

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT
(DATE OF EARLIEST EVENT REPORTED): November 2, 2012

<u>Commission File Number</u>	<u>Registrant; State of Incorporation; Address; and Telephone Number</u>	<u>IRS Employer Identification Number</u>
1-13739	UNS ENERGY CORPORATION (An Arizona Corporation) 88 E. Broadway Boulevard Tucson, AZ 85701 (520) 571-4000	86-0786732
1-5924	TUCSON ELECTRIC POWER COMPANY (An Arizona Corporation) 88 E. Broadway Boulevard Tucson, AZ 85701 (520) 571-4000	86-0062700

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition

On November 2, 2012, UNS Energy Corporation (“UNS Energy”) issued a press release announcing earnings for the quarter ended September 30, 2012 for UNS Energy and Tucson Electric Power Company. A copy of the press release is attached hereto as Exhibit 99.1. UNS Energy also posted supplemental information accessible from a link on its website, www.uns.com. A copy of the supplemental information is attached hereto as Exhibit 99.2 and Exhibit 99.3.

The Company’s press releases and other communications may include certain non-Generally Accepted Accounting Principles (GAAP) financial measures. A “non-GAAP financial measure” is defined as a numerical measure of a company’s financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in the Company’s financial statements.

Non-GAAP financial measures utilized by the Company include presentations of revenues, operating expenses, operating income and earnings (loss) per share. The Company uses these non-GAAP measures to evaluate the operations of the Company. Certain non-GAAP financial measures utilized by the Company exclude: the impact of non-recurring items; the effect of accounting changes or adjustments; expenses that are reimbursed by third parties; and other items. The Company’s management believes that these non-GAAP financial measures provide useful information to investors by removing the effect of variances in GAAP reported results of operations that are not indicative of fundamental changes in the earnings or cash flow capacity of the Company’s operations. Management also believes that the presentation of the non-GAAP financial measures is largely consistent with its past practice, as well as industry practice in general, and will enable investors and analysts to compare current non-GAAP measures with non-GAAP measures with respect to prior periods.

Item 9.01 Financial Statements and Exhibits

Exhibit 99.1	UNS Energy Corporation Press Release, dated November 2, 2012.
Exhibit 99.2	Supplemental earnings information posted on UNS Energy’s website, dated November 2, 2012.
Exhibit 99.3	Conference call presentation slides posted on UNS Energy’s website, dated November 2, 2012.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 2, 2012

UNS ENERGY CORPORATION

(Registrant)

/s/ Kevin P. Larson

Kevin P. Larson
Senior Vice President and Principal
Financial Officer

Date: November 2, 2012

TUCSON ELECTRIC POWER COMPANY

(Registrant)

/s/ Kevin P. Larson

Kevin P. Larson
Senior Vice President and Principal
Financial Officer



FOR IMMEDIATE RELEASE

Media Contact: Joseph Barrios, (520) 884-3725

Financial Analyst Contact: Chris Norman, (520) 884-3649

November 2, 2012

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**UNS ENERGY REPORTS THIRD QUARTER 2012 EARNINGS,
NARROWS 2012 EARNINGS GUIDANCE RANGE**

- UNS Energy's net income for the third quarter of 2012 was \$50.7 million, or \$1.21 per share of common stock on a fully-diluted basis, compared with net income of \$59.7 million, or \$1.46 per diluted share in the third quarter of 2011. For the nine months ended September 30, 2012, UNS Energy's net income was \$83.4 million, or \$2.03 per diluted share, compared with net income of \$101.8 million, or \$2.53 per diluted share, in the same period last year.
- UNS Energy's primary subsidiary, Tucson Electric Power Company (TEP), reported net income of \$44.6 million in the third quarter of 2012 compared with \$53.9 million in the third quarter of 2011. TEP's results were negatively affected by: (i) a 3.6 percent decrease in retail sales volumes due in part to mild weather compared with last year; and (ii) higher depreciation and amortization expense related to an increase in utility infrastructure investments.
- Third quarter 2012 results include a \$1.1 million after-tax loss related to an unplanned outage at a power plant that TEP operates on behalf of another party. Financial results in the third quarter of 2011 include a \$4.5 million after-tax gain related to the settlement of a transmission dispute by TEP.
- Net income and earnings per share for the third quarter of 2012 were consistent with expectations. UNS Energy is narrowing its 2012 earnings guidance range to \$2.15 to \$2.30 per diluted share.

