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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

DOCKETED

AUG 30 2010

COMMISSIONERS

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

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF
UNS ELECTRIC, INC. AND UNS GAS, INC. FOR
A FINANCING ORDER AUTHORIZING
VARIOUS FINANCING TRANSACTIONS.

DOCKET NO. E-04204A-09-0582
G-04204A-09-0582

PROCEDURAL ORDER

BY THE COMMISSION:

On July 27, 2010, in the above captioned matter, the Arizona Corporation Commission ("Commission") Utilities Division ("Staff") filed its Staff Report, recommending conditional approval of the joint application of UNS Gas, Inc. and UNS Electric, Inc. to engage in various financing transactions. On August 17, 2010, Staff filed a Response to the Applicants' Comments to the July 27, 2010 Staff Report.

Part of the Applicants' revised financing request is for authority to increase each company's long-term debt by \$30 million. Neither the Application nor Staff's July 27, 2010, Staff Report, and August 17, 2010 Response include an analysis of the Applicants' current and pro forma capital structures, assuming they receive authority for the additional long-term debt, nor an analysis of the Companies' ability to service the new debt. It may be difficult to perform such analyses if the terms of the new debt are unknown. In addition, the record does not contain a yearly breakout of the proposed capital projects for UNS Gas, Inc. that are expected to be financed by the new long-term debt. Such information will assist in the analysis of whether the proposed additional long-term debt is in the public interest.

IT IS THEREFORE ORDERED that **Staff shall supplement its Staff Report** with the pro forma analysis of the affect on the Applicants' capital structure and an analysis of their abilities to service the debt, or a statement of why such analysis is not possible or necessary in this case by

1 **September 3, 2010.**

2 IT IS FURTHER ORDRED that either **Staff or UNS Gas, Inc.** shall supplement the record
3 with additional information¹ on the use of the proceeds of the proposed new long-term debt for UNS
4 Gas, Inc. by **September 3, 2010.**

5 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
6 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

7 Dated this 25th day of August, 2010.

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10 
JANE L. RODDA
ADMINISTRATIVE LAW JUDGE

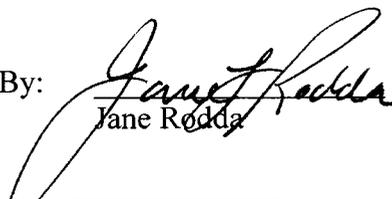
11 Copies of the foregoing mailed
12 this 25th day of August 2010 to:

13 Philip Dion
14 Unisource Energy Corporation
15 One South Church Ave., Suite 200
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17 Michael W. Patten
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26 Phoenix, Arizona 85007

27 ~~Steve O'Leary~~
28 Ernest Johnson, Director
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Arizona Corporation Commission
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29 By: 
Jane Rodda

30 ¹The UNS Electric, Inc. application is supported by a summary of the proposed capital budget. Similar information for
31 UNS Gas, Inc. would be acceptable, if available.