850	133,463	15,182	75,714	31,943	3,105	442
ENERGY PRODUCTION PWR SUPPLY	EFUEL	1,643,153,389	809,988,329	93,426,398	482,137,131	222,949,894	31,506,409	3,145,228
CUSTOMER RELATED - DISTRIBUTION								
UNWEIGHTED CUSTOMER BILLS	CUSTAVG	89,746	78,125	7,778	2,010	19	34	1,781
WEIGHTED CUSTOMER BILLS	CUST	99,317	78,125	13,223	6,030	57	102	1,781
BILLING AND COLLECTION	CBILLCOL	103,060	78,125	13,223	6,030	3,800	102	1,781
CUSTOMER INFORMATION	CINFO	97,536	78,125	13,223	6,030	57	102	0
METERS	CMETERS	97,536	78,125	13,223	6,030	57	102	0
STREET LIGHTING	CLIGHT	1	0	0	0	0	0	1
METER READING	CMETRDG	101,279	78,125	13,223	6,030	3,800	102	0
MISC SERVICE REVENUES	CMSREV	1,220,716	1,054,918	155,680	225	8,753	950	191
CUSTOMER DEPOSITS	DDEPOS	3,611,478	1,719,187	1,341,984	150	214,661	335,496	0
REVENUE RELATED								
904-UNCOLLECTIBLE ACCOUNT EXP		159,280,447	80,442,482	10,569,832	48,286,092	16,938,518	2,481,085	562,438
	EXP904	159,280,447	80,442,482	10,569,832	48,286,092	16,938,518	2,481,085	562,438

ALLOCATION FACTOR TABLE CONTINUED

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	INTERNALLY DEVELOPED								
2	----------								
3	PLANT IN SERVICE EXCL GENERAL	PISXGENL	572,824,731	314,106,637	39,132,663	149,001,294	56,586,769	7,864,645	6,132,723
4	TOTAL PLANT IN SERVICE	TOTPIS	601,775,731	330,877,172	41,375,652	155,593,221	59,070,260	8,203,850	6,655,577
5	PRODUCTION PLANT IN SERVICE	PRODPIS	88,485,785	45,447,794	5,170,018	25,782,622	10,877,582	1,057,193	150,576
6	TRANSMISSION PLANT IN SERVICE	TRANPIS	78,163,957	40,146,329	4,566,937	22,775,090	9,608,717	933,872	133,011
7	DISTRIBUTION PLANT IN SERVICE	DISTPIS	406,174,990	228,512,514	29,395,708	100,443,582	36,100,471	5,873,580	5,849,136
8	DISTRIBUTION SUBSTATIONS	DISTSUB	49,687,180	27,968,168	3,564,910	12,587,067	4,545,804	889,386	131,845
9	TOTAL TRANSMISSION & DISTRIBUTION	TDPLT	484,338,946	268,658,843	33,962,646	123,218,672	45,709,187	6,807,452	5,982,147
10	GENERAL PLANT	GENLPIS	22,402,487	13,179,678	1,795,625	4,888,549	1,836,593	249,297	452,745
11	BASE RATE SALES REVENUE	SALESREV	159,280,447	80,442,482	10,569,832	48,286,092	16,938,518	2,481,085	562,438
12	TOTAL O&M LESS FUEL & PP& WAPA	OM	20,584,079	12,672,013	1,823,273	3,839,457	1,475,682	188,163	585,491
13	ACCOUNT 360	PLT360	777,627	437,714	55,792	196,993	71,144	13,919	2,063
14	ACCOUNT 361	PLT361	5,584,527	3,143,447	400,674	1,414,707	510,920	99,961	14,819
15	ACCOUNT 362	PLT362	49,687,180	27,968,168	3,564,910	12,587,067	4,545,804	889,386	131,845
16	ACCOUNT 364	PLT364	94,295,758	53,077,667	6,765,445	23,887,590	8,626,975	1,687,866	250,215
17	ACCOUNT 365	PLT365	79,531,590	44,767,139	5,706,159	20,147,439	7,276,224	1,423,592	211,038
18	ACCOUNT 366	PLT366	15,762,500	9,058,659	1,154,645	4,076,847	1,472,349	0	0
19	ACCOUNT 367	PLT367	49,733,008	28,581,404	3,643,075	12,863,053	4,645,476	0	0
20	ACCOUNT 368	PLT368	83,901,339	47,226,805	6,019,676	21,254,411	7,676,005	1,501,809	222,633
21	ACCOUNT 369	PLT369	13,891,158	7,819,124	996,650	3,518,995	1,270,881	248,648	36,860
22	ACCOUNT 370	PLT370	8,030,640	6,432,386	1,088,683	496,480	4,693	8,398	0
23	ACCOUNT 371	PLT371	0	0	0	0	0	0	0
24	ACCOUNT 373	PLT373	4,979,662	0	0	0	0	0	4,979,662
25	DISTRIBUTION SUBSTATIONS	PLTDSUB	49,687,180	27,968,168	3,564,910	12,587,067	4,545,804	889,386	131,845
26	DISTRIBUTION OVERHEAD LINES	PLTDOHL	79,531,590	44,767,139	5,706,159	20,147,439	7,276,224	1,423,592	211,038
27	DISTRIBUTION UNDERGROUND LINES	PLTDUGL	65,495,508	37,640,063	4,797,720	16,939,900	6,117,825	0	0
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ALLOCATION FACTOR TABLE CONTINUED

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	INTERNALLY DEVELOPED CONTINUED								
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3	ACCOUNT 546	OX546	77,527	39,819	4,530	22,590	9,530	926	132
4	ACCOUNT 547	OX547	7,621,714	3,757,105	433,355	2,236,377	1,034,146	146,141	14,589
5	ACCOUNT 548	OX548	37,023	19,015	2,163	10,787	4,551	442	63
6	ACCOUNT 549	OX549	116,207	59,686	6,790	33,860	14,285	1,388	198
7	ACCOUNT 550	OX550	144,000	73,961	8,414	41,958	17,702	1,720	245
8	ACCOUNT 550.1	OX5501	0	0	0	0	0	0	0
9	LABOR ACCOUNT 547-550.1	LAB54750	112,921	58,161	6,300	32,999	13,916	1,353	192
10	ACCOUNT 551	MX551	0	0	0	0	0	0	0
11	ACCOUNT 552	MX552	0	0	0	0	0	0	0
12	ACCOUNT 553	MX553	674,009	346,183	39,381	196,390	82,856	8,053	1,147
13	ACCOUNT 554	MX554	106,485	54,693	6,222	31,027	13,090	1,272	181
14	ACCOUNT 554.1	MX5541	0	0	0	0	0	0	0
15	LABOR ACCOUNT 552-554.1	LAB55254	112,921	57,998	6,598	32,902	13,881	1,349	192
16	ACCOUNT 555	OX555	84,638,076	41,722,126	4,812,351	24,834,662	11,484,047	1,622,881	162,009
17	ACCOUNT 556	OX556	3,220	1,654	188	938	396	38	5
18	ACCOUNT 557	OX557	224,398	115,255	13,111	65,384	27,585	2,681	382
19	ACCOUNT 560	OX560	0	0	0	0	0	0	0
20	ACCOUNT 561	OX561	6,095	3,130	356	1,776	749	73	10
21	ACCOUNT 562	OX562	33,073	16,987	1,932	9,637	4,066	395	56
22	ACCOUNT 563	OX563	26,672	13,699	1,558	7,772	3,279	319	45
23	ACCOUNT 564	OX564	15,619	8,022	913	4,551	1,920	187	27
24	ACCOUNT 565	OX565	8,082,997	3,984,493	459,583	2,371,728	1,096,735	154,986	15,472
25	ACCOUNT 566	OX566	100,085	51,405	5,848	29,162	12,303	1,196	170
26	ACCOUNT 567	OX567	27,940	14,350	1,632	8,141	3,435	334	48
27	LABOR ACCOUNT 561-567	LAB56167	88,878	45,649	5,193	25,897	10,926	1,062	151
28	ACCOUNT 568	MX568	0	0	0	0	0	0	0
29	ACCOUNT 569	MX569	0	0	0	0	0	0	0
30	ACCOUNT 570	MX570	22,997	11,811	1,344	6,701	2,827	275	39
31	ACCOUNT 571	MX571	37,340	19,179	2,182	10,880	4,590	446	64
32	ACCOUNT 572	MX572	23	12	1	7	3	0	0
33	ACCOUNT 573	MX573	0	0	0	0	0	0	0
34	LABOR ACCOUNT 569-573	LAB56973	40,889	21,001	2,389	11,914	5,026	489	70
35	ACCOUNT 580	OX580	423,430	273,693	39,837	78,992	25,311	3,177	2,419
36	ACCOUNT 581	OX581	582,583	327,759	42,163	144,068	51,779	8,425	8,389
37	ACCOUNT 582	OX582	74,790	42,098	5,366	18,946	6,842	1,339	198
38	ACCOUNT 583	OX583	499,849	281,357	35,863	126,625	45,730	8,947	1,326
39	ACCOUNT 584	OX584	490,312	281,781	35,917	126,815	45,799	0	0
40	ACCOUNT 585	OX585	1,894	0	0	0	0	0	1,894
41	ACCOUNT 586	OX586	778,885	623,872	105,590	48,153	455	815	0
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ALLOCATION FACTOR TABLE CONTINUED

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	INTERNALLY DEVELOPED CONTINUED								
2	----------								
3	ACCOUNT 587	OX587	35,827	20,156	2,593	8,860	3,184	518	516
4	ACCOUNT 588	OX588	1,097,758	617,595	79,447	271,466	97,568	15,874	15,808
5	ACCOUNT 589	OX589	83,088	46,745	6,013	20,547	7,385	1,202	1,197
6	LABOR ACCOUNTS 581-589	LAB58189	1,676,456	1,083,614	157,725	312,749	100,214	12,579	9,576
7	ACCOUNT 590	MX590	0	0	0	0	0	0	0
8	ACCOUNT 591	MX591	0	0	0	0	0	0	0
9	ACCOUNT 592	MX592	734,286	413,319	52,683	186,014	67,179	13,144	1,948
10	ACCOUNT 593	MX593	763,922	430,000	54,809	193,522	69,890	13,674	2,027
11	ACCOUNT 594	MX594	108,736	62,490	7,965	28,124	10,157	0	0
12	ACCOUNT 595	MX595	104,881	59,036	7,525	26,569	9,595	1,877	278
13	ACCOUNT 596	MX596	315,846	0	0	0	0	0	315,846
14	ACCOUNT 597	MX597	614	492	83	38	0	1	0
15	ACCOUNT 598	MX598	15,555	8,751	1,126	3,847	1,383	225	224
16	LABOR ACCOUNTS 591-598	LAB59198	1,187,029	603,111	76,878	271,399	98,013	17,635	119,993
17	ACCOUNT 901	OX901	260,950	198,177	33,541	15,296	9,470	259	4,207
18	ACCOUNT 902	OX902	915,625	706,293	119,540	54,515	34,354	922	0
19	ACCOUNT 903	OX903	3,070,993	2,327,967	394,009	179,683	113,233	3,039	53,063
20	ACCOUNT 904	OX904	764,063	429,859	55,297	188,946	67,909	11,049	11,003
21	ACCOUNT 905	OX905	39,451	31,033	5,252	2,395	23	41	707
22	LABOR ACCOUNTS 902-905	LAB90205	1,057,462	803,081	135,922	61,985	38,376	1,049	17,049
23	ACCOUNT907	OX907	14,499	8,157	1,049	3,585	1,289	210	209
24	ACCOUNT908	OX908	94,671	75,830	12,834	5,853	55	99	0
25	ACCOUNT909	OX909	49,423	39,587	6,700	3,055	29	52	0
26	ACCOUNT910	OX910	31,336	25,100	4,248	1,937	18	33	0
27	LABOR ACCOUNTS 908-910	LAB90810	205,050	164,241	27,798	12,677	120	214	0
28	ACCOUNT 911	OX911	0	0	0	0	0	0	0
29	ACCOUNT 912	OX912	0	0	0	0	0	0	0
30	ACCOUNT 913	OX913	0	0	0	0	0	0	0
31	ACCOUNT 914	OX914	0	0	0	0	0	0	0
32	LABOR ACCOUNTS 912-917	LAB91217	0	0	0	0	0	0	0
33	ACCOUNT 920	OX920	3,103,362	1,851,680	256,374	650,663	242,309	33,358	68,978
34	ACCOUNT 921	OX921	0	0	0	0	0	0	0
35	ACCOUNT 922	OX922	0	0	0	0	0	0	0
36	ACCOUNT 923	OX923	0	0	0	0	0	0	0
37	ACCOUNT 924	OX924	0	0	0	0	0	0	0
38	ACCOUNT 925	OX925	527,714	314,871	43,595	110,643	41,204	5,672	11,729
39	ACCOUNT 926	OX926	2,068,341	1,234,115	170,869	433,656	161,495	22,232	45,973
40	ACCOUNT 927	OX927	0	0	0	0	0	0	0
41	ACCOUNT 928	OX928	197,223	108,440	13,560	50,993	19,359	2,689	2,181
42	ACCOUNT 929	OX929	(86,769)	(47,709)	(5,966)	(22,435)	(8,517)	(1,183)	(960)
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		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	ALLOCATION FACTOR TABLE CONTINUED								
1	INTERNALLY DEVELOPED CONTINUED								
2	---								
3	ACCOUNT 930	OX930	360,936	198,455	24,817	93,323	35,429	4,921	3,992
4	ACCOUNT 931	OX931	57,417	31,570	3,948	14,845	5,636	783	635
5	ACCOUNT 933	OX933	0	0	0	0	0	0	0
6	ACCOUNT 935	OX935	20,026	11,782	1,605	4,370	1,642	223	405
7	LABOR ACCOUNTS 921-935	LAB92135	638,956	334,634	39,174	180,327	74,132	7,934	2,755
8	LABOR EXCLUDING A&G	LABXAG	9,162,289	5,466,855	756,912	1,921,001	715,388	98,484	203,649
9	LABOR	LABOR	13,330,645	7,842,594	1,068,490	2,908,941	1,092,868	148,345	269,407
10	ACCOUNTS 581-589	OX58189	3,644,986	2,241,363	312,952	765,480	258,743	37,119	29,329
11	ACCOUNTS 591-598	MX59198	2,043,840	974,088	124,191	438,113	158,204	28,920	320,323
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15									
16	O&M EXP LESS FUEL, PP, & WAPA								
17	---								
18	RESIDENTIAL		12,672,013	12,672,013	0	0	0	0	0
19	SGS		1,823,273	0	1,823,273	0	0	0	0
20	LGS		3,839,457	0	0	3,839,457	0	0	0
21	LPS		1,475,682	0	0	0	1,475,682	0	0
22	INTERRUPTIBLE		188,163	0	0	0	0	188,163	0
23	STREET LIGHTING		585,491	0	0	0	0	0	585,491
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28	REVENUES FROM SALES								
29	---								
30	SALES OF ELECTRICITY REVENUES		159,280,447	80,442,482	10,569,832	48,286,092	16,938,518	2,481,085	562,438
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34	REVENUE REQUIREMENTS INPUTS								
35	---								
36	CLAIMED RATE OF RETURN		7.29%	7.29%	7.29%	7.29%	7.29%	7.29%	7.29%
37	AVERAGE ANNUAL CUSTOMERS		89,746	78,125	7,778	2,010	19	34	1,781
38	ANNUAL KWH SALES		1,643,153,389	809,988,329	93,426,398	482,137,131	222,949,894	31,506,409	3,145,228
39	TOTAL PROPOSED SALES REVENUES		172,780,447	86,680,495	11,543,449	52,733,859	18,498,772	2,709,624	614,248
40	PROPOSED SALES REVENUES NON-MARGIN		100,342,786	49,463,724	5,705,289	29,442,767	13,614,927	1,924,008	192,070
41	PROPOSED SALES REVENUES MARGIN		72,437,660	37,216,771	5,838,160	23,291,092	4,883,845	785,616	422,177
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	RATIO TABLE	ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	CAPACITY RELATED								
2	----------								
1	CAPACITY - PRODUCTION RELATED								
2	DEMAND PRODUCTION	DPROD	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
3									
4									
5									
6	CAPACITY - TRANSMISSION RELATED								
7	DEMAND TRANSMISSION (PEAKING)	DTRAN	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
8	DEMAND TRANSMISSION (WAPA)	DTRAN2	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
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10									
11									
12	CAPACITY - SUBTRANSMISSION RELATED								
13	DEMAND SUBTRANSMISSION	DTRANSUB	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
14									
17									
18									
19	CAPACITY - DISTRIBUTION RELATED								
20	DIST - PRI DIST SUBSTATIONS	DDISPSUB	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
21	DIST - PRIMARY OVERHEAD LINES	DDISTPOL	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
22	DIST - PRIMARY UNDERGROUND LINES	DDISTPUL	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
23	DIST - SEC DIST SUBSTATIONS	DDISSSUB	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
24	DIST - SEC OVERHEAD LINES	DDISTSOL	1.00000	0.57314	0.07305	0.25794	0.09316	0.00000	0.00270
25	DIST - SEC UNDERGROUND LINES	DDISTSUL	1.00000	0.57470	0.07325	0.25864	0.09341	0.00000	0.00000
26	DIST - STREET LIGHTING	DDISTLTG	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000
27									
28									
29	CUSTOMER - DIST SERVICE RELATED								
30	DIST - OVERHEAD LINE TRANSFRMRS	DDISTSOT	1.00000	0.57314	0.07305	0.25794	0.09316	0.00000	0.00270
31	DIST - UNDERGROUND LINE TRANSFRMRS	DDISTSUT	1.00000	0.57470	0.07325	0.25864	0.09341	0.00000	0.00000
32	DIST - OVERHEAD SERVICES	DDISTSOS	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
33	DIST - UNDERGROUND SERVICES	DDISTSUS	1.00000	0.56438	0.07194	0.25400	0.09173	0.01795	0.00000
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	RATIO TABLE CONTINUED	ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	ENERGY RELATED								
2	----------								
3	ENERGY PRODUCTION PWR SUPPLY	EPROD	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
4	ENERGY PRODUCTION PWR SUPPLY	EFUEL	1.00000	0.49295	0.05686	0.29342	0.13568	0.01917	0.00191
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16	CUSTOMER RELATED - DISTRIBUTION								
17	UNWEIGHTED CUSTOMER BILLS	CUSTAVG	1.00000	0.87050	0.08667	0.02240	0.00021	0.00038	0.01984
18	WEIGHTED CUSTOMER BILLS	CUST	1.00000	0.78662	0.13314	0.06071	0.00057	0.00103	0.01793
19	BILLING AND COLLECTION	CBILLCOL	1.00000	0.75805	0.12830	0.05851	0.03687	0.00099	0.01728
20	CUSTOMER INFORMATION	CINFO	1.00000	0.80098	0.13557	0.06182	0.00058	0.00105	0.00000
21	METERS	CMETERS	1.00000	0.80098	0.13557	0.06182	0.00058	0.00105	0.00000
22	STREET LIGHTING	CLIGHT	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000
23	METER READING	CMETRDG	1.00000	0.77138	0.13056	0.05954	0.03752	0.00101	0.00000
24	MISC SERVICE REVENUES	CMSREV	1.00000	0.86418	0.12753	0.00018	0.00717	0.00078	0.00016
25	CUSTOMER DEPOSITS	DDEPOS	1.00000	0.47603	0.37159	0.00004	0.05944	0.09290	0.00000
26									
27									
28									
29	REVENUE RELATED								
30	904-UNCOLLECTIBLE ACCOUNT EXP								
30		EXP904	1.00000	0.50504	0.06636	0.30315	0.10634	0.01558	0.00353
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	RATIO TABLE CONTINUED	ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	INTERNALLY DEVELOPED								
2	----------								
3	PLANT IN SERVICE EXCL GENERAL	PISXGENL	1.00000	0.54835	0.06832	0.26012	0.09879	0.01373	0.01071
4	TOTAL PLANT IN SERVICE	TOTPIS	1.00000	0.54983	0.06876	0.25856	0.09816	0.01363	0.01106
5	PRODUCTION PLANT IN SERVICE	PRODPIS	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
6	TRANSMISSION PLANT IN SERVICE	TRANPIS	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
7	DISTRIBUTION PLANT IN SERVICE	DISTPIS	1.00000	0.56260	0.07237	0.24729	0.08888	0.01446	0.01440
8	DISTRIBUTION SUBSTATIONS	DISTSUB	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
9	TOTAL TRANSMISSION & DISTRIBUTION	TDPLT	1.00000	0.55469	0.07012	0.25441	0.09437	0.01406	0.01235
10	GENERAL PLANT	GENLPIS	1.00000	0.58831	0.08015	0.21821	0.08198	0.01113	0.02021
11	BASE RATE SALES REVENUE	SALESREV	1.00000	0.50504	0.06636	0.30315	0.10634	0.01558	0.00353
12	TOTAL O&M LESS FUEL & PP& WAPA	OM	1.00000	0.61562	0.08858	0.18653	0.07169	0.00914	0.02844
13	ACCOUNT 360	PLT360	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
14	ACCOUNT 361	PLT361	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
15	ACCOUNT 362	PLT362	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
16	ACCOUNT 364	PLT364	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
17	ACCOUNT 365	PLT365	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
18	ACCOUNT 366	PLT366	1.00000	0.57470	0.07325	0.25864	0.09341	0.00000	0.00000
19	ACCOUNT 367	PLT367	1.00000	0.57470	0.07325	0.25864	0.09341	0.00000	0.00000
20	ACCOUNT 368	PLT368	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
21	ACCOUNT 369	PLT369	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
22	ACCOUNT 370	PLT370	1.00000	0.80098	0.13557	0.06182	0.00058	0.00105	0.00000
23	ACCOUNT 371	PLT371	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
24	ACCOUNT 373	PLT373	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000
25	DISTRIBUTION SUBSTATIONS	PLTDSUB	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
26	DISTRIBUTION OVERHEAD LINES	PLTDOHL	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
27	DISTRIBUTION UNDERGROUND LINES	PLTDUGL	1.00000	0.57470	0.07325	0.25864	0.09341	0.00000	0.00000
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RATIO TABLE CONTINUED