Tucson, Ariz. – UNS Energy Corporation (NYSE: UNS) today reported third quarter 2012 net income of \$50.7 million, or \$1.21 per diluted share of common stock, compared with net income of \$59.7 million, or \$1.46 per diluted share in the same period last year.

TEP reported net income of \$44.6 million for the third quarter of 2012, 17 percent below net income of \$53.9 million in the third quarter of 2011.

“Although earnings continue to be pressured by TEP's retail rate freeze, our operating performance remains strong. We expect to hold full year operating and maintenance expenses at the same level as 2009 while maintaining a high level of reliability and safety,” said Paul Bonavia, UNS Energy's Chairman and Chief Executive Officer. “Our power plants ran exceptionally well this summer and our safety record to date is outstanding.”

A 2008 settlement agreement approved by the Arizona Corporation Commission (ACC) will keep TEP's non-fuel base retail rates unchanged until TEP's pending rate request is finalized and approved in 2013. During this rate freeze period, TEP's retail sales volumes have remained virtually unchanged due to general economic conditions and energy efficiency requirements passed by the ACC. In order to partially mitigate the effect of stagnant energy demand on UNS Energy's financial performance, the company successfully aligned operating expenses with retail energy sales through the implementation of new operating efficiencies and cost containment measures.

However, TEP faces cost pressures associated with capital investments in order to maintain safe and reliable service that are not reflected in current retail rates. In July 2012, TEP submitted an application with the ACC seeking its first non-fuel base rate increase since 2008. The filing requests a non-fuel base rate increase of approximately \$128 million, or 15 percent, to be effective no later than August 1, 2013.

Tucson Electric Power

Retail kWh Sales and Revenues

TEP's retail kWh sales decreased by 3.6 percent in the third quarter, due in part to a 12.2 percent decline in cooling degree days compared with the third quarter of 2011. The decrease in retail sales volumes led to a 4.0 percent, or \$7.3 million, decrease in TEP's retail margin revenues compared with the third quarter of 2011.

Other Operating Expenses

TEP's base O&M expense was \$1.2 million lower than the third quarter of 2011. Base O&M excludes costs directly offset by customer surcharges and third-party reimbursements. In the third quarter of 2012, depreciation and amortization expense increased by \$2.3 million as a result of additional plant-in-service compared with the same period last year.

Other Factors

TEP's third quarter 2012 results include an after-tax loss of approximately \$1.1 million related to an unplanned outage at Springerville Unit 3, a power plant that TEP operates on behalf of another company. Results in the third quarter of 2011 include an after-tax gain of approximately \$4.5 million related to the settlement of a transmission dispute.

Year-to-Date Results

In the first nine months of 2012, TEP reported net income of \$65.0 million compared with net income of \$83.8 million in the same period last year. That decrease was due to: lower retail and long-term wholesale margin revenues; higher depreciation and amortization expense; a loss recorded in the first nine months of 2012 related to the operation of Springerville Unit 3, described above; and the gain recorded in the first nine months of 2011 related to the settlement of a dispute, described above.

UNS Gas and UNS Electric

UNS Gas reported a net loss of less than \$1 million in the third quarters of 2012 and 2011.

UNS Electric reported net income of \$6.4 million in the third quarter of 2012 compared with \$7.0 million in the third quarter of 2011. The decrease was due to: lower retail kWh sales due in part to a 5.5 percent decline in cooling degree days; and higher depreciation and amortization expense related to an increase in net plant in service.

Seasonality of Earnings

The net income and results of operations of TEP as well as of UNS Gas and UNS Electric – operating subsidiaries of UniSource Energy Services (UES) – are seasonal in nature. TEP and UNS Electric typically record the majority of their net income during the second and third quarters when hot weather contributes to higher energy consumption. TEP’s retail rates, which include higher charges for higher levels of energy use, also shift a larger share of the company’s earnings into those periods.

Energy demand from UNS Gas customers typically peaks during the winter. Accordingly, UNS Gas typically records the majority of its net income during the first and fourth quarters.

