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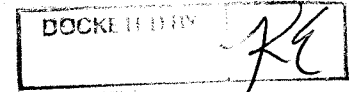
AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

DEC 14 2015

December 14, 2015

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



Re: Notice of Filing – UNS Electric Inc.’s Application For A Financing Order Authorizing Various Financing Transactions
Decision No. 74865 (December 18, 2014), E-04204A-13-0447

Pursuant to Decision No. 74865 (December 18, 2014) (“Decision”), page 20, lines 11 through 20, UNS Electric Inc. (“UNS Electric” or “Company”) and UNS Gas, Inc. (“UNSG” or “Company”), is authorized to enter into one or more credit agreements with terms up to five years, and to enter into agreements to refinance any such credit or reimbursement agreement with new terms of up to five years, which may consist of one or more revolving credit facilities provided that: 1) after giving effect to the entry of such a facility, the amount of credit available under such facilities to each company, individually, does not exceed \$100 million; 2) any borrowing under the credit agreement(s) authorized herein shall be conditioned upon the borrowing entity being in full compliance with the covenants contained in such agreement(s); and 3) such facilities contain a debt to capitalization limit that is substantially the same as the 65 percent limit contained in the existing credit facilities between UNS Electric, Inc. or UNS Gas, Inc. and their lenders.

On October 15, 2015, UNS Electric and UNSG entered into a new joint credit agreement with MUFG Union Bank, N.A. (MUFG), as administrative agent, lead arranger and lender, and a group of lenders (the “2015 Credit Agreement”). The 2015 Credit Agreement replaced the prior credit facility, entered into on November 9, 2010 and amended on November 18, 2011, which included a \$100 million revolving credit and letter of credit facility. The 2015 Credit Agreement provides for a \$100 million revolving credit and letter of credit facility. UNS Electric and UNS Gas are each subject to an \$80 million sublimit for revolving loans and letters of credit. The 2015 Credit Agreement expires on October 15, 2020, at which time all outstanding amounts thereunder will be due and payable. The final maturity date is subject to two one-year extensions if certain conditions are satisfied. The agreement includes a covenant limiting the leverage ratio (i.e., the ratio of debt to total capital) to 65 percent.

UNS Electric and UNS Gas expect that borrowings will be made from time to time under the revolving credit facility for working capital and other general corporate purposes and that letters of credit will be issued from time to time to support energy procurement and hedging transactions.

Interest rates and fees under the Credit Agreement are based on a pricing grid tied to UNS Electric's and UNS Gas' credit ratings. Borrowings under the revolving credit facility bear interest at a variable interest rate consisting of a spread over LIBOR or Alternate Base Rate. Alternate Base Rate is equal to the greatest of (i) MUFGE's reference rate, (ii) the federal funds rate plus ½ of 1%, or (iii) adjusted LIBOR for an interest period of one month plus 1%. The interest rate presently in effect on borrowings is LIBOR plus 1.00% for Eurodollar loans or Alternate Base Rate plus 0.00% for Alternate Base Rate loans.

The Credit Agreement is unsecured and ranks pari passu with other senior unsecured debt obligations.

The business rationale for this financing transaction was to refinance UNS Electric's and UNS Gas' shared revolver and letter of credit agreement prior to its expiration in November 2016. In addition, UNS Electric and UNS Gas each increased its available credit sublimit from \$70 million to \$80 million.

UNS Electric and UNS Gas believe that the rates and terms obtained by UNS Electric and UNS Gas under this financing were fair and reasonable under the prevailing market conditions. Given that UNS Electric's and UNS Gas' unsecured credit ratings are presently A3 by Moody's, they are paying LIBOR plus 1.00% for Eurodollar loans or Alternate Base Rate plus 0.00% for Alternate Base Rate loans. Over the past year, a majority of comparable utility credit transactions have had slightly higher pricing, with a spread of 1.125% over LIBOR required for revolver borrowings with a credit rating of A3.

Sincerely,



Melissa Morales
Regulatory Services

Enclosures: UNSE and UNSG Officer Certificate

cc: Compliance Section, ACC

UNS Electric, Inc.