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	INTERNALLY DEVELOPED CONTINUED								
2	----------								
3	ACCOUNT 546	OX546	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
4	ACCOUNT 547	OX547	1.00000	0.49295	0.05686	0.29342	0.13568	0.01917	0.00191
5	ACCOUNT 548	OX548	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
6	ACCOUNT 549	OX549	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
7	ACCOUNT 550	OX550	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
8	ACCOUNT 550.1	OX5501	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
9	LABOR ACCOUNT 547-550.1	LAB54750	1.00000	0.51506	0.05579	0.29223	0.12324	0.01198	0.00170
10	ACCOUNT 551	MX551	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
11	ACCOUNT 552	MX552	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
12	ACCOUNT 553	MX553	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
13	ACCOUNT 554	MX554	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
14	ACCOUNT 554.1	MX5541	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
15	LABOR ACCOUNT 552-554.1	LAB55254	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
16	ACCOUNT 555	OX555	1.00000	0.49295	0.05686	0.29342	0.13568	0.01917	0.00191
17	ACCOUNT 556	OX556	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
18	ACCOUNT 557	OX557	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
19	ACCOUNT 560	OX560	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
20	ACCOUNT 561	OX561	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
21	ACCOUNT 562	OX562	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
22	ACCOUNT 563	OX563	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
23	ACCOUNT 564	OX564	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
24	ACCOUNT 565	OX565	1.00000	0.49295	0.05686	0.29342	0.13568	0.01917	0.00191
25	ACCOUNT 566	OX566	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
26	ACCOUNT 567	OX567	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
27	LABOR ACCOUNT 561-567	LAB56167	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
28	ACCOUNT 568	MX568	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
29	ACCOUNT 569	MX569	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
30	ACCOUNT 570	MX570	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
31	ACCOUNT 571	MX571	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
32	ACCOUNT 572	MX572	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
33	ACCOUNT 573	MX573	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
34	LABOR ACCOUNT 569-573	LAB56973	1.00000	0.51362	0.05843	0.29138	0.12293	0.01195	0.00170
35	ACCOUNT 580	OX580	1.00000	0.64637	0.09408	0.18655	0.05978	0.00750	0.00571
36	ACCOUNT 581	OX581	1.00000	0.56260	0.07237	0.24729	0.08888	0.01446	0.01440
37	ACCOUNT 582	OX582	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
38	ACCOUNT 583	OX583	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
39	ACCOUNT 584	OX584	1.00000	0.57470	0.07325	0.25864	0.09341	0.00000	0.00000
40	ACCOUNT 585	OX585	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000
41	ACCOUNT 586	OX586	1.00000	0.80098	0.13557	0.06182	0.00058	0.00105	0.00000
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RATIO TABLE CONTINUED

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
1	INTERNALLY DEVELOPED CONTINUED								
2									
3	ACCOUNT 587	OX587	1.00000	0.56260	0.07237	0.24729	0.08888	0.01446	0.01440
4	ACCOUNT 588	OX588	1.00000	0.56260	0.07237	0.24729	0.08888	0.01446	0.01440
5	ACCOUNT 589	OX589	1.00000	0.56260	0.07237	0.24729	0.08888	0.01446	0.01440
6	LABOR ACCOUNTS 581-589	LAB58189	1.00000	0.64637	0.09408	0.18655	0.05978	0.00750	0.00571
7	ACCOUNT 590	MX590	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
8	ACCOUNT 591	MX591	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
9	ACCOUNT 592	MX592	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
10	ACCOUNT 593	MX593	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
11	ACCOUNT 594	MX594	1.00000	0.57470	0.07325	0.25864	0.09341	0.00000	0.00000
12	ACCOUNT 595	MX595	1.00000	0.56288	0.07175	0.25333	0.09149	0.01790	0.00265
13	ACCOUNT 596	MX596	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000
14	ACCOUNT 597	MX597	1.00000	0.80098	0.13557	0.06182	0.00058	0.00105	0.00000
15	ACCOUNT 598	MX598	1.00000	0.56260	0.07237	0.24729	0.08888	0.01446	0.01440
16	LABOR ACCOUNTS 591-598	LAB59198	1.00000	0.50808	0.06477	0.22864	0.08257	0.01486	0.10109
17	ACCOUNT 901	OX901	1.00000	0.75944	0.12854	0.05862	0.03629	0.00099	0.01612
18	ACCOUNT 902	OX902	1.00000	0.77138	0.13056	0.05954	0.03752	0.00101	0.00000
19	ACCOUNT 903	OX903	1.00000	0.75805	0.12830	0.05851	0.03687	0.00099	0.01728
20	ACCOUNT 904	OX904	1.00000	0.56260	0.07237	0.24729	0.08888	0.01446	0.01440
21	ACCOUNT 905	OX905	1.00000	0.78662	0.13314	0.06071	0.00057	0.00103	0.01793
22	LABOR ACCOUNTS 902-905	LAB90205	1.00000	0.75944	0.12854	0.05862	0.03629	0.00099	0.01612
23	ACCOUNT907	OX907	1.00000	0.56260	0.07237	0.24729	0.08888	0.01446	0.01440
24	ACCOUNT908	OX908	1.00000	0.80098	0.13557	0.06182	0.00058	0.00105	0.00000
25	ACCOUNT909	OX909	1.00000	0.80098	0.13557	0.06182	0.00058	0.00105	0.00000
26	ACCOUNT910	OX910	1.00000	0.80098	0.13557	0.06182	0.00058	0.00105	0.00000
27	LABOR ACCOUNTS 908-910	LAB90810	1.00000	0.80098	0.13557	0.06182	0.00058	0.00105	0.00000
28	ACCOUNT 911	OX911	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
29	ACCOUNT 912	OX912	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
30	ACCOUNT 913	OX913	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
31	ACCOUNT 914	OX914	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
32	LABOR ACCOUNTS 912-917	LAB91217	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
33	ACCOUNT 920	OX920	1.00000	0.59667	0.08261	0.20966	0.07808	0.01075	0.02223
34	ACCOUNT 921	OX921	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
35	ACCOUNT 922	OX922	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
36	ACCOUNT 923	OX923	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
37	ACCOUNT 924	OX924	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
38	ACCOUNT 925	OX925	1.00000	0.59667	0.08261	0.20966	0.07808	0.01075	0.02223
39	ACCOUNT 926	OX926	1.00000	0.59667	0.08261	0.20966	0.07808	0.01075	0.02223
40	ACCOUNT 927	OX927	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
41	ACCOUNT 928	OX928	1.00000	0.54983	0.06876	0.25856	0.09816	0.01363	0.01106
42	ACCOUNT 929	OX929	1.00000	0.54983	0.06876	0.25856	0.09816	0.01363	0.01106
43									
44									
45									

		ALLOC	TOTAL 1	RESIDENTIAL 2	SGS 3	LGS 4	LPS 5	INTERRUPTIBLE 6	STREET LIGHTING 7
	RATIO TABLE CONTINUED								
1	INTERNALLY DEVELOPED CONTINUED								
2	---								
3	ACCOUNT 930	OX930	1.00000	0.54983	0.06876	0.25856	0.09816	0.01363	0.01106
4	ACCOUNT 931	OX931	1.00000	0.54983	0.06876	0.25856	0.09816	0.01363	0.01106
5	ACCOUNT 933	OX933	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
6	ACCOUNT 935	OX935	1.00000	0.58831	0.08015	0.21821	0.08198	0.01113	0.02021
7	LABOR ACCOUNTS 921-935	LAB92135	1.00000	0.52372	0.06131	0.28222	0.11602	0.01242	0.00431
8	LABOR EXCLUDING A&G	LABXAG	1.00000	0.59667	0.08261	0.20966	0.07808	0.01075	0.02223
9	LABOR	LABOR	1.00000	0.58831	0.08015	0.21821	0.08198	0.01113	0.02021
10	ACCOUNTS 581-589	OX58189	1.00000	0.61492	0.08586	0.21001	0.07099	0.01018	0.00805
11	ACCOUNTS 591-598	MX59198	1.00000	0.47660	0.06076	0.21436	0.07741	0.01415	0.15673
12									
13									
14									
15									
16	O&M EXP LESS FUEL, PP, & WAPA								
17	---								
18	RESIDENTIAL		1.00000	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000
19	SGS		1.00000	0.00000	1.00000	0.00000	0.00000	0.00000	0.00000
20	LGS		1.00000	0.00000	0.00000	1.00000	0.00000	0.00000	0.00000
21	LPS		1.00000	0.00000	0.00000	0.00000	1.00000	0.00000	0.00000
22	INTERRUPTIBLE		1.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000
23	STREET LIGHTING		1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000
24									
25									
26									
27									
28	REVENUES FROM SALES								
29	---								
30	SALES OF ELECTRICITY REVENUES		1.00000	0.50504	0.06636	0.30315	0.10634	0.01558	0.00353
31									
32									
33									
34									
35									
36									
37									
38									
39									
40									
41									
42									
43									
44									
45									

BMGS
Schedule H

UNS Electric, Inc.
Summary of Revenues by Customer Classifications
Adjusted Present Rates And Proposed Rates
Test Year Ended December 31, 2008
(Thousands of Dollars)

Line No.	Class of Service	Test Year Present Net Revenue	Adjusted Present Net Revenue	Proposed Net Revenue	Proposed Net Increase	Proposed Percent Increase to Test Year Revenues (a)	Proposed Percent Increase to Adjusted Test Year Revenues (a)	Line No.
1	Residential Service	$85,575,371	$74,148,720	$80,978,766	$6,830,046	7.98%	9.21%	1
2	Residential Cares	6,547,952	6,293,761	5,701,729	($592,032)	-9.04%	-9.41%	2
3	Small General Service	11,642,400	10,569,832	11,543,449	$973,617	8.36%	9.21%	3
4	Large General Service	55,358,044	48,286,092	52,733,859	$4,447,767	8.03%	9.21%	4
5	Large Power Service	19,626,605	16,938,518	18,498,772	$1,560,254	7.95%	9.21%	5
6	Interruptible Service	2,271,247	2,481,084	2,709,624	$228,540	10.06%	9.21%	6
7	Lighting DD	617,297	562,438	614,248	$51,809	8.39%	9.21%	7
8	Subtotal	181,638,915	159,280,446	172,780,447	13,500,000	7.43%	8.48%	8
9	Other Operating Revenue	1,645,619	1,645,619	1,645,619	0	0.00%	0.00%	9
10	Total	$183,284,534	$160,926,065	$174,426,065	$13,500,000	7.37%	8.39%	10

Supporting Schedules	Recap Schedules	Recap Schedules
(a) H-2 (P2)	A-1	A-1

Black Mountain Generating Station

UNS Electric, Inc.
Comparisons of Revenues by Rate Schedules
Present And Proposed Rates
Test Year Ended December 31, 2008

Line No.	Class of Service	Rate Schedule Present	Proposed	Actual kWh Sales	Actual Average Number of Customers	Actual Average kWh per Customer	Test Year End Sales Adjustments	Adjusted kWh Sales	Adjusted Average Number of Customers	Adjusted Average Sales per Customer	Line No.
1	Residential Service	RES-01	RES-01	757,895,043	71,505	10,599	(17,627,814)	740,267,229	70,602	10,485	1
2	Residential Cares	CARES	CARES	63,995,155	6,869	9,317	5,725,945	69,721,100	7,522	9,269	2
3	Small General Service	SGS-10	SGS-10	92,855,781	7,711	12,042	570,617	93,426,398	7,778	12,012	3
4	Large General Service	LGS	LGS	498,893,145	2,069	241,167	(19,755,862)	479,137,283	2,000	239,569	4
5	Large General Service TOU	LGS-TOU	LGS-TOU	3,045,144	11	287,730	(45,296)	2,999,848	10	299,985	5
6	Large Power Service <69KV	LPS	LPS	60,317,878	9	6,520,852	3,946,904	64,264,781	11	5,842,253	6
7	Large Power Service >69KV	LPS	LPS	158,685,112	8	19,835,639	0	158,685,112	8	19,835,639	7
8	Interruptible Power Service	IPS	IPS	24,484,630	25	989,278	7,021,780	31,506,409	34	926,659	8
9	Lighting	LTG	LTG	3,145,228	1,781	1,766	0	3,145,228	1,781	1,766	9
10	Total Electric Retail Service			1,663,317,115	89,986	18,484	(20,163,726)	1,643,153,389	89,746	18,309	10

UNS Electric, Inc.
Comparisons of Revenues by Rate Schedules
Present And Proposed Rates
Test Year Ended December 31, 2008

Line No.	Class of Service	Test Year Booked Revenue	Test Year Revenue Annualization Adjustment	Test Year End Adjustments [1]	Adjusted Net Revenue	Proposed TY Delivery Charge Revenue	Proposed Increase Delivery		Proposed TY Base Power Supply Revenue	Proposed TY Total Revenue Requirement	Line No.
							$	%			
1	Residential Service	$85,575,371	$3,770,258	(15196908.76)	$74,148,720	$18,648,666	$11,424,301	61.26%	$50,905,799	$80,978,766	1
1	Residential Cares	6,547,952	$365,783	(619973.60)	$6,293,761	$1,066,561	2,009,765	188.43%	2,625,403	$5,701,729	1
2	Small General Service	11,642,400	$510,373	(1582940.93)	$10,569,832	3,776,052	1,528,589	40.48%	6,238,808	11,543,449	2
3	Large General Service	55,025,876	$4,554,237	(11587759.91)	$47,992,353	17,307,444	6,776,976	39.16%	28,330,807	52,415,226	3
4	Large General Service TOU	332,168	$13,217	(51645.96)	$293,739	101,622	39,633	39.00%	177,377	318,633	4
5	Large Power Service <69KV	6,110,689	$446,472	(820508.75)	$5,736,652	2,507,990	764,429	30.48%	3,017,796	6,290,215	5
6	Large Power Service >69KV	13,515,916	$940,040	(3254090.51)	$11,201,866	3,229,525	1,527,371	47.29%	7,451,660	12,208,557	6
7	Interruptible Power Service	2,271,247	$132,056	77781.94	$2,481,084	827,912	340,204	41.09%	1,541,507	2,709,624	7
8	Lighting	617,297	$1,019	(55878.12)	$562,438	511,110	49,510	9.69%	53,628	614,248	8
9	Total Electric Service	$181,638,915	$10,733,455	-$33,091,925	$159,280,446	$47,976,882	$24,460,778	50.98%	$100,342,786	$172,780,447	9

[1] Adjustments include Customer Annualization, Weather Normalization, Cares Discount and PPFAC Adjustment)

UNS Electric, Inc.
Comparison of Present and Proposed Rates
Test Year Ended December 31, 2008

	Present Rate	Proposed Rate	Increase $	Increase %
Residential Service				
Customer Charge	$7.50	$8.00	$0.50	6.67%
Energy Charge 1st 400 kWhs	$0.011255	$0.026115	$0.014860	132.03%
Energy Charge, all additional kWhs	$0.021269	$0.036129	$0.014860	69.87%
Base Power Supply Charge, all kWhs	$0.077993	$0.068767	-$0.009226	-11.83%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Residential Service CARES				
Customer Charge	$7.50	$3.50	-$4.00	-53.33%
Energy Charge 1st 400 kWhs	$0.011255	$0.045259	$0.034004	302.13%
Energy Charge, all additional kWhs	$0.021269	$0.055273	$0.034004	159.88%
Base Power Supply Charge, all kWhs	$0.077993	$0.037656	-$0.040337	-51.72%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Residential Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.092183	$0.153093	$0.060910	66.07%
Summer Shoulder	$0.081803	$0.068767	-$0.013036	-15.94%
Summer off-peak	$0.077183	$0.048113	-$0.029070	-37.66%
Winter on-peak	$0.080873	$0.153093	$0.072220	89.30%
Winter off-peak	$0.065873	$0.035849	-$0.030024	-45.58%
Small General Service				
Customer Charge	$12.00	$12.50	$0.50	4.17%
Energy Charge 1st 400 kWhs	$0.022449	$0.038311	$0.015862	70.66%
Energy Charge, all additional kWhs	$0.032463	$0.048325	$0.015862	48.86%
Base Power Supply Charge, all kWhs	$0.075738	$0.066778	-$0.008960	-11.83%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Small General Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.090348	$0.130888	$0.040540	44.87%
Summer Shoulder	$0.079658	$0.066778	-$0.012880	-16.17%
Summer off-peak	$0.075348	$0.040888	-$0.034460	-45.73%
Winter on-peak	$0.079448	$0.130888	$0.051440	64.75%
Winter off-peak	$0.064448	$0.032668	-$0.031780	-49.31%

Large General Service				
Customer Charge	$15.50	$16.00	$0.50	3.23%
Demand Charge, per kW	$10.71	$15.05	$4.344871	40.57%
Energy Charge (kWhs)	$0.003254	$0.004354	$0.001100	33.80%
Base Power Supply Charge, all kWhs	$0.067062	$0.059129	-$0.007933	-11.83%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Large General Service TOU				
Customer Charge	$20.40	$20.90	$0.50	2.45%
Demand Charge, per kW	$10.71	$15.05	$4.344871	40.57%
Energy Charge (kWhs)	$0.003254	$0.004354	$0.001100	33.80%
Base Power Supply Charge, all kWhs	$0.067062	$0.059129	-$0.007933	-11.83%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Large General Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.082832	$0.116024	$0.033192	40.07%
Summer Shoulder	$0.071452	$0.059129	-$0.012323	-17.25%
Summer off-peak	$0.067832	$0.041024	-$0.026808	-39.52%
Winter on-peak	$0.071072	$0.116024	$0.044952	63.25%
Winter off-peak	$0.056072	$0.027306	-$0.028766	-51.30%
Large Power Service (<69KV)				
Customer Charge	$365.00	$372.00	$7.00	1.92%
Demand Charge, per kW	$17.90	$23.45	$5.554460	31.04%
Energy Charge (kWhs)	$0.000000	$0.000000	$0.000000	0.00%
Base Power Supply Charge, all kWhs	$0.053260	$0.046959	-$0.006301	-11.83%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Large Power Service (>69KV)				
Customer Charge	$400.00	$407.00	$7.00	1.75%
Demand Charge, per kW	$11.61	$17.16	$5.554460	0.00%
Energy Charge (kWhs)	$0.000000	$0.000000	$0.000000	0.00%
Base Power Supply Charge, all kWhs	$0.053260	$0.046959	-$0.006301	-11.83%
PPFAC	$0.014746	$0.000000	-$0.014746	100.00%
Large Power Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.070170	$0.094919	$0.024749	35.27%
Summer Shoulder	$0.058180	$0.046959	-$0.011221	-19.29%
Summer off-peak	$0.055170	$0.034919	-$0.020251	-36.71%
Winter on-peak	$0.058170	$0.094919	$0.036749	63.17%
Winter off-peak	$0.043170	$0.022905	-$0.020265	-46.94%