Net Income and Earnings Per Share Summary

Net Income	3rd Quarter		YTD September 30,	
	2012	2011	2012	2011
	-Millions-		-Millions-	
Tucson Electric Power	\$44.6	\$53.9	\$65.0	\$83.8
UNS Gas	(0.4)	(0.7)	5.1	5.8
UNS Electric	6.4	7.0	13.7	14.4
Other ⁽¹⁾	0.1	(0.5)	(0.4)	(2.2)
Net Income	\$50.7	\$59.7	\$83.4	\$101.8
Avg. Basic Shares Outstanding (Millions)	41.4	37.1	40.0	36.9
Avg. Diluted Shares Outstanding (Millions)	41.9	41.8	41.7	41.6
Earnings Per UNS Energy Share	3rd Quarter		YTD September 30,	
	2012	2011	2012	2011
Tucson Electric Power	\$1.08	\$1.45	\$1.63	\$2.27
UNS Gas	(0.01)	(0.02)	0.13	0.16
UNS Electric	0.15	0.19	0.34	0.39
Other ⁽¹⁾	0.00	(0.01)	(0.01)	(0.06)
Net Income Per Basic Share	\$1.22	\$1.61	\$2.09	\$2.76
Net Income Per Diluted Share	\$1.21	\$1.46	\$2.03	\$2.53

(1) Includes UNS Energy on a stand-alone basis and results from Millennium Energy Holdings, Inc. and UniSource Energy Development, both wholly-owned subsidiaries of UNS Energy.

UNS Energy believes the presentation of TEP, UNS Gas and UNS Electric net income or loss on a per basic UNS Energy share basis (which are non-GAAP financial measures) provides useful information to investors by disclosing the results of operations of its business segments on a basis consistent with UNS Energy's reported earnings or losses.

Conference Call and Webcast

The company will host a conference call on Friday, November 2, 2012 at 1 p.m. ET. To participate in the call, please dial in 5 to 10 minutes prior to the start time. A reference code is not necessary to access the live call.

Dial-in number: **(800) 695-3360**

The conference call also can be heard live online at uns.com.

A telephone replay will be available for seven days.

Replay number: (800) 633-8284

Reference code: 21609581

In conjunction with this earnings announcement, UNS Energy provided additional information on its performance during the third quarter of 2012. These materials were filed with the Securities and Exchange Commission and are also available at uns.com.

UNS Energy is a Tucson, Arizona-based company with consolidated assets of approximately \$4 billion. UNS Energy's primary subsidiaries include Tucson Electric Power, which serves more than 405,000 customers in southern Arizona, and UniSource Energy Services, provider of natural gas and electric service for about 240,000 customers in northern and southern Arizona. Visit uns.com for more information about UNS Energy and its subsidiaries.

This release contains forward-looking information that involves risks and uncertainties, including factors that could affect UNS Energy's ability to reach the 2012 earnings guidance. These risks and uncertainties include, but are not limited to: state and federal regulatory and legislative decisions and actions; regional economic and market conditions, which could affect customer growth and energy usage; weather variations affecting energy usage; the cost of debt and equity capital and access to capital markets; the performance of the stock market and changing interest rate environment, which affect the value of the company's pension and other postretirement benefit plan assets and the related contribution requirements and expense; unexpected increases in O&M expense; resolution of pending litigation matters; changes in accounting standards; changes in critical accounting estimates; changes to long-term contracts; the cost of fuel and power supplies; performance of TEP's generating plants; and other factors listed in UNS Energy's Form 10-K and 10-Q filings with the Securities and Exchange Commission. The preceding factors may cause future results to differ materially from outcomes currently expected by UNS Energy.

