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BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKET CONTROL

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COMMISSIONERS Arizona Corporation Commission
BOB STUMP, Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

DOCKETED

JUL 9 2014

DOCKETED BY [Signature]

ORIGINAL

IN THE MATTER OF THE REORGANIZATION OF UNS ENERGY CORPORATION.

Docket Nos. E-04230A-14-0011
E-01933A-14-0011

AIC POST-HEARING BRIEF

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The Arizona Investment Council ("AIC") has reviewed the Post-Hearing Brief of UNS Energy Corporation and Fortis Inc. (collectively, the "Companies"). The AIC joins in the Companies' Post-Hearing Brief.

In summary, the Merger Transaction not only meets, but clearly exceeds the "no impairment" standard of R14-2-803. Further, the transaction serves the public's interest and should be approved by the Commission.

In his Direct Testimony, AIC President and CEO Gary Yaquinto summarized the primary reason for AIC's Merger support:

The transaction will strengthen UNS Energy and its Arizona Utilities...leading to improved credit ratings and a lower cost of capital. Among other things, Fortis' injection of \$200 million of capital will strengthen UNS' balance sheet, providing funds for TEP's and UNS Electric's diversification of their generation portfolios. The merger with a financially strong Fortis will also facilitate access to capital markets on more favorable rates, terms and conditions... [T]he \$200 million Fortis equity infusion will be a major component of the financing needed to complete the purchase of the Gila River Power Plant [which] is critical to TEP's and UNS Electric's plans to serve customers reliably and cost effectively.

Following the filing of direct testimony, the Companies, ACC Staff, RUCO, the AIC and other signatories entered into a Settlement Agreement with more than 60 conditions which the parties have uniformly testified are fair, balanced, just, reasonable and in the public interest.

1 From the AIC's standpoint, a key provision of the Settlement Agreement is to increase to \$220
2 million Fortis' capital contribution to UNS. That further enhances the Merger's positives for
3 TEP, UNS and their customers' benefit.

4 The AIC requests that the Administrative Law Judge issue a Recommended Opinion and
5 Order approving the Merger Transaction and Settlement Agreement, as well as vacating the
6 conditions of Attachment A to Decision No. 60480 dated November 25, 1997. The AIC also
7 supports Applicants' request that the Merger and Settlement Agreement be approved by no later
8 than September 18, 2014, which will allow the transaction to close by September 30, 2014.

9 RESPECTFULLY SUBMITTED this 9th day of July, 2014.

10 GALLAGHER & KENNEDY, P.A.

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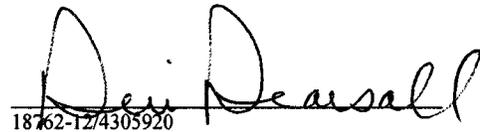
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