Interruptible Power Service				
Customer Charge	$15.50	$16.00	$0.50	3.23%
Demand Charge, per kW	$3.40	$5.24	$1.84	54.02%
Energy Charge (kWhs)	$0.014800	$0.019500	$0.00	31.76%
Base Power Supply Charge, all kWhs	$0.055491	$0.048927	-$0.01	-11.83%
PPFAC	$0.014746	$0.000000	-$0.01	-100.00%
Interruptible Power Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.071861	$0.097611	$0.025750	35.83%
Summer Shoulder	$0.059691	$0.048927	-$0.010764	-18.03%
Summer off-peak	$0.056861	$0.037611	-$0.019250	-33.85%
Winter on-peak	$0.059411	$0.097611	$0.038200	64.30%
Winter off-peak	$0.044411	$0.022479	-$0.021932	-49.38%
Lighting Dusk to Dawn				
New 30' Wood Pole (Class 6) - Overhead	$4.12	$4.535	$0.41	10.00%
New 30' Metal or Fiberglass - Overhead	$8.26	$9.083	$0.83	10.00%
Existing Wood Pole - Underground	$2.06	$2.268	$0.21	10.00%
New 30' Wood Pole (Class 6) - Underground	$6.20	$6.815	$0.62	10.00%
New 30' Metal or Fiberglass - Underground	$10.32	$11.350	$1.03	10.00%
Wattage, per Watt	$0.046577	$0.051029	$0.004452	9.56%
Lighting Base Power Supply Charge, per Watt	$0.007818	$0.006893	$0.00	100.00%

UNS Electric, Inc.
Typical Bill Comparison
Present and Proposed Rates
Test Year Ended December 31, 2008

Residential Service	Present	Proposed
Customer Charge	$7.50	$8.00
Energy Charge 1st 400 kWhs	$0.011255	$0.026115
Energy Charge, all additional kWhs	$0.021269	$0.036129
Base Power Supply Charge, all kWhs	$0.077993	$0.068767
PPFAC	$0.014746	$0.000000

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$7.50	$8.00	$0.50	6.67%
50	$12.70	$12.74	$0.04	0.35%
100	$17.90	$17.49	($0.41)	-2.30%
200	$28.30	$26.98	($1.32)	-4.67%
400	$49.10	$45.95	($3.14)	-6.41%
600	$71.90	$66.93	($4.97)	-6.91%
800	$94.70	$87.91	($6.79)	-7.17%
1,000	$117.50	$108.89	($8.61)	-7.33%
2,000	$231.51	$213.79	($17.72)	-7.66%
2,500	$288.51	$266.23	($22.28)	-7.72%
5,000	$573.53	$528.48	($45.06)	-7.86%
10,000	$1,143.57	$1,052.96	($90.62)	-7.92%

Residential Service CARES	Present	Proposed	Discounts:	
Customer Charge	$7.50	$3.50	0-300 kWh	30.0%
Energy Charge 1st 400 kWhs	$0.011255	$0.045259	301-600 kWh	20.0%
Energy Charge, all additional kWhs	$0.021269	$0.055273	601-1000 kWh	10.0%
Base Power Supply Charge, all kWhs	$0.077993	$0.037656	1001+ kWh	$8.00
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$5.25	$2.45	($2.80)	-53.33%
50	$8.89	$5.35	($3.54)	-39.80%
100	$12.53	$8.25	($4.28)	-34.12%
200	$19.81	$14.06	($5.75)	-29.03%
400	$39.28	$29.33	($9.95)	-25.32%
600	$57.52	$44.20	($13.32)	-23.15%
800	$85.23	$66.45	($18.78)	-22.03%
1,000	$105.75	$83.18	($22.57)	-21.34%
2,000	$223.51	$177.35	($46.16)	-20.65%
2,500	$280.51	$223.82	($56.70)	-20.21%
5,000	$565.53	$456.14	($109.39)	-19.34%
10,000	$1,135.57	$920.79	($214.79)	-18.91%

Residential Service Time-of-Use Summer	Present	Proposed	Assume:	
Customer Charge	$7.50	$8.00	On Peak Usage:	16.6%
Energy Charge 1st 400 kWhs	$0.011255	$0.026115	Shoulder-Peak Usage:	15.4%
Energy Charge, all additional kWhs	$0.021269	$0.036129	Off-Peak Usage:	67.9%
Base Power Supply Charge				
On-Peak, all kWhs	$0.092183	$0.153093		
Shoulder-Peak, all kWhs	$0.081803	$0.068767		
Off-Peak, all kWhs	$0.077183	$0.048113		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$7.50	$8.00	$0.50	6.67%
50	$12.82	$12.74	($0.08)	-0.59%
100	$18.14	$17.49	($0.65)	-3.59%
200	$28.78	$26.98	($1.80)	-6.26%
400	$50.06	$45.95	($4.10)	-8.20%
600	$73.34	$66.93	($6.41)	-8.73%
800	$96.62	$87.91	($8.71)	-9.01%
1,000	$119.90	$108.89	($11.01)	-9.18%
2,000	$236.31	$213.79	($22.52)	-9.53%
2,500	$294.51	$266.24	($28.27)	-9.60%
5,000	$585.53	$528.48	($57.05)	-9.74%
10,000	$1,167.56	$1,052.96	($114.60)	-9.82%

Residential Service Time-of-Use Winter	Present	Proposed	Assume:	
Customer Charge	$7.50	$8.00	On Peak Usage:	28.1%
Energy Charge 1st 400 kWhs	$0.011255	$0.026115		
Energy Charge, all additional kWhs	$0.021269	$0.036129	Off-Peak Usage:	71.9%
Base Power Supply Charge				
On-Peak, all kWhs	$0.080873	$0.153093		
Shoulder-Peak, all kWhs				
Off-Peak, all kWhs	$0.065873	$0.035849		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$7.50	$8.00	$0.50	6.67%
50	$12.30	$12.74	$0.44	3.57%
100	$17.11	$17.49	$0.38	2.22%
200	$26.72	$26.98	$0.26	0.97%
400	$45.93	$45.95	$0.02	0.04%
600	$67.15	$66.93	($0.22)	-0.33%
800	$88.37	$87.91	($0.46)	-0.53%
1,000	$109.59	$108.89	($0.71)	-0.64%
2,000	$215.69	$213.78	($1.91)	-0.89%
2,500	$268.74	$266.23	($2.52)	-0.94%
5,000	$533.99	$528.46	($5.53)	-1.04%
10,000	$1,064.48	$1,052.92	($11.56)	-1.09%

Small General Service	Present	Proposed
Customer Charge	$12.00	$12.50
Energy Charge 1st 400 kWhs	$0.022449	$0.038311
Energy Charge, all additional kWhs	$0.032463	$0.048325
Base Power Supply Charge, all kWhs	$0.075738	$0.066778
PPFAC	$0.014746	$0.000000

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
50	$17.65	$17.75	$0.11	0.61%
100	$23.29	$23.01	($0.28)	-1.22%
250	$40.23	$38.77	($1.46)	-3.63%
500	$69.47	$66.05	($3.42)	-4.93%
1,000	$130.94	$123.60	($7.34)	-5.61%
2,000	$253.89	$238.70	($15.19)	-5.98%
3,500	$438.31	$411.35	($26.96)	-6.15%
5,000	$622.73	$584.01	($38.72)	-6.22%
10,000	$1,237.46	$1,159.52	($77.94)	-6.30%
30,000	$3,696.40	$3,461.58	($234.83)	-6.35%
50,000	$6,155.34	$5,763.63	($391.72)	-6.36%

Large General Service Delivery Charges	Present	Proposed		
Customer Charge	$15.50	$16.00		
Demand Charge, per kW	$10.71	$15.05	Assumes	
Energy Charge (kWhs)	$0.003254	$0.004354	Load Factor =	55.0%
Base Power Supply Charge, all kWhs	$0.067062	$0.059129		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
5,000	$574.18	$520.90	($53.29)	-9.28%
10,000	$1,132.87	$1,025.79	($107.08)	-9.45%
25,000	$2,808.92	$2,540.48	($268.44)	-9.56%
50,000	$5,602.35	$5,064.97	($537.38)	-9.59%
100,000	$11,189.20	$10,113.94	($1,075.26)	-9.61%
200,000	$22,362.89	$20,211.87	($2,151.02)	-9.62%
300,000	$33,536.59	$30,309.81	($3,226.78)	-9.62%
400,000	$44,710.29	$40,407.74	($4,302.55)	-9.62%
500,000	$55,883.98	$50,505.68	($5,378.31)	-9.62%
600,000	$67,057.68	$60,603.61	($6,454.07)	-9.62%

Large General Service TOU	Present	Proposed		
Customer Charge	$20.40	$20.90		
Demand Charge, per kW	$10.71	$15.05	Assumes	
Energy Charge (kWhs)	$0.003254	$0.004354	Load Factor =	55.0%
Base Power Supply Charge, all kWhs	$0.067062	$0.059129		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
5,000	$572.42	$516.42	($55.99)	-9.78%
10,000	$1,124.43	$1,011.95	($112.49)	-10.00%
25,000	$2,780.48	$2,498.51	($281.97)	-10.14%
50,000	$5,540.56	$4,976.13	($564.43)	-10.19%
100,000	$11,060.72	$9,931.35	($1,129.37)	-10.21%
200,000	$22,101.04	$19,841.80	($2,259.24)	-10.22%
300,000	$33,141.37	$29,752.26	($3,389.11)	-10.23%
400,000	$44,181.69	$39,662.71	($4,518.98)	-10.23%
500,000	$55,222.01	$49,573.16	($5,648.85)	-10.23%
600,000	$66,262.33	$59,483.61	($6,778.72)	-10.23%

Assumes maximum peak period demand is 5% lower than maximum demand in non-peak period.

Large Power Service (<69KV)	Present	Proposed		
Customer Charge	$365.00	$372.00		
Demand Charge, per kW	$17.90	$23.45	Assumes	
Energy Charge (kWhs)	$0.000000	$0.000000	Load Factor =	65.0%
Base Power Supply Charge, all kWhs	$0.053260	$0.046959		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
300,000	$32,081	$29,285	($2,795)	-8.71%
450,000	$47,939	$43,742	($4,197)	-8.75%
650,000	$69,083	$63,018	($6,065)	-8.78%
850,000	$90,226	$82,293	($7,933)	-8.79%
950,000	$100,798	$91,931	($8,867)	-8.80%
1,500,000	$158,944	$144,939	($14,005)	-8.81%
1,750,000	$185,374	$169,034	($16,340)	-8.81%
2,000,000	$211,804	$193,128	($18,676)	-8.82%
2,500,000	$264,663	$241,317	($23,346)	-8.82%

Large Power Service (>69KV) Delivery Charges	Present	Proposed		
Customer Charge	$400.00	$407.00		
Demand Charge, per kW	$11.61	$17.16	Assumes	
Energy Charge (kWhs)	$0.000000	$0.000000	Load Factor =	70.0%
Base Power Supply Charge, all kWhs	$0.053260	$0.046959		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
300,000	$27,617.85	$24,571.62	($3,046)	-11.03%
450,000	$41,226.77	$36,653.93	($4,573)	-11.09%
650,000	$59,372.00	$52,763.67	($6,608)	-11.13%
850,000	$77,517.23	$68,873.42	($8,644)	-11.15%
950,000	$86,589.85	$76,928.29	($9,662)	-11.16%
1,500,000	$136,489.23	$121,230.09	($15,259)	-11.18%
1,750,000	$159,170.77	$141,367.28	($17,803)	-11.19%
2,000,000	$181,852.31	$161,504.46	($20,348)	-11.19%
2,500,000	$227,215.39	$201,778.82	($25,437)	-11.19%

Interruptible Power Service Delivery Charges	Present	Proposed		
Customer Charge	$15.50	$16.00		
Demand Charge, per kW	$3.40	$5.24	50 Assumes	
Energy Charge (kWhs)	$0.014800	$0.019500	Load Factor =	55.0%
Base Power Supply Charge, all kWhs	$0.055491	$0.048927		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
10,001	$950.65	$830.78	($119.87)	-12.61%
15,000	$1,418.08	$1,238.04	($180.04)	-12.70%
20,000	$1,885.60	$1,645.39	($240.22)	-12.74%
30,000	$2,820.66	$2,460.08	($360.58)	-12.78%
50,000	$4,690.76	$4,089.47	($601.29)	-12.82%
75,000	$7,028.39	$6,126.20	($902.19)	-12.84%
100,000	$9,366.02	$8,162.94	($1,203.09)	-12.85%
125,000	$11,703.66	$10,199.67	($1,503.99)	-12.85%
150,000	$14,041.29	$12,236.40	($1,804.88)	-12.85%

UNS Electric, Inc.
Typical Bill Comparison
Present and Proposed Rates
Test Year Ended December 31, 2008

	Present	Proposed	Proposed Increase $	Proposed Increase %
Lighting Dusk to Dawn Delivery Charges	Overhead Service			
New 30' Wood Pole (Class 6)	$4.12	$4.54	$0.41	10.00%
New 30' Metal or Fiberglass	$8.26	$9.08	$0.83	10.00%
	Underground Service			
Existing Wood Pole	$2.06	$2.27	$0.21	10.00%
New 30' Wood Pole (Class 6)	$6.20	$6.81	$0.62	10.00%
New 30' Metal or Fiberglass	$10.32	$11.35	$1.03	10.00%
Per Watt	$0.046577	$0.051029	$0.0045	9.56%
Lighting Base Power Supply Charge, per Watt	$0.007818	$0.00689		
PPFAC	$0.014746	$0.000000		
100 Watts - Overhead				
Existing Wood Pole	$4.67	$5.79	$1.13	24.15%
New 30' Wood Pole (Class 6)	$8.79	$10.33	$1.54	17.51%
New 30' Metal or Fiberglass	$12.92	$14.87	$1.95	15.11%
100 Watts - Underground				
Existing Wood Pole	$6.73	$8.06	$1.33	19.81%
New 30' Wood Pole (Class 6)	$10.86	$12.61	$1.75	16.08%
New 30' Metal or Fiberglass	$14.98	$17.14	$2.16	14.41%
200 Watts - Overhead				
Existing Wood Pole	$9.32	$11.58	$2.27	24.36%
New 30' Wood Pole (Class 6)	$13.44	$16.12	$2.68	19.95%
New 30' Metal or Fiberglass	$17.57	$20.67	$3.09	17.61%
200 Watts - Underground				
Existing Wood Pole	$12.94	$13.85	$0.91	7.04%
New 30' Wood Pole (Class 6)	$17.07	$18.40	$1.32	7.76%
New 30' Metal or Fiberglass	$19.63	$22.93	$3.30	16.81%
400 Watts - Overhead				
Existing Wood Pole	$21.76	$23.17	$1.41	6.48%
New 30' Wood Pole (Class 6)	$25.88	$27.70	$1.82	7.04%
New 30' Metal or Fiberglass	$30.02	$32.25	$2.24	7.45%
400 Watts - Underground				
Existing Wood Pole	$23.82	$25.44	$1.62	6.79%
New 30' Wood Pole (Class 6)	$27.95	$29.98	$2.03	7.26%
New 30' Metal or Fiberglass	$32.08	$34.52	$2.44	7.61%

RESIDENTIAL SERVICE

Usage Range - kWhs				Cumulative Bills		Cumulative kWhs	
Lower	Upper	Number of Bills	kWhs	Bills	Percent of Total	kWhs	Percent of Total
0	4	23,272	7,875	23,272	2.75%	7,875	0.00%
5	9	2,839	19,603	26,111	3.08%	27,477	0.00%
10	14	4,707	54,364	30,819	3.64%	81,841	0.01%
15	19	2,820	48,148	33,639	3.97%	129,989	0.02%
20	24	3,842	82,194	37,480	4.42%	212,183	0.03%
25	29	2,091	57,044	39,571	4.67%	269,227	0.04%
30	34	3,402	106,961	42,972	5.07%	376,187	0.05%
35	39	1,901	70,954	44,873	5.30%	447,142	0.06%
40	44	3,370	139,715	48,244	5.69%	586,857	0.08%
45	49	1,866	88,539	50,110	5.91%	675,396	0.09%
50	54	3,328	171,578	53,438	6.31%	846,974	0.11%
55	99	22,937	1,770,923	76,375	9.01%	2,617,896	0.35%
100	149	27,371	3,402,317	103,746	12.25%	6,020,213	0.81%
150	199	27,750	4,847,682	131,496	15.52%	10,867,896	1.47%
200	249	29,020	6,533,102	160,515	18.95%	17,400,998	2.35%
250	299	29,812	8,214,483	190,328	22.46%	25,615,481	3.46%
300	349	30,980	10,091,281	221,308	26.12%	35,706,762	4.82%
350	399	31,254	11,764,136	252,562	29.81%	47,470,898	6.41%
400	449	31,856	13,592,071	284,417	33.57%	61,062,969	8.25%
450	499	31,678	15,111,742	316,095	37.31%	76,174,711	10.29%
500	549	31,234	16,468,704	347,329	41.00%	92,643,416	12.51%
550	599	30,035	17,356,789	377,364	44.54%	110,000,205	14.86%
600	649	29,183	18,331,128	406,547	47.99%	128,331,333	17.34%
650	699	27,534	18,685,624	434,081	51.24%	147,016,957	19.86%
700	749	26,191	19,088,478	460,273	54.33%	166,105,436	22.44%
750	799	24,847	19,368,319	485,120	57.26%	185,473,755	25.05%
800	849	23,463	19,468,073	508,583	60.03%	204,941,828	27.68%
850	899	22,008	19,376,275	530,591	62.63%	224,318,103	30.30%
900	949	20,538	19,116,807	551,129	65.05%	243,434,910	32.88%
950	999	19,466	19,099,037	570,595	67.35%	262,533,947	35.46%
1,000	1,199	65,831	72,655,332	636,426	75.12%	335,189,279	45.28%
1,200	1,399	51,339	66,991,356	687,766	81.18%	402,180,636	54.33%
1,400	1,599	39,421	59,396,603	727,187	85.83%	461,577,239	62.35%
1,600	1,799	29,879	51,030,077	757,066	89.36%	512,607,316	69.25%
1,800	1,999	22,573	43,108,338	779,639	92.02%	555,715,654	75.07%
2,000	2,999	51,726	124,361,908	831,365	98.13%	680,077,561	91.87%
3,000	3,999	11,881	40,416,199	843,246	99.53%	720,493,760	97.33%
4,000	4,999	2,747	12,150,015	845,992	99.85%	732,643,775	98.97%
5,000	5,999	772	4,205,357	846,764	99.95%	736,849,132	99.54%
6,000	9,999	440	3,087,215	847,203	100.00%	739,936,347	99.96%
≥ 10,000		26	330,882	847,229	100.00%	740,267,229	100.00%