UNS ENERGY 2012 RESULTS

Condensed Consolidated Statements of Income (in Thousands of Dollars, Except Per Share Amounts) (UNAUDITED)	Three Months Ended September 30,		Increase / (Decrease)	
	2012	2011	Amount	Percent
Operating Revenues				
Electric Retail Sales	\$ 353,473	\$ 363,385	\$ (9,912)	(2.7)
Electric Wholesale Sales	32,494	41,847	(9,353)	(22.4)
Gas Revenue	15,407	16,831	(1,424)	(8.5)
Other Revenues	35,887	28,884	7,003	24.2
Total Operating Revenues	437,261	450,947	(13,686)	(3.0)
Operating Expenses				
Fuel	92,873	98,962	(6,089)	(6.2)
Purchased Energy	60,238	88,734	(28,496)	(32.1)
Transmission	4,500	(1,354)	5,854	N/M
Increase (Decrease) to Reflect PPFAC/PGA Recovery Treatment	18,076	(3,576)	21,652	N/M
Total Fuel and Purchased Energy	175,687	182,766	(7,079)	(3.9)
Other Operations and Maintenance	98,346	90,781	7,565	8.3
Depreciation	35,145	33,553	1,592	4.7
Amortization	9,069	7,882	1,187	15.1
Taxes Other Than Income Taxes	12,605	12,205	400	3.3
Total Operating Expenses	330,852	327,187	3,665	1.1
Operating Income	106,409	123,760	(17,351)	(14.0)
Other Income (Deductions)				
Interest Income	340	1,919	(1,579)	(82.3)
Other Income	1,726	1,678	48	2.9
Other Expense	(886)	(1,412)	526	37.3
Total Other Income (Deductions)	1,180	2,185	(1,005)	(46.0)
Interest Expense				
Long-Term Debt	17,074	17,945	(871)	(4.9)
Capital Leases	8,507	10,248	(1,741)	(17.0)
Other Interest Expense, Net of Interest Capitalized	233	(88)	321	N/M
Total Interest Expense	25,814	28,105	(2,291)	(8.2)
Income Before Income Taxes	81,775	97,840	(16,065)	(16.4)
Income Tax Expense	31,111	38,128	(7,017)	(18.4)
Net Income	\$ 50,664	\$ 59,712	\$ (9,048)	(15.2)
Weighted-Average Shares of Common Stock Outstanding (000)	41,446	37,053	4,393	11.9
Basic Earnings per Share	\$1.22	\$1.61	\$(0.39)	(24.2)
Diluted Earnings per Share	\$1.21	\$1.46	\$(0.25)	(17.1)
Dividends Declared per Share	\$0.43	\$0.42	\$ 0.01	2.4

N/M - Not Meaningful

Reclassifications have been made to prior periods to conform to the current period's presentation.

UNS ENERGY 2012 RESULTS

Condensed Consolidated Statements of Income (in Thousands of Dollars, Except Per Share Amounts) (UNAUDITED)	Nine Months Ended September 30,		Increase / (Decrease)	
	2012	2011	Amount	Percent
Operating Revenues				
Electric Retail Sales	\$ 850,975	\$ 856,216	\$ (5,241)	(0.6)
Electric Wholesale Sales	98,282	121,506	(23,224)	(19.1)
Gas Revenue	85,621	99,041	(13,420)	(13.5)
Other Revenues	88,427	88,624	(197)	(0.2)
Total Operating Revenues	1,123,305	1,165,387	(42,082)	(3.6)
Operating Expenses				
Fuel	245,933	252,103	(6,170)	(2.4)
Purchased Energy	174,891	233,344	(58,453)	(25.1)
Transmission	10,738	4,612	6,126	N/M
Decrease to Reflect PPFAC/PGA Recovery Treatment	29,730	(5,174)	34,904	N/M
Total Fuel and Purchased Energy	461,292	484,885	(23,593)	(4.9)
Other Operations and Maintenance	283,587	281,888	1,699	0.6
Depreciation	105,319	99,653	5,666	5.7
Amortization	26,845	22,513	4,332	19.2
Taxes Other Than Income Taxes	37,385	36,579	806	2.2
Total Operating Expenses	914,428	925,518	(11,090)	(1.2)
Operating Income	208,877	239,869	(30,992)	(12.9)
Other Income (Deductions)				
Interest Income	981	3,739	(2,758)	(73.8)
Other Income	5,729	7,155	(1,426)	(19.9)
Other Expense	(1,761)	(2,830)	1,069	37.8
Total Other Income (Deductions)	4,949	8,064	(3,115)	(38.6)
Interest Expense				
Long-Term Debt	53,811	54,240	(429)	(0.8)
Capital Leases	25,105	30,108	(5,003)	(16.6)
Other Interest Expense, Net of Interest Capitalized	66	(1,118)	1,184	N/M
Total Interest Expense	78,982	83,230	(4,248)	(5.1)
Income Before Income Taxes	134,844	164,703	(29,859)	(18.1)
Income Tax Expense	51,430	62,916	(11,486)	(18.3)
Net Income	\$ 83,414	\$ 101,787	\$ (18,373)	(18.1)
Weighted-Average Shares of Common Stock Outstanding (000)	39,983	36,930	3,053	8.3
Basic Earnings Per Share	\$2.09	\$2.76	\$(0.67)	(24.3)
Diluted Earnings Per Share	\$2.03	\$2.53	\$(0.50)	(19.8)
Dividends Declared Per Share	\$1.29	\$1.26	\$ 0.03	2.4

N/M - Not Meaningful

Reclassifications have been made to prior periods to conform to the current period's presentation.