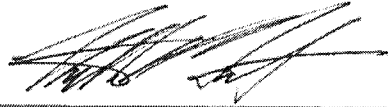
Officer's Certificate

The undersigned, Kentton C. Grant, the Vice President, Finance of UNS Electric, Inc., an Arizona Corporation (the "Company"), pursuant to Sections 4.01(d), (f), (g), (h), (i), (j) and (l) of the Credit Agreement, dated as of October 15, 2015, among the Company, UNS Gas, Inc., the Lenders party thereto, JPMorgan Chase Bank, N.A., SunTrust Bank and Wells Fargo Bank, National Association, as Co-Syndication Agents, The Bank of Nova Scotia and U.S. Bank National Association, as Co-Documentation Agents, and MUFG Union Bank, N.A., as Administrative Agent (the "Credit Agreement"), DOES HEREBY CERTIFY AS FOLLOWS:

1. the representations and warranties of the Company set forth in the Credit Agreement and the other Loan Documents are true and correct on and as of the date hereof;
2. no Default or Event of Default has occurred and is continuing as of the date hereof;
3. the Company and its Subsidiaries have no outstanding indebtedness or preferred stock other than (a) the Obligations, (b) indebtedness under the UNS Electric Note Purchase Agreements and (c) the other Indebtedness described in the Disclosure Documents;
4. UniSource Energy Services, Inc. ("UES") does not Guarantee any other Indebtedness of the Company (including, without limitation, any Indebtedness under any Note Purchase Agreement to which the Company is a party);
5. all requisite Governmental Authorities (including, without limitation, the ACC and all other regulatory authorities) and third parties have approved or consented to the Credit Agreement and the other Loan Documents and the other transactions contemplated thereby to the extent required;
6. no stay of any applicable regulatory approval has been issued and there is no litigation or other governmental, administrative or judicial action, actual or, to the knowledge of the Company, threatened, that could reasonably be expected to restrain, prevent or impose burdensome conditions on the Credit Agreement, the other Loan Documents or the Transactions;
7. the Capital Stock of the Company (to the extent owned by UES, which owns all Capital Stock of the Company) is free and clear of any Liens;
8. the attached copies of the UNS Electric Note Purchase Agreements, together with any amendments or supplements thereto, are true, correct and complete copies thereof and are in full force and effect on the date hereof; and
9. the attached copy of the Arizona Corporation Commission Order (Decision No. 74865), dated December 18, 2014, authorizing the Transactions, is a true, correct and complete copy thereof and is in full force and effect on the date hereof.

All capitalized terms used herein but not defined herein shall have the meanings assigned to them in the Credit Agreement.

IN WITNESS THEREOF, the undersigned has hereunto set his hand this 15th day of October, 2015.



Name: Kentton C. Grant
Title: Vice President, Finance

UNS Gas, Inc.

Officer's Certificate

The undersigned, Kentton C. Grant, the Vice President, Finance of UNS Gas, Inc. an Arizona Corporation (the "Company"), pursuant to Sections 4.01(d), (f), (g), (h), (i), (j) and (l) of the Credit Agreement, dated as of October 15, 2015, among the Company, UNS Electric, Inc., the Lenders party thereto, JPMorgan Chase Bank, N.A., SunTrust Bank and Wells Fargo Bank, National Association, as Co-Syndication Agents, The Bank of Nova Scotia and U.S. Bank National Association, as Co-Documentation Agents, and MUFG Union Bank, N.A., as Administrative Agent (the "Credit Agreement"), DOES HEREBY CERTIFY AS FOLLOWS:

1. the representations and warranties of the Company set forth in the Credit Agreement and the other Loan Documents are true and correct on and as of the date hereof;
2. no Default or Event of Default has occurred and is continuing as of the date hereof;
3. the Company and its Subsidiaries have no outstanding indebtedness or preferred stock other than (a) the Obligations, (b) indebtedness under the UNS Gas Note Purchase Agreements and (c) the other Indebtedness described in the Disclosure Documents;
4. UniSource Energy Services, Inc. ("UES") does not Guarantee any other Indebtedness of the Company (including, without limitation, any Indebtedness under any Note Purchase Agreement to which the Company is a party);
5. all requisite Governmental Authorities (including, without limitation, the ACC and all other regulatory authorities) and third parties have approved or consented to the Credit Agreement and the other Loan Documents and the other transactions contemplated thereby to the extent required;
6. no stay of any applicable regulatory approval has been issued and there is no litigation or other governmental, administrative or judicial action, actual or, to the knowledge of the Company, threatened, that could reasonably be expected to restrain, prevent or impose burdensome conditions on the Credit Agreement, the other Loan Documents or the Transactions;
7. the Capital Stock of the Company (to the extent owned by UES, which owns all Capital Stock of the Company) is free and clear of any Liens;
8. the attached copies of the UNS Gas Note Purchase Agreements, together with any amendments or supplements thereto, are true, correct and complete copies thereof and are in full force and effect on the date hereof; and
9. the attached copy of the Arizona Corporation Commission Order (Decision No. 74865), dated December 18, 2014, authorizing the Transactions, is a true, correct and complete copy thereof and is in full force and effect on the date hereof.

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