Average Customers	70,602
Average kWhs	874
Median kWhs	685

RESIDENTIAL SERVICE CARES

Usage Range - kWhs				Cumulative Bills		Cumulative kWhs	
Lower	Upper	Number of Bills	kWhs	Bills	Percent of Total	kWhs	Percent of Total
0	4	523	170	523	0.58%	170	0.00%
5	9	64	444	586	0.65%	615	0.00%
10	14	108	1,159	694	0.77%	1,774	0.00%
15	19	64	1,064	758	0.84%	2,838	0.00%
20	24	99	2,090	857	0.95%	4,928	0.01%
25	29	55	1,453	912	1.01%	6,382	0.01%
30	34	116	3,499	1,028	1.14%	9,881	0.01%
35	39	67	2,436	1,095	1.21%	12,317	0.02%
40	44	147	5,882	1,242	1.38%	18,199	0.03%
45	49	78	3,583	1,319	1.46%	21,782	0.03%
50	54	143	7,150	1,462	1.62%	28,932	0.04%
55	59	73	4,114	1,535	1.70%	33,046	0.05%
60	64	163	9,771	1,698	1.88%	42,817	0.06%
65	69	92	6,043	1,790	1.98%	48,860	0.07%
70	74	162	11,285	1,952	2.16%	60,145	0.09%
75	79	100	7,576	2,053	2.27%	67,721	0.10%
80	84	191	15,169	2,244	2.49%	82,891	0.12%
85	89	94	8,022	2,338	2.59%	90,912	0.13%
90	94	211	18,789	2,548	2.82%	109,701	0.16%
95	99	126	12,022	2,675	2.96%	121,724	0.17%
100	149	2,315	283,094	4,990	5.53%	404,817	0.58%
150	199	3,257	556,337	8,246	9.14%	961,154	1.38%
200	249	3,885	850,613	12,131	13.44%	1,811,767	2.60%
250	299	4,411	1,181,304	16,542	18.33%	2,993,071	4.29%
300	349	4,820	1,524,276	21,362	23.67%	4,517,347	6.48%
350	399	4,794	1,751,657	26,156	28.98%	6,269,003	8.99%
400	449	4,741	1,963,181	30,898	34.23%	8,232,184	11.81%
450	499	4,278	1,982,255	35,176	38.97%	10,214,439	14.65%
500	549	4,360	2,232,640	39,536	43.80%	12,447,079	17.85%
550	599	4,070	2,282,951	43,605	48.31%	14,730,029	21.13%
600	699	7,212	4,567,093	50,817	56.30%	19,297,122	27.68%
700	799	6,124	4,475,333	56,942	63.08%	23,772,455	34.10%
800	899	5,136	4,258,373	62,078	68.77%	28,030,828	40.20%
900	999	4,260	3,948,300	66,338	73.49%	31,979,128	45.87%
1,000	1,999	19,203	25,724,488	85,540	94.77%	57,703,616	82.76%
2,000	2,999	3,872	8,987,384	89,413	99.05%	66,691,000	95.65%
3,000	3,999	691	2,273,600	90,104	99.82%	68,964,600	98.91%
4,000	4,999	120	511,894	90,223	99.95%	69,476,494	99.65%
5,000	5,999	30	160,017	90,254	99.99%	69,636,511	99.88%
≥ 6,000		12	84,588	90,266	100.00%	69,721,100	100.00%

Average Customers	7,522
Average kWhs	772
Median kWhs	605

SMALL GENERAL SERVICE

Usage Range - kWhs				Cumulative Bills		Cumulative kWhs	
Lower	Upper	Number of Bills	kWhs	Bills	Percent of Total	kWhs	Percent of Total
0	19	8,209	29,969	8,209	8.8%	29,969	0.03%
20	39	2,439	70,452	10,647	11.4%	100,421	0.11%
40	59	2,135	103,999	12,783	13.7%	204,420	0.22%
60	79	1,652	114,747	14,435	15.5%	319,167	0.34%
80	99	1,613	143,564	16,048	17.2%	462,731	0.50%
100	199	7,260	1,082,109	23,308	25.0%	1,544,840	1.65%
200	299	7,173	1,795,240	30,481	32.7%	3,340,080	3.58%
300	399	6,448	2,251,457	36,929	39.6%	5,591,537	5.98%
400	499	5,423	2,440,028	42,353	45.4%	8,031,564	8.60%
500	599	4,634	2,553,356	46,986	50.3%	10,584,920	11.33%
600	699	4,198	2,728,457	51,184	54.8%	13,313,378	14.25%
700	799	3,616	2,714,699	54,799	58.7%	16,028,077	17.16%
800	899	3,189	2,715,174	57,988	62.1%	18,743,251	20.06%
900	999	2,892	2,756,281	60,881	65.2%	21,499,533	23.01%
1,000	1,199	5,224	5,750,988	66,105	70.8%	27,250,521	29.17%
1,200	1,399	4,386	5,710,379	70,491	75.5%	32,960,900	35.28%
1,400	1,599	3,525	5,297,622	74,015	79.3%	38,258,521	40.95%
1,600	1,999	5,339	9,586,114	79,354	85.0%	47,844,636	51.21%
2,000	2,999	7,887	19,315,557	87,241	93.5%	67,160,192	71.89%
3,000	3,999	3,717	12,861,438	90,958	97.5%	80,021,630	85.65%
4,000	4,999	1,493	6,635,207	92,451	99.1%	86,656,837	92.75%
5,000	9,999	787	4,740,977	93,238	99.9%	91,397,815	97.83%
10,000	19,999	56	730,998	93,294	100.0%	92,128,813	98.61%
≥20,000		42	1,297,585	93,336	100.0%	93,426,398	100.00%

Average Customers	7,778
Average kWhs	1,001
Median kWhs	594

LARGE GENERAL SERVICE

Usage Range - kWhs				Cumulative Bills		Cumulative kWhs	
Lower	Upper	Number of Bills	kWhs	Bills	Percent of Total	kWhs	Percent of Total
0	499	836	108,605	836	3.5%	108,605	0.02%
500	999	378	284,347	1,214	5.0%	392,953	0.08%
1,000	1,999	830	1,255,909	2,044	8.5%	1,648,861	0.34%
2,000	2,999	1,322	3,352,817	3,366	14.0%	5,001,678	1.04%
3,000	3,999	1,878	6,605,048	5,244	21.7%	11,606,726	2.41%
4,000	4,999	2,032	9,187,940	7,276	30.2%	20,794,666	4.31%
5,000	5,999	1,813	9,964,435	9,089	37.7%	30,759,100	6.38%
6,000	6,999	1,587	10,306,959	10,676	44.3%	41,066,060	8.52%
7,000	7,999	1,268	9,479,879	11,944	49.5%	50,545,939	10.48%
8,000	8,999	1,107	9,409,222	13,051	54.1%	59,955,160	12.44%
9,000	9,999	933	8,868,990	13,983	58.0%	68,824,150	14.27%
10,000	14,999	2,781	33,991,849	16,764	69.5%	102,815,999	21.33%
15,000	19,999	1,670	28,961,503	18,434	76.4%	131,777,502	27.33%
20,000	29,999	1,936	47,351,843	20,370	84.5%	179,129,345	37.15%
30,000	39,999	1,153	40,062,947	21,523	89.2%	219,192,292	45.46%
40,000	49,999	616	27,465,335	22,139	91.8%	246,657,627	51.16%
50,000	99,999	1,129	77,566,390	23,268	96.5%	324,224,017	67.25%
100,000	199,999	569	81,580,305	23,837	98.8%	405,804,322	84.17%
200,000	299,999	210	49,407,724	24,047	99.7%	455,212,046	94.42%
300,000	399,999	55	18,651,903	24,101	99.9%	473,863,949	98.28%
≥ 400,000		19	8,273,182	24,120	100.0%	482,137,131	100.00%

Average Customers	2,010
Average kWhs	19,989
Median kWhs	8,107

LARGE POWER SERVICE

Usage Range - kWhs				Cumulative Bills		Cumulative kWhs	
Lower	Upper	Number of Bills	kWhs	Bills	Percent of Total	kWhs	Percent of Total
0	499,999	98	18,816,017	98	42.9%	18,816,017	8.44%
500,000	999,999	56	34,864,431	154	67.3%	53,680,448	24.08%
1,000,000	1,499,999	17	21,349,054	171	75.0%	75,029,503	33.65%
1,500,000	1,999,999	13	21,668,117	184	80.6%	96,697,620	43.37%
2,000,000	2,499,999	19	38,694,776	202	88.8%	135,392,396	60.73%
2,500,000	2,999,999	5	12,359,608	207	90.8%	147,752,004	66.27%
3,000,000	3,499,999	7	21,428,971	214	93.9%	169,180,975	75.88%
3,500,000	3,999,999	2	7,982,889	216	94.9%	177,163,864	79.46%
4,000,000	4,499,999	12	45,786,029	228	100.0%	222,949,894	100.00%

Average Customers	19
Average kWhs	977,850
Median kWhs	520,233

INTERRUPTIBLE POWER SERVICE

Usage Range - kWhs				Cumulative Bills		Cumulative kWhs	
Lower	Upper	Number of Bills	kWhs	Bills	Percent of Total	kWhs	Percent of Total
0	99	31	546	31	7.6%	546	0.00%
100	999	30	11,240	61	14.9%	11,786	0.04%
1,000	4,999	30	61,792	90	22.1%	73,578	0.23%
5,000	9,999	32	213,698	123	30.1%	287,275	0.91%
10,000	19,999	48	669,388	171	41.9%	956,664	3.04%
20,000	29,999	30	665,736	200	49.1%	1,622,400	5.15%
30,000	49,999	38	1,418,001	239	58.5%	3,040,401	9.65%
50,000	99,999	54	3,445,493	292	71.6%	6,485,895	20.59%
100,000	199,999	51	6,718,257	343	84.1%	13,204,151	41.91%
200,000	299,999	32	7,691,723	376	92.0%	20,895,874	66.32%
300,000	399,999	25	7,655,663	401	98.3%	28,551,537	90.62%
≥ 400,000		7	2,954,873	408	100.0%	31,506,409	100.00%

Average Customers	34
Average kWhs	77,222
Median kWhs	29,053

LIGHTING DUSK TO DAWN

	Overhead Services
Existing Wood Pole	39,277
New 30' Wood Pole (Class 6)	8,579
New 30' Metal or Fiberglass	2,821
	Underground Services
Existing Wood Pole	1,145
New 30' Wood Pole (Class 6)	810
New 30' Metal or Fiberglass	8,013
TOTAL UNITS	60,645

EXHIBIT
UNSE-2
ADMITTED

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED
2009 MAY 26 P 3: 37
AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS
KRISTIN K. MAYES - CHAIRMAN
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

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.	DOCKET NO. E-04204A-09-0206 **NOTICE OF ERRATA**

UNS Electric, Inc., through undersigned counsel, hereby files a Notice of Errata regarding Schedules H-3 and H-4 submitted with the Application in this docket. The attached revised Schedules H-3 and H-4 now reflect the current time of use ("TOU") rates and the current lighting rates to three decimal places instead of two and replace Schedules H-3 and H-4 that were filed with the Application on April 30, 2009.

RESPECTFULLY SUBMITTED this 26th day of May 2009.

UNS Electric, Inc.

By _____

Michael W. Patten
ROSHKA DEWULF & PATTEN, PLC.
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

and

Philip J. Dion
Michelle Livengood
UniSource Energy Services
One South Church Avenue
Tucson, Arizona 85701

Original and thirteen copies of the foregoing filed this 26th day of May 2009, with:

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

Copy of the foregoing hand-delivered this 26th day of May 2009, to:

Lyn A. Farmer, Esq.
Chief Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Janice M. Alward, Esq.
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Director, Utilities Division
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By Mary Ippolito

SCHEDULE
H-3

UNS Electric, Inc.
Comparison of Present and Proposed Rates
Test Year Ended December 31, 2008

	Present Rate	Proposed Rate	Increase $	Increase %
Residential Service				
Customer Charge	$7.50	$8.00	$0.50	6.67%
Energy Charge 1st 400 kWhs	$0.011255	$0.020070	$0.008815	78.32%
Energy Charge, all additional kWhs	$0.021269	$0.030084	$0.008815	41.45%
Base Power Supply Charge, all kWhs	$0.077993	$0.074812	-$0.003181	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Residential Service CARES				
Customer Charge	$7.50	$3.50	-$4.00	-53.33%
Energy Charge 1st 400 kWhs	$0.011255	$0.011255	$0.000000	0.00%
Energy Charge, all additional kWhs	$0.021269	$0.021269	$0.000000	0.00%
Base Power Supply Charge, all kWhs	$0.077993	$0.071660	-$0.006333	-8.12%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Residential Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.102086	$0.159138	$0.057052	55.89%
Summer Shoulder	$0.077993	$0.074812	-$0.003181	-4.08%
Summer off-peak	$0.072092	$0.054158	-$0.017934	-24.88%
Winter on-peak	$0.102086	$0.159138	$0.057052	55.89%
Winter off-peak	$0.068588	$0.041894	-$0.026694	-38.92%
Small General Service				
Customer Charge	$12.00	$12.50	$0.50	4.17%
Energy Charge 1st 400 kWhs	$0.022449	$0.032440	$0.009991	44.50%
Energy Charge, all additional kWhs	$0.032463	$0.042454	$0.009991	30.78%
Base Power Supply Charge, all kWhs	$0.075738	$0.072649	-$0.003089	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Small General Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.097108	$0.136759	$0.039651	40.83%
Summer Shoulder	$0.075738	$0.072649	-$0.003089	-4.08%
Summer off-peak	$0.067108	$0.046759	-$0.020349	-30.32%
Winter on-peak	$0.097108	$0.136759	$0.039651	40.83%
Winter off-peak	$0.064368	$0.038539	-$0.025829	-40.13%

Large General Service				
Customer Charge	$15.50	$16.00	$0.50	3.23%
Demand Charge, per kW	$10.71	$13.35	$2.643018	24.68%
Energy Charge (kWhs)	$0.003254	$0.004254	$0.001000	30.73%
Base Power Supply Charge, all kWhs	$0.067062	$0.064326	-$0.002736	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Large General Service TOU				
Customer Charge	$20.40	$20.90	$0.50	2.45%
Demand Charge, per kW	$10.71	$13.35	$2.643018	24.68%
Energy Charge (kWhs)	$0.003254	$0.004254	$0.001000	30.73%
Base Power Supply Charge, all kWhs	$0.067062	$0.064326	-$0.002736	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Large General Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.089820	$0.121221	$0.031401	34.96%
Summer Shoulder	$0.067062	$0.064326	-$0.002736	-4.08%
Summer off-peak	$0.059820	$0.046221	-$0.013599	-22.73%
Winter on-peak	$0.089820	$0.121221	$0.031401	34.96%
Winter off-peak	$0.054333	$0.032503	-$0.021830	-40.18%
Large Power Service (<69KV)				
Customer Charge	$365.00	$372.00	$7.00	1.92%
Demand Charge, per kW	$17.90	$21.22	$3.326211	18.59%
Energy Charge (kWhs)	$0.000000	($0.000000)	$0.000000	0.00%
Base Power Supply Charge, all kWhs	$0.053260	$0.051087	-$0.002173	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Large Power Service (>69KV)				
Customer Charge	$400.00	$407.00	$7.00	1.75%
Demand Charge, per kW	$11.61	$14.93	$3.320254	0.00%
Energy Charge (kWhs)	$0.000000	($0.000000)	$0.000000	0.00%
Base Power Supply Charge, all kWhs	$0.053260	$0.051087	-$0.002173	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	100.00%
Large Power Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.077240	$0.099047	$0.021807	28.23%
Summer Shoulder	$0.053260	$0.051087	-$0.002173	-4.08%
Summer off-peak	$0.047240	$0.039047	-$0.008193	-17.34%
Winter on-peak	$0.077240	$0.099047	$0.021807	28.23%
Winter off-peak	$0.041233	$0.027033	-$0.014200	-34.44%

UNS Electric, Inc.
Comparison of Present and Proposed Rates
Test Year Ended December 31, 2008

Interruptible Power Service				
Customer Charge	$15.50	$16.00	$0.50	3.23%
Demand Charge, per kW	$3.40	$4.66	$1.26	37.17%
Energy Charge (kWhs)	$0.014800	$0.017100	$0.00	15.54%
Base Power Supply Charge, all kWhs	$0.055491	$0.053227	$0.00	-4.08%
PPFAC	$0.014746	$0.000000	-$0.01	-100.00%
Interruptible Power Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.079833	$0.101911	$0.022078	27.66%
Summer Shoulder	$0.055491	$0.053227	-$0.002264	-4.08%
Summer off-peak	$0.049833	$0.041911	-$0.007922	-15.90%
Winter on-peak	$0.079833	$0.101911	$0.022078	27.66%
Winter off-peak	$0.042267	$0.026779	-$0.015488	-36.64%
Lighting Dusk to Dawn				
New 30' Wood Pole (Class 6) - Overhead	$4.123	$4.535	$0.41	10.00%
New 30' Metal or Fiberglass - Overhead	$8.257	$9.083	$0.83	10.00%
Existing Wood Pole - Underground	$2.062	$2.268	$0.21	10.00%
New 30' Wood Pole (Class 6) - Underground	$6.195	$6.815	$0.62	10.00%
New 30' Metal or Fiberglass - Underground	$10.318	$11.350	$1.03	10.00%
Wattage, per Watt	$0.046577	$0.050422	$0.003845	8.26%
Lighting Base Power Supply Charge, per Watt	$0.007818	$0.007499	$0.00	100.00%
PPFAC Charge, per kWh	$0.014746	$0.000000	-$0.01	-100.00%

SCHEDULE
H-4

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

Residential Service	Present	Proposed
Customer Charge	$7.50	$8.00
Energy Charge 1st 400 kWhs	$0.011255	$0.020070
Energy Charge, all additional kWhs	$0.021269	$0.030084
Base Power Supply Charge, all kWhs	$0.077993	$0.074812
PPFAC	$0.014746	$0.000000

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$7.50	$8.00	$0.50	6.67%
50	$12.70	$12.74	$0.04	0.35%
100	$17.90	$17.49	($0.41)	-2.30%
200	$28.30	$26.98	($1.32)	-4.67%
400	$49.10	$45.95	($3.14)	-6.40%
600	$71.90	$66.93	($4.97)	-6.91%
800	$94.70	$87.91	($6.79)	-7.17%
1,000	$117.50	$108.89	($8.61)	-7.33%
2,000	$231.51	$213.79	($17.72)	-7.66%
2,500	$288.51	$266.23	($22.28)	-7.72%
5,000	$573.53	$528.47	($45.06)	-7.86%
10,000	$1,143.57	$1,052.95	($90.62)	-7.92%

Residential Service CARES	Present	Proposed	Discounts:	
Customer Charge	$7.50	$3.50	0-300 kWh	30.0%
Energy Charge 1st 400 kWhs	$0.011255	$0.011255	301-600 kWh	20.0%
Energy Charge, all additional kWhs	$0.021269	$0.021269	601-1000 kWh	10.0%
Base Power Supply Charge, all kWhs	$0.077993	$0.071660	1001+ kWh	$8.00
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$5.25	$2.45	($2.80)	-53.33%
50	$8.89	$5.35	($3.54)	-39.79%
100	$12.53	$8.25	($4.28)	-34.12%
200	$19.81	$14.06	($5.75)	-29.03%
400	$39.28	$29.33	($9.95)	-25.32%
600	$57.52	$44.20	($13.32)	-23.15%
800	$85.23	$66.45	($18.78)	-22.03%
1,000	$105.75	$83.18	($22.57)	-21.34%
2,000	$223.51	$177.35	($46.16)	-20.65%
2,500	$280.51	$223.82	($56.70)	-20.21%
5,000	$565.53	$456.14	($109.39)	-19.34%
10,000	$1,135.57	$920.78	($214.79)	-18.91%

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

Residential Service Time-of-Use Summer	Present	Proposed	Assume:	
Customer Charge	$7.50	$8.00	On Peak Usage:	16.6%
Energy Charge 1st 400 kWhs	$0.011255	$0.020070	Shoulder-Peak Usage:	15.4%
Energy Charge, all additional kWhs	$0.021269	$0.030084	Off-Peak Usage:	67.9%
Base Power Supply Charge				
On-Peak, all kWhs	$0.102086	$0.159138		
Shoulder-Peak, all kWhs	$0.077993	$0.074812		
Off-Peak, all kWhs	$0.072092	$0.054158		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$7.50	$8.00	$0.50	6.67%
50	$12.70	$12.74	$0.04	0.35%
100	$17.90	$17.49	($0.41)	-2.30%
200	$28.30	$26.98	($1.32)	-4.67%
400	$49.10	$45.95	($3.14)	-6.40%
600	$71.90	$66.93	($4.97)	-6.91%
800	$94.70	$87.91	($6.79)	-7.17%
1,000	$117.50	$108.89	($8.61)	-7.33%
2,000	$231.51	$213.79	($17.72)	-7.66%
2,500	$288.52	$266.24	($22.28)	-7.72%
5,000	$573.54	$528.48	($45.06)	-7.86%
10,000	$1,143.58	$1,052.96	($90.61)	-7.92%