TUCSON ELECTRIC POWER COMPANY 2012 RESULTS

Condensed Consolidated Statements of Income (in Thousands of Dollars) (UNAUDITED)	Three Months Ended September 30,		Increase / (Decrease)	
	2012	2011	Amount	Percent
	Operating Revenues			
Electric Retail Sales	\$ 302,893	\$ 308,924	\$ (6,031)	(2.0)
Electric Wholesale Sales	25,448	29,608	(4,160)	(14.1)
Other Revenues	38,569	31,313	7,256	23.2
Total Operating Revenues	366,910	369,845	(2,935)	(0.8)
Operating Expenses				
Fuel	88,402	95,977	(7,575)	(7.9)
Purchased Power	27,576	40,509	(12,933)	(31.9)
Transmission	1,914	(4,266)	6,180	N/M
Increase (Decrease) to Reflect PPFAC Recovery Treatment	20,025	1,115	18,910	N/M
Total Fuel and Purchased Energy	137,917	133,335	4,582	3.4
Other Operations and Maintenance	86,942	79,837	7,105	8.9
Depreciation	27,644	26,541	1,103	4.2
Amortization	10,001	8,798	1,203	13.7
Taxes Other Than Income Taxes	10,327	9,855	472	4.8
Total Operating Expenses	272,831	258,366	14,465	5.6
Operating Income	94,079	111,479	(17,400)	(15.6)
Other Income (Deductions)				
Interest Income	28	1,666	(1,638)	(98.3)
Other Income	1,553	229	1,324	N/M
Other Expense	(1,965)	(2,754)	789	28.6
Total Other Income (Deductions)	(384)	(859)	475	55.3
Interest Expense				
Long-Term Debt	13,268	12,081	1,187	9.8
Capital Leases	8,507	10,248	(1,741)	(17.0)
Other Interest Expense, Net of Interest Capitalized	201	(44)	245	N/M
Total Interest Expense	21,976	22,285	(309)	(1.4)
Income Before Income Taxes	71,719	88,335	(16,616)	(18.8)
Income Tax Expense	27,150	34,423	(7,273)	(21.1)
Net Income	\$ 44,569	\$ 53,912	\$ (9,343)	(17.3)

Tucson Electric Power Electric MWh Sales:	Three Months Ended September 30,		Increase / (Decrease)	
	2012	2011	Amount	Percent
Retail Sales	2,877,504	2,985,792	(108,288)	(3.6)
Long-Term Wholesale Sales	165,589	230,611	(65,022)	(28.2)

N/M - Not Meaningful

Reclassifications have been made to prior periods to conform to the current period's presentation.

TUCSON ELECTRIC POWER COMPANY 2012 RESULTS

Condensed Consolidated Statements of Income (in Thousands of Dollars) (UNAUDITED)	Nine Months Ended September 30,		Increase / (Decrease)	
	2012	2011	Amount	Percent
Operating Revenues				
Electric Retail Sales	\$ 716,993	\$ 714,278	\$ 2,715	0.4
Electric Wholesale Sales	77,488	96,623	(19,135)	(19.8)
Other Revenues	95,826	93,765	2,061	2.2
Total Operating Revenues	890,307	904,666	(14,359)	(1.6)
Operating Expenses				
Fuel	237,930	246,563	(8,633)	(3.5)
Purchased Power	62,064	84,189	(22,125)	(26.3)
Transmission	4,277	(2,339)	6,616	N/M
Decrease to Reflect PPFAC Recovery Treatment	25,150	(5,146)	30,296	N/M
Total Fuel and Purchased Energy	329,421	323,267	6,154	1.9
Other Operations and Maintenance	248,092	246,423	1,669	0.7
Depreciation	82,656	78,124	4,532	5.8
Amortization	29,621	25,282	4,339	17.2
Taxes Other Than Income Taxes	30,325	29,803	522	1.8
Total Operating Expenses	720,115	702,899	17,216	2.4
Operating Income	170,192	201,767	(31,575)	(15.6)
Other Income (Deductions)				
Interest Income	97	2,983	(2,886)	(96.7)
Other Income	4,860	4,597	263	5.7
Other Expense	(5,084)	(7,751)	2,667	34.4
Total Other Income (Deductions)	(127)	(171)	44	25.7
Interest Expense				
Long-Term Debt	40,562	36,493	4,069	11.2
Capital Leases	25,105	30,107	(5,002)	(16.6)
Other Interest Expense, Net of Interest Capitalized	(43)	(881)	838	95.1
Total Interest Expense	65,624	65,719	(95)	(0.1)
Income Before Income Taxes	104,441	135,877	(31,436)	(23.1)
Income Tax Expense	39,423	52,104	(12,681)	(24.3)
Net Income	\$ 65,018	\$ 83,773	\$ (18,755)	(22.4)

Tucson Electric Power Electric MWh Sales:	Nine Months Ended September 30,		Increase / (Decrease)	
	2012	2011	Amount	Percent
Retail Sales	7,235,527	7,272,091	(36,564)	(0.5)
Long-Term Wholesale Sales	492,446	668,995	(176,549)	(26.4)

N/M - Not Meaningful

Reclassifications have been made to prior periods to conform to the current period's presentation.

UNS Energy Corporation
3rd Quarter 2012 Supplemental Earnings Information
As of November 2, 2012

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SAFE HARBOR AND NON-GAAP MEASURES

This document contains forward-looking information that involves risks and uncertainties, which include, but are not limited to: state and federal regulatory and legislative decisions and actions; regional economic and market conditions which could affect customer growth and energy usage; weather variations affecting energy usage; the cost of debt and equity capital and access to capital markets; the performance of the stock market and changing interest rate environment, which affect the value of the company's pension and other postretirement benefit plan assets and the related contribution requirements and expense; unexpected increases in O&M expense; resolution of pending litigation matters; changes in accounting standards; changes in critical accounting estimates; the ongoing restructuring of the electric industry; changes to long-term contracts; the cost of fuel and power supplies; performance of TEP's generating plants; and other factors listed in UNS Energy's Form 10-K and 10-Q filings with the Securities and Exchange Commission. The preceding factors may cause future results to differ materially from historical results or from outcomes currently expected by UNS Energy. The forecast assumptions and estimates below are not intended to be a full list of factors which could cause UNS Energy's future results to differ from current expectations. Please refer to UNS Energy's SEC filings for more information regarding risks and other uncertainties that could cause current expectations to differ from future results.

The Company's press releases and other communications may include certain non-Generally Accepted Accounting Principles (GAAP) financial measures. A "non-GAAP financial measure" is defined as a numerical measure of a company's financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in the Company's financial statements.

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UNS ENERGY 3rd QUARTER EARNINGS VARIANCE EXPLANATION

3rd Quarter 2011 UNS Energy Net Income					\$59.7
TEP	3rd Quarter		Change		
	2012	2011	Pre-Tax	After Tax	
<u>Utility Gross Margin Components:</u>					
	-millions of dollars-				
Retail Margin Revenues*	\$177.4	\$184.7	(\$7.3)	(\$4.4)	
L-T Wholesale Margin Revenues*	1.1	0.6	0.5	0.3	
Transmission Revenues	3.9	4.0	(0.1)	(0.1)	
Total	182.4	189.3	(6.9)	(4.2)	
<u>Other Income Sources:</u>					
Operating synergies - Springerville Units 3&4	3.8	6.0	(2.2)	(1.3)	
El Paso Settlement	0.0	7.4	(7.4)	(4.5)	
<u>Expenses:</u>					
Base O&M*	53.5	54.7	(1.2)	(0.7)	
Depreciation	27.6	26.5	1.1	0.7	
Amortization	10.0	8.8	1.2	0.7	
Total Other Deductions	0.4	0.9	(0.5)	(0.3)	
Total Interest Expense	22.0	22.3	(0.3)	(0.2)	
Other Line Item Changes	0.9	1.2	(0.3)	(0.2)	
Income Tax Expense	27.2	34.4	NM	(7.2)	
TEP Net Income (GAAP)	\$44.6	\$53.9	NM	(\$9.3)	
Change in TEP Net Income					(9.3)
Other Business Segments - After Tax Amounts					
UNS Electric Net Income	\$6.4	\$7.0	NM	(\$0.6)	
UNS Gas Net Loss	(0.4)	(0.7)	NM	0.3	
Millennium Energy Holdings Net Income	0.4	1.0	NM	(0.6)	
Other and Consolidating Adjustments	(0.3)	(1.5)	NM	1.2	
Total Net Income from Other Business Segments and Consolidating Adjustments	\$6.1	\$5.8	NM	\$0.3	
Change in UNS Electric, UNS Gas, Millennium Energy Holdings, and Other Net Income					0.3
3rd Quarter 2012 UNS Energy Net Income					\$50.7

* Retail Margin Revenues, Long-Term Wholesale Margin and Base O&M are all non-GAAP measures. See pages 4 and 6 for a reconciliation of these non-GAAP measures.