Residential Service Time-of-Use Winter	Present	Proposed	Assume:	
Customer Charge	$7.50	$8.00	On Peak Usage:	28.1%
Energy Charge 1st 400 kWhs	$0.011255	$0.020070		
Energy Charge, all additional kWhs	$0.021269	$0.030084	Off-Peak Usage:	71.9%
Base Power Supply Charge				
On-Peak, all kWhs	$0.102086	$0.159138		
Shoulder-Peak, all kWhs				
Off-Peak, all kWhs	$0.068588	$0.041894		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$7.50	$8.00	$0.50	6.67%
50	$12.70	$12.74	$0.04	0.35%
100	$17.90	$17.49	($0.41)	-2.30%
200	$28.30	$26.98	($1.32)	-4.67%
400	$49.10	$45.95	($3.15)	-6.41%
600	$71.90	$66.93	($4.97)	-6.91%
800	$94.70	$87.91	($6.79)	-7.17%
1,000	$117.50	$108.89	($8.61)	-7.33%
2,000	$231.51	$213.78	($17.73)	-7.66%
2,500	$288.51	$266.23	($22.29)	-7.72%
5,000	$573.53	$528.46	($45.07)	-7.86%
10,000	$1,143.57	$1,052.92	($90.64)	-7.93%

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

Small General Service	Present	Proposed
Customer Charge	$12.00	$12.50
Energy Charge 1st 400 kWhs	$0.022449	$0.032440
Energy Charge, all additional kWhs	$0.032463	$0.042454
Base Power Supply Charge, all kWhs	$0.075738	$0.072649
PPFAC	$0.014746	$0.000000

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
50	$17.65	$17.75	$0.11	0.61%
100	$23.29	$23.01	($0.28)	-1.22%
250	$40.23	$38.77	($1.46)	-3.63%
500	$69.47	$66.05	($3.42)	-4.93%
1,000	$130.94	$123.60	($7.34)	-5.61%
2,000	$253.89	$238.70	($15.19)	-5.98%
3,500	$438.31	$411.35	($26.96)	-6.15%
5,000	$622.73	$584.01	($38.72)	-6.22%
10,000	$1,237.46	$1,159.52	($77.94)	-6.30%
30,000	$3,696.40	$3,461.58	($234.83)	-6.35%
50,000	$6,155.34	$5,763.63	($391.72)	-6.36%

Large General Service Delivery Charges	Present	Proposed		
Customer Charge	$15.50	$16.00		
Demand Charge, per kW	$10.71	$13.35	Assumes	
Energy Charge (kWhs)	$0.003254	$0.004254	Load Factor =	55.0%
Base Power Supply Charge, all kWhs	$0.067062	$0.064326		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
5,000	$574.18	$525.19	($49.00)	-8.53%
10,000	$1,132.87	$1,034.38	($98.49)	-8.69%
25,000	$2,808.92	$2,561.95	($246.98)	-8.79%
50,000	$5,602.35	$5,107.89	($494.46)	-8.83%
100,000	$11,189.20	$10,199.78	($989.41)	-8.84%
200,000	$22,362.89	$20,383.57	($1,979.33)	-8.85%
300,000	$33,536.59	$30,567.35	($2,969.24)	-8.85%
400,000	$44,710.29	$40,751.13	($3,959.16)	-8.86%
500,000	$55,883.98	$50,934.91	($4,949.07)	-8.86%
600,000	$67,057.68	$61,118.70	($5,938.98)	-8.86%

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

Large General Service TOU	Present	Proposed		
Customer Charge	$20.40	$20.90		
Demand Charge, per kW	$10.71	$13.35	Assumes	
Energy Charge (kWhs)	$0.003254	$0.004254	Load Factor =	55.0%
Base Power Supply Charge, all kWhs	$0.067062	$0.064326		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
5,000	$572.42	$521.77	($50.64)	-8.85%
10,000	$1,124.43	$1,022.65	($101.78)	-9.05%
25,000	$2,780.48	$2,525.27	($255.21)	-9.18%
50,000	$5,540.56	$5,029.65	($510.91)	-9.22%
100,000	$11,060.72	$10,038.39	($1,022.33)	-9.24%
200,000	$22,101.04	$20,055.89	($2,045.16)	-9.25%
300,000	$33,141.37	$30,073.38	($3,067.98)	-9.26%
400,000	$44,181.69	$40,090.87	($4,090.81)	-9.26%
500,000	$55,222.01	$50,108.37	($5,113.64)	-9.26%
600,000	$66,262.33	$60,125.86	($6,136.47)	-9.26%

Assumes maximum peak period demand is 5% lower than maximum demand in non-peak period.

Large Power Service (<69KV)	Present	Proposed		
Customer Charge	$365.00	$372.00		
Demand Charge, per kW	$17.90	$21.22	Assumes	
Energy Charge (kWhs)	$0.000000	($0.000000)	Load Factor =	65.0%
Base Power Supply Charge, all kWhs	$0.053260	$0.051087		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
300,000	$32,081	$29,115	($2,966)	-9.24%
450,000	$47,939	$43,487	($4,452)	-9.29%
650,000	$69,083	$62,649	($6,434)	-9.31%
850,000	$90,226	$81,811	($8,416)	-9.33%
950,000	$100,798	$91,392	($9,407)	-9.33%
1,500,000	$158,944	$144,087	($14,857)	-9.35%
1,750,000	$185,374	$168,040	($17,334)	-9.35%
2,000,000	$211,804	$191,993	($19,811)	-9.35%
2,500,000	$264,663	$239,898	($24,766)	-9.36%

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

Large Power Service (>69KV) Delivery Charges	Present	Proposed		
Customer Charge	$400.00	$407.00		
Demand Charge, per kW	$11.61	$14.93	Assumes	
Energy Charge (kWhs)	$0.000000	($0.000000)	Load Factor =	70.0%
Base Power Supply Charge, all kWhs	$0.053260	$0.051087		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
300,000	$27,617.85	$24,498.42	($3,119)	-11.29%
450,000	$41,226.77	$36,544.12	($4,683)	-11.36%
650,000	$59,372.00	$52,605.07	($6,767)	-11.40%
850,000	$77,517.23	$68,666.01	($8,851)	-11.42%
950,000	$86,589.85	$76,696.48	($9,893)	-11.43%
1,500,000	$136,489.23	$120,864.08	($15,625)	-11.45%
1,750,000	$159,170.77	$140,940.26	($18,231)	-11.45%
2,000,000	$181,852.31	$161,016.44	($20,836)	-11.46%
2,500,000	$227,215.39	$201,168.80	($26,047)	-11.46%

Interruptible Power Service Delivery Charges	Present	Proposed		
Customer Charge	$15.50	$16.00		
Demand Charge, per kW	$3.40	$4.66	50 Assumes	
Energy Charge (kWhs)	$0.014800	$0.017100	Load Factor =	55.0%
Base Power Supply Charge, all kWhs	$0.055491	$0.053227		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
10,001	$950.65	$835.51	($115.14)	-12.11%
15,000	$1,418.08	$1,245.14	($172.94)	-12.20%
20,000	$1,885.60	$1,654.85	($230.75)	-12.24%
30,000	$2,820.66	$2,474.28	($346.38)	-12.28%
50,000	$4,690.76	$4,113.13	($577.63)	-12.31%
75,000	$7,028.39	$6,161.70	($866.70)	-12.33%
100,000	$9,366.02	$8,210.26	($1,155.76)	-12.34%
125,000	$11,703.66	$10,258.83	($1,444.83)	-12.35%
150,000	$14,041.29	$12,307.39	($1,733.89)	-12.35%

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

	Present	Proposed	Proposed Increase $	Proposed Increase %
Lighting Dusk to Dawn Delivery Charges	Overhead Service			
New 30' Wood Pole (Class 6)	$4.12	$4.54	$0.41	10.00%
New 30' Metal or Fiberglass	$8.26	$9.08	$0.83	10.00%
	Underground Service			
Existing Wood Pole	$2.06	$2.27	$0.21	10.00%
New 30' Wood Pole (Class 6)	$6.20	$6.81	$0.62	10.00%
New 30' Metal or Fiberglass	$10.32	$11.35	$1.03	10.00%
Per Watt	$0.046577	$0.050422	$0.0038	8.26%
Lighting Base Power Supply Charge, per Watt	$0.007818	$0.00750		
PPFAC	$0.014746	$0.000000		
100 Watts - Overhead				
Existing Wood Pole	$4.67	$5.79	$1.13	24.15%
New 30' Wood Pole (Class 6)	$8.79	$10.33	$1.54	17.51%
New 30' Metal or Fiberglass	$12.92	$14.87	$1.95	15.11%
100 Watts - Underground				
Existing Wood Pole	$6.73	$8.06	$1.33	19.81%
New 30' Wood Pole (Class 6)	$10.86	$12.61	$1.75	16.08%
New 30' Metal or Fiberglass	$14.98	$17.14	$2.16	14.41%
200 Watts - Overhead				
Existing Wood Pole	$9.32	$11.58	$2.27	24.36%
New 30' Wood Pole (Class 6)	$13.44	$16.12	$2.68	19.95%
New 30' Metal or Fiberglass	$17.57	$20.67	$3.09	17.61%
200 Watts - Underground				
Existing Wood Pole	$12.94	$13.85	$0.91	7.04%
New 30' Wood Pole (Class 6)	$17.07	$18.40	$1.32	7.76%
New 30' Metal or Fiberglass	$19.63	$22.93	$3.30	16.81%
400 Watts - Overhead				
Existing Wood Pole	$21.76	$23.17	$1.41	6.48%
New 30' Wood Pole (Class 6)	$25.88	$27.70	$1.82	7.04%
New 30' Metal or Fiberglass	$30.02	$32.25	$2.24	7.45%
400 Watts - Underground				
Existing Wood Pole	$23.82	$25.44	$1.62	6.79%
New 30' Wood Pole (Class 6)	$27.95	$29.98	$2.03	7.26%
New 30' Metal or Fiberglass	$32.08	$34.52	$2.44	7.61%

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

2009 MAY 26 P 3: 37

AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS
KRISTIN K. MAYES - CHAIRMAN
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

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.	DOCKET NO. E-04204A-09-0206 **NOTICE OF ERRATA**

UNS Electric, Inc., through undersigned counsel, hereby files a Notice of Errata regarding Schedules H-3 and H-4 submitted with the Application in this docket. The attached revised Schedules H-3 and H-4 now reflect the current time of use ("TOU") rates and the current lighting rates to three decimal places instead of two and replace Schedules H-3 and H-4 that were filed with the Application on April 30, 2009.

RESPECTFULLY SUBMITTED this 26th day of May 2009.

UNS Electric, Inc.

By _____

Michael W. Patten
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and

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Original and thirteen copies of the foregoing filed this 26th day of May 2009, with:

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

Copy of the foregoing hand-delivered this 26th day of May 2009, to:

Lyn A. Farmer, Esq.
Chief Administrative Law Judge
Hearing Division
Arizona Corporation Commission
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Phoenix, Arizona 85007

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By Mary Ippolito

SCHEDULE
H-3

UNS Electric, Inc.
Comparison of Present and Proposed Rates
Test Year Ended December 31, 2008

	Present Rate	Proposed Rate	Increase $	Increase %
Residential Service				
Customer Charge	$7.50	$8.00	$0.50	6.67%
Energy Charge 1st 400 kWhs	$0.011255	$0.020070	$0.008815	78.32%
Energy Charge, all additional kWhs	$0.021269	$0.030084	$0.008815	41.45%
Base Power Supply Charge, all kWhs	$0.077993	$0.074812	-$0.003181	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Residential Service CARES				
Customer Charge	$7.50	$3.50	-$4.00	-53.33%
Energy Charge 1st 400 kWhs	$0.011255	$0.011255	$0.000000	0.00%
Energy Charge, all additional kWhs	$0.021269	$0.021269	$0.000000	0.00%
Base Power Supply Charge, all kWhs	$0.077993	$0.071660	-$0.006333	-8.12%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Residential Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.102086	$0.159138	$0.057052	55.89%
Summer Shoulder	$0.077993	$0.074812	-$0.003181	-4.08%
Summer off-peak	$0.072092	$0.054158	-$0.017934	-24.88%
Winter on-peak	$0.102086	$0.159138	$0.057052	55.89%
Winter off-peak	$0.068588	$0.041894	-$0.026694	-38.92%
Small General Service				
Customer Charge	$12.00	$12.50	$0.50	4.17%
Energy Charge 1st 400 kWhs	$0.022449	$0.032440	$0.009991	44.50%
Energy Charge, all additional kWhs	$0.032463	$0.042454	$0.009991	30.78%
Base Power Supply Charge, all kWhs	$0.075738	$0.072649	-$0.003089	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Small General Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.097108	$0.136759	$0.039651	40.83%
Summer Shoulder	$0.075738	$0.072649	-$0.003089	-4.08%
Summer off-peak	$0.067108	$0.046759	-$0.020349	-30.32%
Winter on-peak	$0.097108	$0.136759	$0.039651	40.83%
Winter off-peak	$0.064368	$0.038539	-$0.025829	-40.13%

Large General Service				
Customer Charge	$15.50	$16.00	$0.50	3.23%
Demand Charge, per kW	$10.71	$13.35	$2.643018	24.68%
Energy Charge (kWhs)	$0.003254	$0.004254	$0.001000	30.73%
Base Power Supply Charge, all kWhs	$0.067062	$0.064326	-$0.002736	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Large General Service TOU				
Customer Charge	$20.40	$20.90	$0.50	2.45%
Demand Charge, per kW	$10.71	$13.35	$2.643018	24.68%
Energy Charge (kWhs)	$0.003254	$0.004254	$0.001000	30.73%
Base Power Supply Charge, all kWhs	$0.067062	$0.064326	-$0.002736	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Large General Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.089820	$0.121221	$0.031401	34.96%
Summer Shoulder	$0.067062	$0.064326	-$0.002736	-4.08%
Summer off-peak	$0.059820	$0.046221	-$0.013599	-22.73%
Winter on-peak	$0.089820	$0.121221	$0.031401	34.96%
Winter off-peak	$0.054333	$0.032503	-$0.021830	-40.18%
Large Power Service (<69KV)				
Customer Charge	$365.00	$372.00	$7.00	1.92%
Demand Charge, per kW	$17.90	$21.22	$3.326211	18.59%
Energy Charge (kWhs)	$0.000000	($0.000000)	$0.000000	0.00%
Base Power Supply Charge, all kWhs	$0.053260	$0.051087	-$0.002173	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Large Power Service (>69KV)				
Customer Charge	$400.00	$407.00	$7.00	1.75%
Demand Charge, per kW	$11.61	$14.93	$3.320254	0.00%
Energy Charge (kWhs)	$0.000000	($0.000000)	$0.000000	0.00%
Base Power Supply Charge, all kWhs	$0.053260	$0.051087	-$0.002173	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	100.00%
Large Power Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.077240	$0.099047	$0.021807	28.23%
Summer Shoulder	$0.053260	$0.051087	-$0.002173	-4.08%
Summer off-peak	$0.047240	$0.039047	-$0.008193	-17.34%
Winter on-peak	$0.077240	$0.099047	$0.021807	28.23%
Winter off-peak	$0.041233	$0.027033	-$0.014200	-34.44%

UNS Electric, Inc.
Comparison of Present and Proposed Rates
Test Year Ended December 31, 2008

Interruptible Power Service				
Customer Charge	$15.50	$16.00	$0.50	3.23%
Demand Charge, per kW	$3.40	$4.66	$1.26	37.17%
Energy Charge (kWhs)	$0.014800	$0.017100	$0.00	15.54%
Base Power Supply Charge, all kWhs	$0.055491	$0.053227	$0.00	-4.08%
PPFAC	$0.014746	$0.000000	-$0.01	-100.00%
Interruptible Power Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.079833	$0.101911	$0.022078	27.66%
Summer Shoulder	$0.055491	$0.053227	-$0.002264	-4.08%
Summer off-peak	$0.049833	$0.041911	-$0.007922	-15.90%
Winter on-peak	$0.079833	$0.101911	$0.022078	27.66%
Winter off-peak	$0.042267	$0.026779	-$0.015488	-36.64%
Lighting Dusk to Dawn				
New 30' Wood Pole (Class 6) - Overhead	$4.123	$4.535	$0.41	10.00%
New 30' Metal or Fiberglass - Overhead	$8.257	$9.083	$0.83	10.00%
Existing Wood Pole - Underground	$2.062	$2.268	$0.21	10.00%
New 30' Wood Pole (Class 6) - Underground	$6.195	$6.815	$0.62	10.00%
New 30' Metal or Fiberglass - Underground	$10.318	$11.350	$1.03	10.00%
Wattage, per Watt	$0.046577	$0.050422	$0.003845	8.26%
Lighting Base Power Supply Charge, per Watt	$0.007818	$0.007499	$0.00	100.00%
PPFAC Charge, per kWh	$0.014746	$0.000000	-$0.01	-100.00%

SCHEDULE
H-4

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

Residential Service	Present	Proposed
Customer Charge	$7.50	$8.00
Energy Charge 1st 400 kWhs	$0.011255	$0.020070
Energy Charge, all additional kWhs	$0.021269	$0.030084
Base Power Supply Charge, all kWhs	$0.077993	$0.074812
PPFAC	$0.014746	$0.000000

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$7.50	$8.00	$0.50	6.67%
50	$12.70	$12.74	$0.04	0.35%
100	$17.90	$17.49	($0.41)	-2.30%
200	$28.30	$26.98	($1.32)	-4.67%
400	$49.10	$45.95	($3.14)	-6.40%
600	$71.90	$66.93	($4.97)	-6.91%
800	$94.70	$87.91	($6.79)	-7.17%
1,000	$117.50	$108.89	($8.61)	-7.33%
2,000	$231.51	$213.79	($17.72)	-7.66%
2,500	$288.51	$266.23	($22.28)	-7.72%
5,000	$573.53	$528.47	($45.06)	-7.86%
10,000	$1,143.57	$1,052.95	($90.62)	-7.92%

Residential Service CARES	Present	Proposed	Discounts:	
Customer Charge	$7.50	$3.50	0-300 kWh	30.0%
Energy Charge 1st 400 kWhs	$0.011255	$0.011255	301-600 kWh	20.0%
Energy Charge, all additional kWhs	$0.021269	$0.021269	601-1000 kWh	10.0%
Base Power Supply Charge, all kWhs	$0.077993	$0.071660	1001+ kWh	$8.00
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$5.25	$2.45	($2.80)	-53.33%
50	$8.89	$5.35	($3.54)	-39.79%
100	$12.53	$8.25	($4.28)	-34.12%
200	$19.81	$14.06	($5.75)	-29.03%
400	$39.28	$29.33	($9.95)	-25.32%
600	$57.52	$44.20	($13.32)	-23.15%
800	$85.23	$66.45	($18.78)	-22.03%
1,000	$105.75	$83.18	($22.57)	-21.34%
2,000	$223.51	$177.35	($46.16)	-20.65%
2,500	$280.51	$223.82	($56.70)	-20.21%
5,000	$565.53	$456.14	($109.39)	-19.34%
10,000	$1,135.57	$920.78	($214.79)	-18.91%

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

Residential Service Time-of-Use Summer	Present	Proposed	Assume:	
Customer Charge	$7.50	$8.00	On Peak Usage:	16.6%
Energy Charge 1st 400 kWhs	$0.011255	$0.020070	Shoulder-Peak Usage:	15.4%
Energy Charge, all additional kWhs	$0.021269	$0.030084	Off-Peak Usage:	67.9%
Base Power Supply Charge				
On-Peak, all kWhs	$0.102086	$0.159138		
Shoulder-Peak, all kWhs	$0.077993	$0.074812		
Off-Peak, all kWhs	$0.072092	$0.054158		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$7.50	$8.00	$0.50	6.67%
50	$12.70	$12.74	$0.04	0.35%
100	$17.90	$17.49	($0.41)	-2.30%
200	$28.30	$26.98	($1.32)	-4.67%
400	$49.10	$45.95	($3.14)	-6.40%
600	$71.90	$66.93	($4.97)	-6.91%
800	$94.70	$87.91	($6.79)	-7.17%
1,000	$117.50	$108.89	($8.61)	-7.33%
2,000	$231.51	$213.79	($17.72)	-7.66%
2,500	$288.52	$266.24	($22.28)	-7.72%
5,000	$573.54	$528.48	($45.06)	-7.86%
10,000	$1,143.58	$1,052.96	($90.61)	-7.92%