UNS ENERGY YEAR-TO-DATE EARNINGS VARIANCE EXPLANATION

YTD September 30, 2011 UNS Energy Net Income					\$101.8
TEP	YTD September 30		Change		
	2012	2011	Pre-Tax	After Tax	
<u>Utility Gross Margin Components:</u>					
	-millions of dollars-				
Retail Margin Revenues*	\$428.9	\$432.5	(\$3.6)	(\$2.2)	
L-T Wholesale Margin Revenues*	3.0	11.7	(8.7)	(5.4)	
Transmission Revenues	11.6	12.3	(0.7)	(0.4)	
Total	443.5	456.5	(13.0)	(8.0)	
<u>Other Income Sources:</u>					
Operating synergies - Springerville Units 3&4	15.2	18.2	(3.0)	(1.9)	
El Paso Settlement	0.0	7.4	(7.4)	(4.6)	
<u>Expenses:</u>					
Base O&M*	173.5	173.6	(0.1)	(0.1)	
Depreciation	82.7	78.1	4.6	2.8	
Amortization	29.6	25.3	4.3	2.7	
Total Other Deductions	0.1	0.2	(0.1)	(0.1)	
Total Interest Expense	65.6	65.7	(0.1)	(0.1)	
Other Line Item Changes	2.8	3.3	(0.5)	(0.3)	
Income Tax Expense	39.4	52.1	NM	(12.7)	
TEP Net Income (GAAP)	\$65.0	\$83.8	NM	(\$18.8)	
Change in TEP Net Income					(18.8)
Other Business Segments - After Tax Amounts					
UNS Electric Net Income	\$13.7	\$14.4	NM	(\$0.7)	
UNS Gas Net Income	5.1	5.8	NM	(0.7)	
Millennium Energy Holdings Net Income	1.7	2.1	NM	(0.4)	
Other and Consolidating Adjustments	(2.1)	(4.3)	NM	2.2	
Total Net Income from Other Business Segments and Consolidating Adjustments	\$18.4	\$18.0	NM	\$0.4	
Change in UNS Electric, UNS Gas, Millennium Energy Holdings, and Other Net Income					0.4
YTD September 30, 2012 UNS Energy Net Income					\$83.4

* Retail Margin Revenues, Long-Term Wholesale Margin and Base O&M are all non-GAAP measures. See pages 4 and 6 for a reconciliation of these non-GAAP measures.

UNS ENERGY AND TEP O&M

UNS Energy O&M Components	3rd Quarter		YTD September 30,	
	2012	2011	2012	2011
	-Millions of Dollars-		-Millions of Dollars-	
UNS Energy Base O&M (Non-GAAP)	\$61.0	\$62.6	\$198.2	\$199.0
Reimbursed O&M Related to Springerville Units 3 and 4	26.0	16.2	52.6	48.5
O&M Related to Customer-funded Renewable Energy and DSM Programs	11.3	12.0	32.8	34.4
UNS Energy O&M (GAAP)	\$98.3	\$90.8	\$283.6	\$281.9

TEP O&M Components	3rd Quarter		YTD September 30,	
	2012	2011	2012	2011
	-Millions of Dollars-		-Millions of Dollars-	
TEP Base O&M (Non-GAAP)	\$53.5	\$54.7	\$173.5	\$173.6
O&M Included in Other Expense	(1.3)	(1.4)	(3.4)	(5.2)
Reimbursed O&M Related to Springerville Units 3 and 4	26.0	16.2	52.6	48.5
O&M Related to Customer-funded Renewable Energy and DSM Programs	8.7	10.3	25.4	29.5
TEP O&M (GAAP)	\$86.9	\$79.8	\$248.1	\$246.4

Base O&M, a non-GAAP financial measure, should not be considered as an alternative to Other O&M, which is determined in accordance with GAAP. We believe Base O&M provides useful information to investors because it represents the fundamental level of operating and maintenance expense related to our core utility business. Base O&M excludes expenses that are directly offset by revenues collected from customers and other third parties.