Residential Service Time-of-Use Winter	Present	Proposed	Assume:	
Customer Charge	$7.50	$8.00	On Peak Usage:	28.1%
Energy Charge 1st 400 kWhs	$0.011255	$0.020070		
Energy Charge, all additional kWhs	$0.021269	$0.030084	Off-Peak Usage:	71.9%
Base Power Supply Charge				
On-Peak, all kWhs	$0.102086	$0.159138		
Shoulder-Peak, all kWhs				
Off-Peak, all kWhs	$0.068588	$0.041894		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$7.50	$8.00	$0.50	6.67%
50	$12.70	$12.74	$0.04	0.35%
100	$17.90	$17.49	($0.41)	-2.30%
200	$28.30	$26.98	($1.32)	-4.67%
400	$49.10	$45.95	($3.15)	-6.41%
600	$71.90	$66.93	($4.97)	-6.91%
800	$94.70	$87.91	($6.79)	-7.17%
1,000	$117.50	$108.89	($8.61)	-7.33%
2,000	$231.51	$213.78	($17.73)	-7.66%
2,500	$288.51	$266.23	($22.29)	-7.72%
5,000	$573.53	$528.46	($45.07)	-7.86%
10,000	$1,143.57	$1,052.92	($90.64)	-7.93%

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

Small General Service	Present	Proposed
Customer Charge	$12.00	$12.50
Energy Charge 1st 400 kWhs	$0.022449	$0.032440
Energy Charge, all additional kWhs	$0.032463	$0.042454
Base Power Supply Charge, all kWhs	$0.075738	$0.072649
PPFAC	$0.014746	$0.000000

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
50	$17.65	$17.75	$0.11	0.61%
100	$23.29	$23.01	($0.28)	-1.22%
250	$40.23	$38.77	($1.46)	-3.63%
500	$69.47	$66.05	($3.42)	-4.93%
1,000	$130.94	$123.60	($7.34)	-5.61%
2,000	$253.89	$238.70	($15.19)	-5.98%
3,500	$438.31	$411.35	($26.96)	-6.15%
5,000	$622.73	$584.01	($38.72)	-6.22%
10,000	$1,237.46	$1,159.52	($77.94)	-6.30%
30,000	$3,696.40	$3,461.58	($234.83)	-6.35%
50,000	$6,155.34	$5,763.63	($391.72)	-6.36%

Large General Service Delivery Charges	Present	Proposed		
Customer Charge	$15.50	$16.00		
Demand Charge, per kW	$10.71	$13.35	Assumes	
Energy Charge (kWhs)	$0.003254	$0.004254	Load Factor =	55.0%
Base Power Supply Charge, all kWhs	$0.067062	$0.064326		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
5,000	$574.18	$525.19	($49.00)	-8.53%
10,000	$1,132.87	$1,034.38	($98.49)	-8.69%
25,000	$2,808.92	$2,561.95	($246.98)	-8.79%
50,000	$5,602.35	$5,107.89	($494.46)	-8.83%
100,000	$11,189.20	$10,199.78	($989.41)	-8.84%
200,000	$22,362.89	$20,383.57	($1,979.33)	-8.85%
300,000	$33,536.59	$30,567.35	($2,969.24)	-8.85%
400,000	$44,710.29	$40,751.13	($3,959.16)	-8.86%
500,000	$55,883.98	$50,934.91	($4,949.07)	-8.86%
600,000	$67,057.68	$61,118.70	($5,938.98)	-8.86%

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

Large General Service TOU	Present	Proposed		
Customer Charge	$20.40	$20.90		
Demand Charge, per kW	$10.71	$13.35	Assumes	
Energy Charge (kWhs)	$0.003254	$0.004254	Load Factor =	55.0%
Base Power Supply Charge, all kWhs	$0.067062	$0.064326		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
5,000	$572.42	$521.77	($50.64)	-8.85%
10,000	$1,124.43	$1,022.65	($101.78)	-9.05%
25,000	$2,780.48	$2,525.27	($255.21)	-9.18%
50,000	$5,540.56	$5,029.65	($510.91)	-9.22%
100,000	$11,060.72	$10,038.39	($1,022.33)	-9.24%
200,000	$22,101.04	$20,055.89	($2,045.16)	-9.25%
300,000	$33,141.37	$30,073.38	($3,067.98)	-9.26%
400,000	$44,181.69	$40,090.87	($4,090.81)	-9.26%
500,000	$55,222.01	$50,108.37	($5,113.64)	-9.26%
600,000	$66,262.33	$60,125.86	($6,136.47)	-9.26%

Assumes maximum peak period demand is 5% lower than maximum demand in non-peak period.

Large Power Service (<69KV)	Present	Proposed		
Customer Charge	$365.00	$372.00		
Demand Charge, per kW	$17.90	$21.22	Assumes	
Energy Charge (kWhs)	$0.000000	($0.000000)	Load Factor =	65.0%
Base Power Supply Charge, all kWhs	$0.053260	$0.051087		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
300,000	$32,081	$29,115	($2,966)	-9.24%
450,000	$47,939	$43,487	($4,452)	-9.29%
650,000	$69,083	$62,649	($6,434)	-9.31%
850,000	$90,226	$81,811	($8,416)	-9.33%
950,000	$100,798	$91,392	($9,407)	-9.33%
1,500,000	$158,944	$144,087	($14,857)	-9.35%
1,750,000	$185,374	$168,040	($17,334)	-9.35%
2,000,000	$211,804	$191,993	($19,811)	-9.35%
2,500,000	$264,663	$239,898	($24,766)	-9.36%

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

Large Power Service (>69KV) Delivery Charges	Present	Proposed		
Customer Charge	$400.00	$407.00		
Demand Charge, per kW	$11.61	$14.93	Assumes	
Energy Charge (kWhs)	$0.000000	($0.000000)	Load Factor =	70.0%
Base Power Supply Charge, all kWhs	$0.053260	$0.051087		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
300,000	$27,617.85	$24,498.42	($3,119)	-11.29%
450,000	$41,226.77	$36,544.12	($4,683)	-11.36%
650,000	$59,372.00	$52,605.07	($6,767)	-11.40%
850,000	$77,517.23	$68,666.01	($8,851)	-11.42%
950,000	$86,589.85	$76,696.48	($9,893)	-11.43%
1,500,000	$136,489.23	$120,864.08	($15,625)	-11.45%
1,750,000	$159,170.77	$140,940.26	($18,231)	-11.45%
2,000,000	$181,852.31	$161,016.44	($20,836)	-11.46%
2,500,000	$227,215.39	$201,168.80	($26,047)	-11.46%

Interruptible Power Service Delivery Charges	Present	Proposed		
Customer Charge	$15.50	$16.00		
Demand Charge, per kW	$3.40	$4.66	50 Assumes	
Energy Charge (kWhs)	$0.014800	$0.017100	Load Factor =	55.0%
Base Power Supply Charge, all kWhs	$0.055491	$0.053227		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
10,001	$950.65	$835.51	($115.14)	-12.11%
15,000	$1,418.08	$1,245.14	($172.94)	-12.20%
20,000	$1,885.60	$1,654.85	($230.75)	-12.24%
30,000	$2,820.66	$2,474.28	($346.38)	-12.28%
50,000	$4,690.76	$4,113.13	($577.63)	-12.31%
75,000	$7,028.39	$6,161.70	($866.70)	-12.33%
100,000	$9,366.02	$8,210.26	($1,155.76)	-12.34%
125,000	$11,703.66	$10,258.83	($1,444.83)	-12.35%
150,000	$14,041.29	$12,307.39	($1,733.89)	-12.35%

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

	Present	Proposed	Proposed Increase $	Proposed Increase %
Lighting Dusk to Dawn Delivery Charges	Overhead Service			
New 30' Wood Pole (Class 6)	$4.12	$4.54	$0.41	10.00%
New 30' Metal or Fiberglass	$8.26	$9.08	$0.83	10.00%
	Underground Service			
Existing Wood Pole	$2.06	$2.27	$0.21	10.00%
New 30' Wood Pole (Class 6)	$6.20	$6.81	$0.62	10.00%
New 30' Metal or Fiberglass	$10.32	$11.35	$1.03	10.00%
Per Watt	$0.046577	$0.050422	$0.0038	8.26%
Lighting Base Power Supply Charge, per Watt	$0.007818	$0.00750		
PPFAC	$0.014746	$0.000000		
100 Watts - Overhead				
Existing Wood Pole	$4.67	$5.79	$1.13	24.15%
New 30' Wood Pole (Class 6)	$8.79	$10.33	$1.54	17.51%
New 30' Metal or Fiberglass	$12.92	$14.87	$1.95	15.11%
100 Watts - Underground				
Existing Wood Pole	$6.73	$8.06	$1.33	19.81%
New 30' Wood Pole (Class 6)	$10.86	$12.61	$1.75	16.08%
New 30' Metal or Fiberglass	$14.98	$17.14	$2.16	14.41%
200 Watts - Overhead				
Existing Wood Pole	$9.32	$11.58	$2.27	24.36%
New 30' Wood Pole (Class 6)	$13.44	$16.12	$2.68	19.95%
New 30' Metal or Fiberglass	$17.57	$20.67	$3.09	17.61%
200 Watts - Underground				
Existing Wood Pole	$12.94	$13.85	$0.91	7.04%
New 30' Wood Pole (Class 6)	$17.07	$18.40	$1.32	7.76%
New 30' Metal or Fiberglass	$19.63	$22.93	$3.30	16.81%
400 Watts - Overhead				
Existing Wood Pole	$21.76	$23.17	$1.41	6.48%
New 30' Wood Pole (Class 6)	$25.88	$27.70	$1.82	7.04%
New 30' Metal or Fiberglass	$30.02	$32.25	$2.24	7.45%
400 Watts - Underground				
Existing Wood Pole	$23.82	$25.44	$1.62	6.79%
New 30' Wood Pole (Class 6)	$27.95	$29.98	$2.03	7.26%
New 30' Metal or Fiberglass	$32.08	$34.52	$2.44	7.61%

BEFORE THE ARIZONA CORPORATION COMMISSION

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2009 MAY 26 P 3: 37

AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS
KRISTIN K. MAYES - CHAIRMAN
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

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.	DOCKET NO. E-04204A-09-0206 **NOTICE OF ERRATA**

UNS Electric, Inc., through undersigned counsel, hereby files a Notice of Errata regarding Schedules H-3 and H-4 submitted with the Application in this docket. The attached revised Schedules H-3 and H-4 now reflect the current time of use ("TOU") rates and the current lighting rates to three decimal places instead of two and replace Schedules H-3 and H-4 that were filed with the Application on April 30, 2009.

RESPECTFULLY SUBMITTED this 26th day of May 2009.

UNS Electric, Inc.

By _____

Michael W. Patten
ROSHKA DEWULF & PATTEN, PLC.
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and

Philip J. Dion
Michelle Livengood
UniSource Energy Services
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Tucson, Arizona 85701

Original and thirteen copies of the foregoing filed this 26th day of May 2009, with:

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

Copy of the foregoing hand-delivered this 26th day of May 2009, to:

Lyn A. Farmer, Esq.
Chief Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

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Phoenix, Arizona 85007

By Mary Ippolito

SCHEDULE
H-3

UNS Electric, Inc.
Comparison of Present and Proposed Rates
Test Year Ended December 31, 2008

	Present Rate	Proposed Rate	Increase $	Increase %
Residential Service				
Customer Charge	$7.50	$8.00	$0.50	6.67%
Energy Charge 1st 400 kWhs	$0.011255	$0.020070	$0.008815	78.32%
Energy Charge, all additional kWhs	$0.021269	$0.030084	$0.008815	41.45%
Base Power Supply Charge, all kWhs	$0.077993	$0.074812	-$0.003181	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Residential Service CARES				
Customer Charge	$7.50	$3.50	-$4.00	-53.33%
Energy Charge 1st 400 kWhs	$0.011255	$0.011255	$0.000000	0.00%
Energy Charge, all additional kWhs	$0.021269	$0.021269	$0.000000	0.00%
Base Power Supply Charge, all kWhs	$0.077993	$0.071660	-$0.006333	-8.12%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Residential Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.102086	$0.159138	$0.057052	55.89%
Summer Shoulder	$0.077993	$0.074812	-$0.003181	-4.08%
Summer off-peak	$0.072092	$0.054158	-$0.017934	-24.88%
Winter on-peak	$0.102086	$0.159138	$0.057052	55.89%
Winter off-peak	$0.068588	$0.041894	-$0.026694	-38.92%
Small General Service				
Customer Charge	$12.00	$12.50	$0.50	4.17%
Energy Charge 1st 400 kWhs	$0.022449	$0.032440	$0.009991	44.50%
Energy Charge, all additional kWhs	$0.032463	$0.042454	$0.009991	30.78%
Base Power Supply Charge, all kWhs	$0.075738	$0.072649	-$0.003089	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Small General Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.097108	$0.136759	$0.039651	40.83%
Summer Shoulder	$0.075738	$0.072649	-$0.003089	-4.08%
Summer off-peak	$0.067108	$0.046759	-$0.020349	-30.32%
Winter on-peak	$0.097108	$0.136759	$0.039651	40.83%
Winter off-peak	$0.064368	$0.038539	-$0.025829	-40.13%

UNS Electric, Inc.
Comparison of Present and Proposed Rates
Test Year Ended December 31, 2008

Large General Service				
Customer Charge	$15.50	$16.00	$0.50	3.23%
Demand Charge, per kW	$10.71	$13.35	$2.643018	24.68%
Energy Charge (kWhs)	$0.003254	$0.004254	$0.001000	30.73%
Base Power Supply Charge, all kWhs	$0.067062	$0.064326	-$0.002736	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Large General Service TOU				
Customer Charge	$20.40	$20.90	$0.50	2.45%
Demand Charge, per kW	$10.71	$13.35	$2.643018	24.68%
Energy Charge (kWhs)	$0.003254	$0.004254	$0.001000	30.73%
Base Power Supply Charge, all kWhs	$0.067062	$0.064326	-$0.002736	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Large General Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.089820	$0.121221	$0.031401	34.96%
Summer Shoulder	$0.067062	$0.064326	-$0.002736	-4.08%
Summer off-peak	$0.059820	$0.046221	-$0.013599	-22.73%
Winter on-peak	$0.089820	$0.121221	$0.031401	34.96%
Winter off-peak	$0.054333	$0.032503	-$0.021830	-40.18%
Large Power Service (<69KV)				
Customer Charge	$365.00	$372.00	$7.00	1.92%
Demand Charge, per kW	$17.90	$21.22	$3.326211	18.59%
Energy Charge (kWhs)	$0.000000	($0.000000)	$0.000000	0.00%
Base Power Supply Charge, all kWhs	$0.053260	$0.051087	-$0.002173	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	-100.00%
Large Power Service (>69KV)				
Customer Charge	$400.00	$407.00	$7.00	1.75%
Demand Charge, per kW	$11.61	$14.93	$3.320254	0.00%
Energy Charge (kWhs)	$0.000000	($0.000000)	$0.000000	0.00%
Base Power Supply Charge, all kWhs	$0.053260	$0.051087	-$0.002173	-4.08%
PPFAC	$0.014746	$0.000000	-$0.014746	100.00%
Large Power Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.077240	$0.099047	$0.021807	28.23%
Summer Shoulder	$0.053260	$0.051087	-$0.002173	-4.08%
Summer off-peak	$0.047240	$0.039047	-$0.008193	-17.34%
Winter on-peak	$0.077240	$0.099047	$0.021807	28.23%
Winter off-peak	$0.041233	$0.027033	-$0.014200	-34.44%

UNS Electric, Inc.
Comparison of Present and Proposed Rates
Test Year Ended December 31, 2008

Interruptible Power Service				
Customer Charge	$15.50	$16.00	$0.50	3.23%
Demand Charge, per kW	$3.40	$4.66	$1.26	37.17%
Energy Charge (kWhs)	$0.014800	$0.017100	$0.00	15.54%
Base Power Supply Charge, all kWhs	$0.055491	$0.053227	$0.00	-4.08%
PPFAC	$0.014746	$0.000000	-$0.01	-100.00%
Interruptible Power Service Time of Use Rates, all kWhs				
(These rates would include all Delivery charges above and replace The Base Power Supply charge)				
Summer on-peak	$0.079833	$0.101911	$0.022078	27.66%
Summer Shoulder	$0.055491	$0.053227	-$0.002264	-4.08%
Summer off-peak	$0.049833	$0.041911	-$0.007922	-15.90%
Winter on-peak	$0.079833	$0.101911	$0.022078	27.66%
Winter off-peak	$0.042267	$0.026779	-$0.015488	-36.64%
Lighting Dusk to Dawn				
New 30' Wood Pole (Class 6) - Overhead	$4.123	$4.535	$0.41	10.00%
New 30' Metal or Fiberglass - Overhead	$8.257	$9.083	$0.83	10.00%
Existing Wood Pole - Underground	$2.062	$2.268	$0.21	10.00%
New 30' Wood Pole (Class 6) - Underground	$6.195	$6.815	$0.62	10.00%
New 30' Metal or Fiberglass - Underground	$10.318	$11.350	$1.03	10.00%
Wattage, per Watt	$0.046577	$0.050422	$0.003845	8.26%
Lighting Base Power Supply Charge, per Watt	$0.007818	$0.007499	$0.00	100.00%
PPFAC Charge, per kWh	$0.014746	$0.000000	-$0.01	-100.00%

SCHEDULE
H-4

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

Residential Service	Present	Proposed
Customer Charge	$7.50	$8.00
Energy Charge 1st 400 kWhs	$0.011255	$0.020070
Energy Charge, all additional kWhs	$0.021269	$0.030084
Base Power Supply Charge, all kWhs	$0.077993	$0.074812
PPFAC	$0.014746	$0.000000

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$7.50	$8.00	$0.50	6.67%
50	$12.70	$12.74	$0.04	0.35%
100	$17.90	$17.49	($0.41)	-2.30%
200	$28.30	$26.98	($1.32)	-4.67%
400	$49.10	$45.95	($3.14)	-6.40%
600	$71.90	$66.93	($4.97)	-6.91%
800	$94.70	$87.91	($6.79)	-7.17%
1,000	$117.50	$108.89	($8.61)	-7.33%
2,000	$231.51	$213.79	($17.72)	-7.66%
2,500	$288.51	$266.23	($22.28)	-7.72%
5,000	$573.53	$528.47	($45.06)	-7.86%
10,000	$1,143.57	$1,052.95	($90.62)	-7.92%

Residential Service CARES	Present	Proposed	Discounts:	
Customer Charge	$7.50	$3.50	0-300 kWh	30.0%
Energy Charge 1st 400 kWhs	$0.011255	$0.011255	301-600 kWh	20.0%
Energy Charge, all additional kWhs	$0.021269	$0.021269	601-1000 kWh	10.0%
Base Power Supply Charge, all kWhs	$0.077993	$0.071660	1001+ kWh	$8.00
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$5.25	$2.45	($2.80)	-53.33%
50	$8.89	$5.35	($3.54)	-39.79%
100	$12.53	$8.25	($4.28)	-34.12%
200	$19.81	$14.06	($5.75)	-29.03%
400	$39.28	$29.33	($9.95)	-25.32%
600	$57.52	$44.20	($13.32)	-23.15%
800	$85.23	$66.45	($18.78)	-22.03%
1,000	$105.75	$83.18	($22.57)	-21.34%
2,000	$223.51	$177.35	($46.16)	-20.65%
2,500	$280.51	$223.82	($56.70)	-20.21%
5,000	$565.53	$456.14	($109.39)	-19.34%
10,000	$1,135.57	$920.78	($214.79)	-18.91%

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

Residential Service Time-of-Use Summer	Present	Proposed	Assume:	
Customer Charge	$7.50	$8.00	On Peak Usage:	16.6%
Energy Charge 1st 400 kWhs	$0.011255	$0.020070	Shoulder-Peak Usage:	15.4%
Energy Charge, all additional kWhs	$0.021269	$0.030084	Off-Peak Usage:	67.9%
Base Power Supply Charge				
On-Peak, all kWhs	$0.102086	$0.159138		
Shoulder-Peak, all kWhs	$0.077993	$0.074812		
Off-Peak, all kWhs	$0.072092	$0.054158		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$7.50	$8.00	$0.50	6.67%
50	$12.70	$12.74	$0.04	0.35%
100	$17.90	$17.49	($0.41)	-2.30%
200	$28.30	$26.98	($1.32)	-4.67%
400	$49.10	$45.95	($3.14)	-6.40%
600	$71.90	$66.93	($4.97)	-6.91%
800	$94.70	$87.91	($6.79)	-7.17%
1,000	$117.50	$108.89	($8.61)	-7.33%
2,000	$231.51	$213.79	($17.72)	-7.66%
2,500	$288.52	$266.24	($22.28)	-7.72%
5,000	$573.54	$528.48	($45.06)	-7.86%
10,000	$1,143.58	$1,052.96	($90.61)	-7.92%

Residential Service Time-of-Use Winter	Present	Proposed	Assume:	
Customer Charge	$7.50	$8.00	On Peak Usage:	28.1%
Energy Charge 1st 400 kWhs	$0.011255	$0.020070		
Energy Charge, all additional kWhs	$0.021269	$0.030084	Off-Peak Usage:	71.9%
Base Power Supply Charge				
On-Peak, all kWhs	$0.102086	$0.159138		
Shoulder-Peak, all kWhs				
Off-Peak, all kWhs	$0.068588	$0.041894		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
0	$7.50	$8.00	$0.50	6.67%
50	$12.70	$12.74	$0.04	0.35%
100	$17.90	$17.49	($0.41)	-2.30%
200	$28.30	$26.98	($1.32)	-4.67%
400	$49.10	$45.95	($3.15)	-6.41%
600	$71.90	$66.93	($4.97)	-6.91%
800	$94.70	$87.91	($6.79)	-7.17%
1,000	$117.50	$108.89	($8.61)	-7.33%
2,000	$231.51	$213.78	($17.73)	-7.66%
2,500	$288.51	$266.23	($22.29)	-7.72%
5,000	$573.53	$528.46	($45.07)	-7.86%
10,000	$1,143.57	$1,052.92	($90.64)	-7.93%

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

Small General Service	Present	Proposed
Customer Charge	$12.00	$12.50
Energy Charge 1st 400 kWhs	$0.022449	$0.032440
Energy Charge, all additional kWhs	$0.032463	$0.042454
Base Power Supply Charge, all kWhs	$0.075738	$0.072649
PPFAC	$0.014746	$0.000000

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
50	$17.65	$17.75	$0.11	0.61%
100	$23.29	$23.01	($0.28)	-1.22%
250	$40.23	$38.77	($1.46)	-3.63%
500	$69.47	$66.05	($3.42)	-4.93%
1,000	$130.94	$123.60	($7.34)	-5.61%
2,000	$253.89	$238.70	($15.19)	-5.98%
3,500	$438.31	$411.35	($26.96)	-6.15%
5,000	$622.73	$584.01	($38.72)	-6.22%
10,000	$1,237.46	$1,159.52	($77.94)	-6.30%
30,000	$3,696.40	$3,461.58	($234.83)	-6.35%
50,000	$6,155.34	$5,763.63	($391.72)	-6.36%

Large General Service Delivery Charges	Present	Proposed		
Customer Charge	$15.50	$16.00		
Demand Charge, per kW	$10.71	$13.35	Assumes	
Energy Charge (kWhs)	$0.003254	$0.004254	Load Factor =	55.0%
Base Power Supply Charge, all kWhs	$0.067062	$0.064326		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
5,000	$574.18	$525.19	($49.00)	-8.53%
10,000	$1,132.87	$1,034.38	($98.49)	-8.69%
25,000	$2,808.92	$2,561.95	($246.98)	-8.79%
50,000	$5,602.35	$5,107.89	($494.46)	-8.83%
100,000	$11,189.20	$10,199.78	($989.41)	-8.84%
200,000	$22,362.89	$20,383.57	($1,979.33)	-8.85%
300,000	$33,536.59	$30,567.35	($2,969.24)	-8.85%
400,000	$44,710.29	$40,751.13	($3,959.16)	-8.86%
500,000	$55,883.98	$50,934.91	($4,949.07)	-8.86%
600,000	$67,057.68	$61,118.70	($5,938.98)	-8.86%

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

Large General Service TOU	Present	Proposed		
Customer Charge	$20.40	$20.90		
Demand Charge, per kW	$10.71	$13.35	Assumes	
Energy Charge (kWhs)	$0.003254	$0.004254	Load Factor =	55.0%
Base Power Supply Charge, all kWhs	$0.067062	$0.064326		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
5,000	$572.42	$521.77	($50.64)	-8.85%
10,000	$1,124.43	$1,022.65	($101.78)	-9.05%
25,000	$2,780.48	$2,525.27	($255.21)	-9.18%
50,000	$5,540.56	$5,029.65	($510.91)	-9.22%
100,000	$11,060.72	$10,038.39	($1,022.33)	-9.24%
200,000	$22,101.04	$20,055.89	($2,045.16)	-9.25%
300,000	$33,141.37	$30,073.38	($3,067.98)	-9.26%
400,000	$44,181.69	$40,090.87	($4,090.81)	-9.26%
500,000	$55,222.01	$50,108.37	($5,113.64)	-9.26%
600,000	$66,262.33	$60,125.86	($6,136.47)	-9.26%

Assumes maximum peak period demand is 5% lower than maximum demand in non-peak period.

Large Power Service (<69KV)	Present	Proposed		
Customer Charge	$365.00	$372.00		
Demand Charge, per kW	$17.90	$21.22	Assumes	
Energy Charge (kWhs)	$0.000000	($0.000000)	Load Factor =	65.0%
Base Power Supply Charge, all kWhs	$0.053260	$0.051087		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
300,000	$32,081	$29,115	($2,966)	-9.24%
450,000	$47,939	$43,487	($4,452)	-9.29%
650,000	$69,083	$62,649	($6,434)	-9.31%
850,000	$90,226	$81,811	($8,416)	-9.33%
950,000	$100,798	$91,392	($9,407)	-9.33%
1,500,000	$158,944	$144,087	($14,857)	-9.35%
1,750,000	$185,374	$168,040	($17,334)	-9.35%
2,000,000	$211,804	$191,993	($19,811)	-9.35%
2,500,000	$264,663	$239,898	($24,766)	-9.36%

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

Large Power Service (>69KV) Delivery Charges	Present	Proposed		
Customer Charge	$400.00	$407.00		
Demand Charge, per kW	$11.61	$14.93	Assumes	
Energy Charge (kWhs)	$0.000000	($0.000000)	Load Factor =	70.0%
Base Power Supply Charge, all kWhs	$0.053260	$0.051087		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
300,000	$27,617.85	$24,498.42	($3,119)	-11.29%
450,000	$41,226.77	$36,544.12	($4,683)	-11.36%
650,000	$59,372.00	$52,605.07	($6,767)	-11.40%
850,000	$77,517.23	$68,666.01	($8,851)	-11.42%
950,000	$86,589.85	$76,696.48	($9,893)	-11.43%
1,500,000	$136,489.23	$120,864.08	($15,625)	-11.45%
1,750,000	$159,170.77	$140,940.26	($18,231)	-11.45%
2,000,000	$181,852.31	$161,016.44	($20,836)	-11.46%
2,500,000	$227,215.39	$201,168.80	($26,047)	-11.46%

Interruptible Power Service Delivery Charges	Present	Proposed		
Customer Charge	$15.50	$16.00		
Demand Charge, per kW	$3.40	$4.66	50 Assumes	
Energy Charge (kWhs)	$0.014800	$0.017100	Load Factor =	55.0%
Base Power Supply Charge, all kWhs	$0.055491	$0.053227		
PPFAC	$0.014746	$0.000000		

Average Sales per Month	Total Bill Present Rate	Total Bill Proposed Rate	Proposed Increase $	Proposed Increase %
10,001	$950.65	$835.51	($115.14)	-12.11%
15,000	$1,418.08	$1,245.14	($172.94)	-12.20%
20,000	$1,885.60	$1,654.85	($230.75)	-12.24%
30,000	$2,820.66	$2,474.28	($346.38)	-12.28%
50,000	$4,690.76	$4,113.13	($577.63)	-12.31%
75,000	$7,028.39	$6,161.70	($866.70)	-12.33%
100,000	$9,366.02	$8,210.26	($1,155.76)	-12.34%
125,000	$11,703.66	$10,258.83	($1,444.83)	-12.35%
150,000	$14,041.29	$12,307.39	($1,733.89)	-12.35%

UNS Electric, Inc.
Typical Bill Comparison
Present (Prior to June 1, 2009 PPFAC Rate Change) and Proposed Rates
Test Year Ended December 31, 2008

	Present	Proposed	Proposed Increase $	Proposed Increase %
Lighting Dusk to Dawn Delivery Charges	Overhead Service			
New 30' Wood Pole (Class 6)	$4.12	$4.54	$0.41	10.00%
New 30' Metal or Fiberglass	$8.26	$9.08	$0.83	10.00%
	Underground Service			
Existing Wood Pole	$2.06	$2.27	$0.21	10.00%
New 30' Wood Pole (Class 6)	$6.20	$6.81	$0.62	10.00%
New 30' Metal or Fiberglass	$10.32	$11.35	$1.03	10.00%
Per Watt	$0.046577	$0.050422	$0.0038	8.26%
Lighting Base Power Supply Charge, per Watt	$0.007818	$0.00750		
PPFAC	$0.014746	$0.000000		
100 Watts - Overhead				
Existing Wood Pole	$4.67	$5.79	$1.13	24.15%
New 30' Wood Pole (Class 6)	$8.79	$10.33	$1.54	17.51%
New 30' Metal or Fiberglass	$12.92	$14.87	$1.95	15.11%
100 Watts - Underground				
Existing Wood Pole	$6.73	$8.06	$1.33	19.81%
New 30' Wood Pole (Class 6)	$10.86	$12.61	$1.75	16.08%
New 30' Metal or Fiberglass	$14.98	$17.14	$2.16	14.41%
200 Watts - Overhead				
Existing Wood Pole	$9.32	$11.58	$2.27	24.36%
New 30' Wood Pole (Class 6)	$13.44	$16.12	$2.68	19.95%
New 30' Metal or Fiberglass	$17.57	$20.67	$3.09	17.61%
200 Watts - Underground				
Existing Wood Pole	$12.94	$13.85	$0.91	7.04%
New 30' Wood Pole (Class 6)	$17.07	$18.40	$1.32	7.76%
New 30' Metal or Fiberglass	$19.63	$22.93	$3.30	16.81%
400 Watts - Overhead				
Existing Wood Pole	$21.76	$23.17	$1.41	6.48%
New 30' Wood Pole (Class 6)	$25.88	$27.70	$1.82	7.04%
New 30' Metal or Fiberglass	$30.02	$32.25	$2.24	7.45%
400 Watts - Underground				
Existing Wood Pole	$23.82	$25.44	$1.62	6.79%
New 30' Wood Pole (Class 6)	$27.95	$29.98	$2.03	7.26%
New 30' Metal or Fiberglass	$32.08	$34.52	$2.44	7.61%

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS
KRISTIN K. MAYES - CHAIRMAN
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

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-09-____

Direct Testimony of

Michael J. DeConcini

on Behalf of

UNS Electric, Inc.

April 30, 2009

EXHIBIT
UNSE-3
ADMITTED

TABLE OF CONTENTS

I. Introduction 1

II. Summary of UNS Electric's Request 2

III. Overview of UNS Electric 5

IV. Rate Design, Time of Use, and Low-Income Programs 6

- A. Proposed Rates 6
- B. TOU Proposals 7
- C. Low-Income Programs 8

V. UNS Electric's Power Supply and PPFAC Mechanism 9

VI. Revisions to Rules and Regulations and Developer Contributions 12

VII. Proposed Acquisition of Black Mountain Generation Station and Request for Rate Reclassification 13

VIII. Witnesses 16

IX. Summary 18

Exhibits

Exhibit MJD-1 Map of UNS Electric Service Territory

I. INTRODUCTION.

Q. Please state your name and business address.

A. My name is Michael J. DeConcini. My business address is One South Church Avenue, Tucson, Arizona 85701.

Q. By whom are you employed and in what capacity?

A. I am a Director for UNS Electric, Inc. ("UNS Electric" or "Company"). I also serve as Senior Vice President and Chief Operating Officer for both UniSource Energy Corporation ("UniSource Energy") and Tucson Electric Power Company ("TEP").

Q. Mr. DeConcini, what is the purpose of your direct testimony in this proceeding?

A. The primary purpose of my direct testimony is to sponsor UNS Electric's Application filed with the Arizona Corporation Commission ("Commission") in this docket. In my direct testimony I discuss:

(i) UNS Electric's operations;

(ii) UNS Electric's request for an increase in rates;

(iii) UNS Electric's current financial circumstances and the impact of the proposed rate increase;

(iv) UNS Electric's rate design, time-of-use and low income proposals;

(v) The proposed modification of the Purchased Power and Fuel Adjustment Clause ("PPFAC") regarding the PPFAC interest rate and the inclusion of the credit-related costs to support the procurement of wholesale power and natural gas; and

(vi) UNS Electric's proposal for acquiring the Black Mountain Generating Station ("BMGS").

II. SUMMARY OF UNS ELECTRIC'S REQUEST.

Q. Mr. DeConcini, why is UNS Electric's requesting a rate increase at this time?

A. There are three main reasons why UNS Electric is requesting the Commission to approve an increase in base rates of $13,500,000 or approximately 7.5% at this time. In Decision No. 70360 (May 27, 2008), the Commission set rates for UNS Electric based upon a test year ending June 30, 2006. Since the test year in its last rate case: (i) the Company's rate base has grown significantly, (ii) its operating costs have increased and (iii) its return on equity ("ROE") has deteriorated substantially.

In this case, the Company is requesting that the Commission set just and reasonable rates based upon UNS Electric's rate base as of the test year ending December 31, 2008. First, UNS Electric has substantial used and useful plant that is not presently in rate base. During the last rate case, the Company presented evidence that it had substantial construction work in progress ("CWIP") and that it had already put significant post-test year plant additions in service that were used and useful to our customers. However, the Commission determined that it would not include the post test year plant in rate base. Moreover, since the test-year ending June 30, 2006 through December 31, 2008, UNS Electric has made capital expenditures of approximately $86 million and a majority of these capital expenditures were related to plant that was in service on December 31, 2008 and is currently used and useful. Neither the previous CWIP nor these expenditures are reflected in rates even though UNS Electric's customers have been receiving the benefit of those capital additions to UNS Electric's system for a significant period of time.

Second, since the end of the last rate case, our operating expenses have increased. These increased costs also are not reflected in our rates. Mr. Thomas McKenna explains the scope of these increased expenses in more detail in his testimony.

Third, given these circumstances, the Company no longer has an opportunity to earn a reasonable return on its investment. In Decision No. 70360, the Commission set rates for the Company based on an allowed ROE of 10%. As set forth in more detail in Mr. Kentton Grant's testimony, the rates authorized in that matter are no longer just and reasonable as the Company earned a ROE of only 4.6% in 2008. If UNS Electric does not receive its requested rate relief, it anticipates that its ROE will deteriorate to only 4.0% in 2009. The Company projects greater deterioration without rate relief for the year 2010 and beyond. If this trend continues, it will adversely affect the Company's creditworthiness, which will result in increased future costs to fund necessary plant investment and the acquisition of power from the wholesale market.

UNS Electric has been under-earning its cost of capital by a wide margin and will continue to do so until appropriate rate relief is granted. Ms. Martha Pritz's testimony will demonstrate that (i) the appropriate return on common equity is 11.4%; (ii) the Company's cost of debt capital is 7.05%; and (iii) its weighted average cost of capital is 9.04%. Further, Mr. Grant will describe UNS Electric's request for a rate of return ("ROR") on Fair Value Rate Base ("FVRB") of 6.88%. Mr. Grant will also provide more information on how the requested relief will positively impact the Company's financial situation.

Therefore, the Company is respectfully requesting the Commission to authorize the rate increase requested in this Application to provide for the necessary cost recovery, to allow

an opportunity to earn a reasonable return on its equity and to improve its financial strength.

Q. What else is UNS Electric seeking in this rate case?

A. This rate case also presents an opportunity to seek specific Commission authorization that would allow UNS Electric to acquire BMGS and include it in rate base. BMGS is owned by UniSource Energy Development Company ("UED"), an affiliate of UNS Electric. As will be explained in more detail by Mr. Grant and Mr. McKenna, the rate base treatment of BMGS will be very beneficial to both UNS Electric and its customers and will result in a very reasonable cost for long-term peaking capacity. The Company proposes acquiring BMGS from UED through a post-test year adjustment to rate base and a related revenue-neutral rate reclassification. The rate treatment UNS Electric seeks is necessary for the Company to be able to finance the acquisition.

In the last rate case, the Company sought similar authority regarding the potential acquisition of BMGS. It presented evidence that the BMGS was about to enter commercial service and could serve UNS Electric's customers. However, the Commission declined to grant the requested authority. The Commission cited certain factors as a basis for declining to grant UNS Electric's requested post-test year rate base adjustment, even though there was recognition of the financial and operational benefits of the Company owning BMGS. However, since that time, several of the concerns underlying the denial are moot.

Most notably, the Commission was concerned about placing BMGS in rate base before it was operational and before the final cost of construction was known and measurable. Three days after the Commission issued its order in the last rate case, BMGS was placed

into service. Further, BMGS' final cost of construction totaled $63 million and its current book value is $62 million (net of depreciation). Under UNS Electric's proposal, UNS Electric would acquire BMGS at the book value of $62 million.

Given the changed circumstances, the Company believes that it would be appropriate and beneficial to grant the requested authority allowing acquisition of BMGS.

III. OVERVIEW OF UNS ELECTRIC.

Q. Describe UNS Electric's operations.

A. UNS Electric provides electric service to the majority of Mohave County and Santa Cruz County, including the cities of Kingman, Lake Havasu City and Nogales. The Company serves over 71,000 customers in Mohave County and over 18,000 customers in Santa Cruz County as of March 2009. Approximately eighty-eight percent of UNS Electric customers are residential and eleven percent are commercial. Less than one percent of the customers are industrial. The Company procures most of its power from the wholesale market, although it does own 65 MWs of gas-fired generation in its Santa Cruz County service territory. It does not own any generation facilities in its Mohave County service area.

Q. What does UNS Electric project for customer growth?

A. Until recently, UNS Electric has experienced substantial customer growth which required the Company to expend significant amounts for capital improvements and operations. However, growth slowed during 2008 due to the economic situation in Arizona. UNS Electric's customer growth during the test year in Mohave County was nearly flat and in Santa Cruz County it was 1.0 percent. Customer growth is expected to

be approximately 0.5 percent in 2009, 1.1 percent in 2010, and average 2.4% per year from 2011 - 2015.

IV. RATE DESIGN, TIME-OF-USE, AND LOW-INCOME PROGRAMS.

Q. Please summarize the Company's rate design, Time-Of-Use ("TOU") and low income program proposals.

A. Mr. Dallas Dukes and Mr. Bentley Erdwurm address the rate design proposals in more depth in their testimony. First, we are proposing to increase customer charges to cost-based levels. Second, we propose to redesign the TOU rates and implement Super-Peak Demand Response rates in an effort to increase participation in our TOU programs. Third, we are proposing to modify our Customer Assistance Residential Energy Support Program ("CARES") Pricing Plan to hold harmless the majority of qualified customers (with monthly usage less than 945 kWh) from the proposed rate increase in this case. CARES customers using more than 945 kWh per month are not held fully harmless from the rate increase in this case, but they avoid most of the rate increase. Additionally, we propose to expand the range of qualifying customers.

A. Proposed Rates.

Q. What are the primary changes to the rates?

A. UNS Electric proposes to increase customer charges to more closely reflect the cost-based levels supported by the class cost of service study ("CCOSS"). The proposed monthly customer charge increases are $0.50 per month for each customer class; for residential customers (non-CARES), the Company proposes to increase the customer charge from $7.50 to $8.00. Overall, the non-fuel base rate will increase on average from 3.00 cents/kWh to 3.84 cents/kWh.

Q. How will those rate changes affect the typical UNS Electric residential customer?

A. Given the upcoming reduction in the PPFAC rate on June 1, 2009, it is difficult to provide a single, simple answer. As an example, a median residential customer using on average 681 kWh per month will see his annual bill decrease from $973.61 currently to $766.77 based on the June 1, 2009 downward PPFAC adjustment. This June 2009 PPFAC change results in a 21.2% reduction in the bill for this median customer. With UNS Electric's proposed rate increase, a median customer's bill increases to $905.14, from $766.77, an 18.0% increase. When the effect of the PPFAC decrease is combined with the proposed rate increase, the net change in this median customer's bill is a 7.0% decrease. Therefore, the annual bill for a median residential customer after rate implementation is $905.14, less than the current bill of $973.61. Mr. Erdwurm describes other customer usage scenarios in his testimony, and shows that customers generally will see overall net bill *decreases* ranging from 6.5% to 7.4%. Further, Mr. Dukes explains how the rates will change at certain points in the future relative to today's rates.

B. TOU Proposals.

Q. Please provide a summary of the Company's TOU proposals.

A. With respect to TOU rates, UNS Electric is proposing to increase the rate differential between time-periods to encourage more participation in the TOU programs. Under the proposed rates, customers who appropriately manage their energy usage should achieve greater savings as compared to UNS Electric's current TOU rates.

UNS Electric also wants to provide more options to help customers manage their energy usage and their bills. Therefore, the Company is also proposing to add a Super-Peak rate for residential customers and for Small General Service and Large General Service customers with demands of less than 3 MW (3,000 kW). This rate designates for the

customer a single, "super-peak" summer hour with consumption for that hour priced significantly higher than consumption for any other hour of the day. The goal is to encourage customers to make drastic demand reductions in critical peak hours. The program is ideally suited for our desert climate, and I expect the program will be well-received by customers.

C. Low Income Proposals.

Q. How will this rate case affect low income customers?

A. UNS Electric is committed to continuing to assist its low income customers through the CARES Pricing Plan and its Warm Spirit program. The CARES Pricing Plan provides low-income customers a discount on their electric bills. The Warm Spirit program provides emergency bill payment assistance. In recent months, UNS Electric has successfully reduced CARES enrollment times to around 20 days, down from the 40 to 45 days previously.

Under the Company's proposals in this case, the majority of CARES customers (with monthly usage less than 945 kWh) will effectively be held harmless from the proposed rate increase in this case. As discussed in more detail in Mr. Erdwurm's testimony holding such a CARES customer harmless from the rate increase means that CARES discounts will increase – both in dollars and on a percentage basis. This will be accomplished by lowering the CARES monthly customer charge, offering CARES customers a reduced base power supply rate, and setting the PPFAC forward and true up components for CARES customers to zero and freezing those components upon implementation of new rates. Setting the PPFAC components to zero and freezing them provides CARES customers an attractive and stable rate option.

Notably, CARES customers will actually see an effective decrease in their bills after rate implementation, when bills are compared to current levels. Mr. Erdwurm provides further detail on the impact of proposed rates on CARES customers of varying sizes in his testimony.

In addition to expanding discounts under CARES, we are also proposing to offer a program that provides discounts to customers falling between the 150% and the 200% of poverty thresholds, provided that the expanded program costs are fully recovered from other retail customers.

Further, UNS Electric introduced the Warm Spirit program, mirroring the UNS Gas Warm Spirit program. The Commission approved that program, including allowing $20,000 for emergency bill assistance from the Low Income Weatherization program into Warm Spirit, and the Company has committed to matching those funds dollar-for-dollar, up to $25,000 per year. UNS Electric also placed a section on customer bill payment stubs that allows customers to check a box to indicate they would like to make a voluntary contribution to the Warm Spirit program.

V. UNS ELECTRIC'S POWER SUPPLY AND PPFAC MECHANISM.

Q. Please describe UNS Electric's existing Power Supply arrangements.

A. Until June 1, 2008, UNS Electric had a full-requirements power supply agreement ("PSA") with Pinnacle West Capital Corporation ("PWCC"). The PWCC PSA provided all energy and ancillary services to serve UNS Electric's entire load requirements at a fixed price per MWh.

In advance of the contract expiration date, UNS Electric developed a detailed Procurement Plan to insure that it has the necessary resources and contracts to reliably serve its load after the expiration of the PWCC PSA. The Procurement Plan provided for a mix of market power purchases, resource acquisitions and contracts to provide the necessary capacity, energy, and reserves to meet its load requirements. UNS Electric provided the details of the Procurement Plan in its last rate case.

The Company is currently executing this Procurement Plan. In doing so, UNS Electric relies on (1) power supply contracts for base load and on-peak power; (2) a Purchase Power Agreement ("PPA") with UNS Electric's affiliate UED, for power from BMGS; (3) the dispatch of its combustion turbines at the Valencia Generating Station in Santa Cruz County; and (4) spot market purchases as necessary. The Company also procures natural gas and diesel fuel for the operation of its Valencia Station and for the operation of BMGS.

Q. How does UNS Electric envision providing power to its customers?

A. UNS Electric plans to acquire its intermediate and long-term power supplies via periodic solicitations through a Request for Proposal ("RFP") process. In order to serve its expected peak retail demand and reserve margin for 2009, UNS Electric has acquired PPAs in the amount of 225 MWs. Generation from the BMGS PPA and the Valencia Generating Station can provide up to 155 MWs. The remaining resource requirements will be acquired from short-term wholesale markets. UNS Electric is still contemplating the purchase or construction of additional generating facilities; however, these facilities have not yet been identified.

Q. Would including BMGS in rate base factor into the UNS Electric's long-term planning?

A. Yes. Including BMGS in rate base will ensure a critical long-term generation resource in UNS Electric's Mohave County load pocket dedicated to UNS Electric customers. This type of resource is not abundant in the wholesale market, particularly for the load area. BMGS enhances reliability and reduces the Company's reliance on transmission and ancillary services. Because BMGS is directly connected to the UNS Electric 69 kV system, there are no transmission wheeling charges to deliver power to the Mohave County load area, unlike purchasing power from the wholesale.

Q. Please describe UNS Electric's current PPFAC.

A. UNS Electric's PPFAC, approved in Decision No. 70360, includes both a forward component and a true-up component. The forward component is set based on forecasted fuel and purchased power costs; the true-up component compares actual fuel and purchased power costs with the amount collected through base rates and the PPFAC rate in the prior year. The true-up component reconciles actual and forecast fuel and purchased power costs, and is incorporated into the following year's PPFAC rate.

Q. What is the current PPFAC rate?

A. UNS Electric's current PPFAC rate is +1.4746 cents/kWh as established by the Commission. On April 1, 2009, UNS Electric submitted its Annual Update to its December 31, 2008 PPFAC Report. UNS Electric indicated that the PPFAC rate will be reset to (-1.0564) cents/kWh on June 1, 2009, pursuant to the PPFAC Plan of Administration, for a total PPFAC rate reduction of 2.5310 cents/kWh. In effect, over the next year this reduction will act as a credit against the customer's rates. This reduced PPFAC rate provides a 21% decrease to the average residential customer's annual electric costs.

Q. Are you proposing any changes to UNS Electric's PPFAC?

A. Yes. As explained in more detain in Mr. Grant's testimony, the Company is proposing two changes to its PPFAC. The first is to modify the applicable interest rate for the PPFAC bank balance to the 3-month LIBOR rate plus 1.0%. This rate reflects the actual interest rate that UNS Electric must pay when it borrows under its joint revolving credit facility shared with UNS Gas (see Decision No. 69395 (March 22, 2007)) and better reflects the Company's actual carrying cost for the bank balance.

The second change is to allow for the inclusion of credit-related costs incurred by UNS Electric to support the procurement of wholesale power and natural gas. Credit support may either take the form of a letter of credit issued by a creditworthy bank or a deposit of cash collateral in an escrow account. Credit support is often required to provide assurance to a wholesale counter-party that UNS Electric will perform its obligation to purchase power or natural gas as specified by contract. It is a necessary cost of procuring wholesale power and natural gas, and is also highly variable over time due to commodity price swings and the varying length of procurement contracts outstanding at any point in time. Since these costs are incurred due to the procurement of fuel or power, the Company recommends that this cost be recovered through its PPFAC.

VI. REVISIONS TO RULES AND REGULATIONS AND DEVELOPER CONTRIBUTIONS.

Q. Please describe the proposed changes to the Company's Rules and Regulations in this rate case filing.

A. Mr. McKenna sets forth those changes in detail in his Direct Testimony. UNS Electric is proposing some minor modifications to the Rules and Regulations in this docket, particularly with respect to service charges. We are also requesting that the revised Line

Extension Policy submitted in response to the Commission's decision in our prior rate case be formally approved, as contemplated by that decision. Finally, we are requesting some additional modifications to that line extension policy to assist in covering the cost of growth and avoid imposing those costs on existing customers.

VII. PROPOSED ACQUISITION OF BLACK MOUNTAIN GENERATION STATION AND REQUEST FOR RATE RECLASSIFICATION ("BMGS").

Q. Mr. DeConcini, please explain the justification behind UNS Electric's proposal to include BMGS in rate base.

A. UNS Electric witnesses Mr. Grant and Mr. McKenna address this proposal in more detail, and in doing so, they discuss the benefits to be realized by owning the BMGS. UNS Electric's affiliate, UED currently owns BMGS. UED was the developer of BMGS and sells power to UNS Electric under the terms of a five-year tolling agreement that was accepted by the Federal Energy Regulatory Commission ("FERC"). UNS Electric believes purchasing BMGS – a two-unit peaking facility in Mohave County – is in the best interests for both the Company and its customers.

As discussed in Mr. McKenna's testimony, the Company will obtain – and retain -- numerous long-term operational benefits from the ownership of this generation facility and will be better able to provide economic and reliable service to its customers in the future. Mr. Grant, in his Direct Testimony, explains that UNS Electric will also benefit from increased cash flow (since the Company will not have to make payments to UED under the existing BMGS tolling agreement) and earnings would increase because a portion of the Company's operating revenues would be reclassified out of base power supply rate revenues and into non-fuel base rate revenues.

BMGS has a generating capacity of approximately 90 MW at a completed cost of $63.0 million, or $62.0 million net of depreciation. As I stated before, this cost is a known figure reflecting the net book value of the facility on December 31, 2008; it is not an estimate. Further, unlike in UNS Electric's last rate case, these units are now in commercial operation. Under the current proposal, UNS Electric would purchase the BMGS from UED at the $62.0 million net book cost if the Commission approves UNS Electric's request to make both a post-test year rate base adjustment and a revenue-neutral rate reclassification.

Q. How does UNS Electric intend to finance the acquisition of BMGS?

A. Mr. Grant will address this in more detail in his testimony. UNS Electric would finance the acquisition under the authority granted to it in Decision No. 70360. That is, UNS Electric is authorized to (i) to incur up to $40 million of new debt financing in either long-term and/or short-to-intermediate-term debt; and (ii) to receive up to $40 million in equity from UniSource Energy, to acquire BMGS. UNS Electric intends to use that authority to finance the acquisition.

Q. Please describe UNS Electric's rate reclassification proposal to reflect ownership of BMGS.

A. This adjustment is detailed in Mr. Grant's and Mr. Erdwurm's testimony. UNS Electric proposes that the Commission approve a post-test-year adjustment to rate base and a revenue-neutral-rate reclassification that reflects the completed cost of this facility upon the transfer of ownership to UNS Electric. UNS Electric is proposing a rate reclassification that would result in an increase to the Company's non-fuel base rates and a simultaneous decrease to the Company's base power supply rate. Thus, customers would see no net change in the price paid for electric service on their electric bills on the date of the rate reclassification. The change in non-fuel base rates would result from the

Company's request for a post-test-year adjustment to rate base reflecting the $62.0 million purchase price as well the requested adjustment of operating expenses reflecting the cost of operating the BMGS. However, before the rate reclassification would be implemented, the Company would need to obtain FERC approval and consummate the financing and acquisition of BMGS.

Q. Why did UNS Electric not purchase BMGS prior to this rate case?

A. As Mr. Grant details in his Direct Testimony, it would have been imprudent, if not infeasible, to raise $60 million of additional capital before obtaining Commission approval specifying rate treatment for BMGS. UNS Electric only had $192 million of total capitalization as of December 31, 2008. The Company could simply not acquire an asset as large as BMGS without a commensurate increase in earnings and cash flow. While the Commission approved deferred accounting treatment for BMGS, that treatment did not provide sufficient cash flow relief to cover the interim cash costs that UNS Electric would have had to incur to finance the BMGS acquisition. Therefore, obtaining the necessary financing would have been difficult. The Company would have experienced a substantial decline in its operating cash flow and key credit metrics if it had consummated the purchase of BMGS before the end of the test year. Even if UNS Electric could obtain the financing, UNS Electric's reduced financial condition would have made the acquisition of BMGS very expensive to both the Company and its customers, especially in light of the current credit markets.

VIII. WITNESSES.

Q. Mr. DeConcini, who are the other witnesses that are filing Direct Testimony for UNS Electric in this case?

A. UNS Electric is presenting the Direct Testimony of officers and managers who have direct responsibility for the subject matter about which they will testify. In addition, UNS Electric is presenting expert testimony regarding depreciation rates and methodology. The following individuals are presenting testimony in this proceeding:

Mr. Thomas A. McKenna: Mr. McKenna is the Vice President of Engineering for UniSource Energy, TEP and UNS Electric. Mr. McKenna will testify about UNS Electric's: (1) Operations; (2) Capital Spending; (3) Existing and Future Power Supply; and (4) Rules and Regulations. He will also testify concerning the completion and operation of the Black Mountain Generation Station.

Mr. Kentton C. Grant. Mr. Grant is the Vice President of Finance and Rates for UniSource Energy and TEP, and has related responsibilities for their affiliates, including UNS Electric. Mr. Grant will testify about UNS Electric's: (1) proposed purchased of the BMGS; (2) ROR on FVRB; (3) timing of rate relief; (4) ability of UNS Electric to earn its cost of capital; and (5) credit-related costs and modifying the applicable interest rate associated with the Company's the PPFAC. In addition, Mr. Grant will also sponsor the following schedules, including those versions of the schedules that reflect the proposed inclusion of BMGS in rate base:

A-4	Construction Expenditures and Gross Plant in Service
F-1 though F-4	Financial Projections

Ms. Martha B. Pritz. Ms. Pritz is the Director of Financial Planning for TEP and its affiliates, including UNS Electric. Ms. Pritz will testify about: (1) capital structure; (2) cost of equity; (3) cost of debt; and (4) weighted average cost of capital. Ms. Pritz will also sponsor the following schedules, including those versions of the schedules that reflect the proposed inclusion of BMGS in rate base:

A-3	Summary of Capital Structure
D-1 though D-4	Cost of Capital

Ms. Karen G. Kissinger. Ms. Kissinger is the Vice President, Controller and Chief Compliance Officer for UniSource Energy. She is also the Vice President and Controller of UNS Electric. She will testify concerning the Company's financial statements and rate base. She will sponsor the following schedules, including those versions of the schedules that reflect the proposed inclusion of BMGS in rate base:

B-1 through B-5	Rate Base
C-3	Computation of Gross Revenue Conversion Factor
E-1 through E-9	Financial Statements and Statistical Data

Mr. Dallas J. Dukes. Mr. Dukes is the Manager of Revenue Requirements for TEP and its affiliates, including UNS Electric. He will testify concerning the UNS Electric income statement and adjustments to the income statement for regulatory purposes, including various adjustments to expenses. He will also sponsor the following schedules, including those versions of the schedules that reflect the proposed inclusion of BMGS in rate base:

A-1	Computation of Increase in Gross Revenue Requirements
A-2	Summary Results of Operations
A-5	Summary Changes in Financial Position
C-1	Adjusted Test Year Income Statement
C-2	Income Statement Pro Forma Adjustments

Mr. D. Bentley Erdwurm. Mr. Erdwurm is the Lead Customer Pricing Analyst for TEP and its affiliates, including UNS Electric. Mr. Erdwurm will testify about: (1) weather normalization; (2) year-end customer annualization; (3) cost of service; and (4) rate design and other pricing plan changes. Mr. Erdwurm will sponsor the following schedules, including those versions of the schedules that reflect the proposed inclusion of BMGS in rate base:

G-1 through G-7	Cost of Service
H-1 through H-5	Effect of Proposed Rate Schedules

Dr. Ronald E. White. Dr. White is a consultant for UNS Electric. Dr. White testifies concerning depreciation rates and methodology.

IX. SUMMARY.

Q. Mr. DeConcini, please summarize the requests UNS Electric is making in this case:

A. We are requesting the following:

(1) A rate increase of approximately 7.5% over Test Year revenues to allow UNS Electric an opportunity to recover its expenses and earn a reasonable return on its investment;

(2) Approval of requested changes to the Company's pricing plans, including TOU pricing plans, and updated Rules and Regulations;

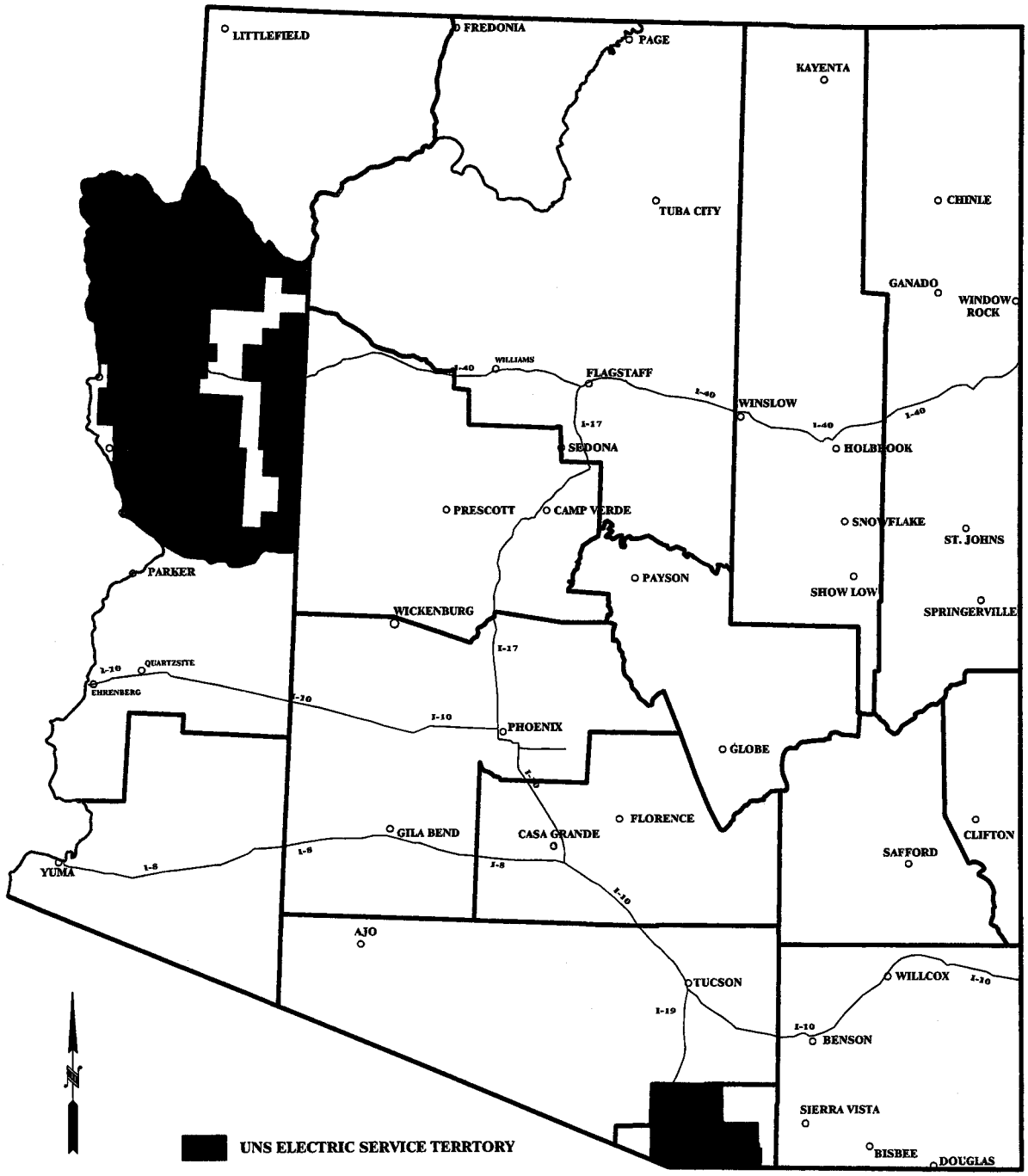
(3) Two modifications to the Company's PPFAC mechanism regarding an increase to the carrying charge on the bank balance and the inclusion of credit-related costs to support the procurement of wholesale power and natural gas in the PPFAC rate; and

(4) Approval of a post-test year rate base adjustment and related rate reclassification to allow UNS Electric to acquire the Black Mountain Generating Station.

Q. Mr. DeConcini, does this conclude your Direct Testimony?

A. Yes, it does.

EXHIBIT

MJD-1

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