TEP - OPERATING STATISTICS

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2012	2011	Incr (Decr)	% Change	2012	2011	Incr (Decr)	% Change
AVG. ELECTRIC CUSTOMERS								
Residential	368,460	366,640	1,820	0.5%	367,896	366,415	1,481	0.4%
Commercial	36,209	36,121	88	0.2%	36,211	36,020	191	0.5%
Industrial	633	637	(4)	-0.6%	633	635	(2)	-0.3%
Mining	2	2	-	0.0%	2	2	-	0.0%
Other	62	62	-	0.0%	62	62	-	0.0%
Total	405,366	403,462	1,904	0.5%	404,804	403,134	1,670	0.4%
RETAIL SALES - MWH								
Residential	1,332,086	1,416,344	(84,258)	-5.9%	3,084,784	3,108,461	(23,677)	-0.8%
Commercial	588,781	597,992	(9,211)	-1.5%	1,522,960	1,516,838	6,122	0.4%
Industrial	615,829	632,092	(16,263)	-2.6%	1,628,532	1,653,608	(25,076)	-1.5%
Mining	274,818	274,029	789	0.3%	817,611	810,934	6,677	0.8%
Other	65,990	65,335	655	1.0%	181,639	182,251	(612)	-0.3%
Total	2,877,504	2,985,792	(108,288)	-3.6%	7,235,526	7,272,092	(36,566)	-0.5%
RETAIL USAGE - KWH/CUSTOMER								
Residential	3,615	3,863	(248)	-6.4%	8,385	8,483	(98)	-1.2%
Commercial	16,261	16,555	(294)	-1.8%	42,058	42,111	(53)	-0.1%
Industrial	972,874	992,295	(19,421)	-2.0%	2,572,720	2,604,107	(31,387)	-1.2%
Mining	137,409,000	137,014,500	394,500	0.3%	408,805,500	405,467,000	3,338,500	0.8%
Other	1,064,355	1,053,790	10,565	1.0%	2,929,661	2,939,532	(9,871)	-0.3%
Total	7,099	7,400	(301)	-4.1%	17,874	18,039	(165)	-0.9%
WEATHER - COOLING DEGREE DAYS								
Actual	957	1,090	(133)	-12.2%	1,523	1,480	43	2.9%
10-Year Average	990	990			1,443	1,434		
% Change Actual vs. 10-Year Avg.	-3.3%	10.1%			5.5%	3.2%		
ENERGY MARKET INDICATORS								
Avg. Wholesale Power Prices								
Palo Verde Index - \$/MWh								
On Peak	\$34.84	\$42.38	(\$7.54)	-17.8%	\$28.48	\$36.70	(\$8.22)	-22.4%
Off Peak	\$21.07	\$24.29	(\$3.22)	-13.3%	\$18.88	\$19.92	(\$1.04)	-5.2%
Avg. Natural Gas Prices								
Permian Index - \$/MMBtu								
	\$2.78	\$4.09	(\$1.31)	-32.0%	\$2.46	\$4.04	(\$1.58)	-39.1%

TEP - RETAIL AND WHOLESALE MARGIN REVENUES

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2012	2011	Incr (Decr)	% Change	2012	2011	Incr (Decr)	% Change
RETAIL REVENUES - \$ MILLIONS								
Margin Revenues:								
Residential	\$88.8	\$94.3	(\$5.5)	-5.8%	\$201.5	\$202.6	(\$1.1)	-0.5%
Commercial	49.3	50.0	(0.7)	-1.4%	124.2	123.5	0.7	0.6%
Industrial	27.3	28.7	(1.4)	-4.9%	70.8	73.2	(2.4)	-3.3%
Mining	8.6	8.3	0.3	3.6%	23.1	23.9	(0.8)	-3.3%
Other	3.4	3.4	-	0.0%	9.3	9.3	-	0.0%
Total	\$177.4	\$184.7	(\$7.3)	-4.0%	\$428.9	\$432.5	(\$3.6)	-0.8%
DSM / REST	10.5	12.0	(1.5)	-12.5%	31.9	36.1	(4.2)	-11.6%
Fuel and Purchased Power Revenues:								
Recovered from Customers	115.1	112.2	2.9	2.6%	256.2	245.7	10.5	4.3%
Total Retail Revenues	\$303.0	\$308.9	(\$5.9)	-1.9%	\$717.0	\$714.3	\$2.7	0.4%
RETAIL REVENUES - CENTS / KWH								
Margin Revenues:								
Residential	6.67	6.66	0.01	0.2%	6.53	6.52	0.01	0.2%
Commercial	8.37	8.36	0.01	0.1%	8.16	8.14	0.02	0.2%
Industrial	4.43	4.54	(0.11)	-2.4%	4.35	4.43	(0.08)	-1.8%
Mining	3.13	3.03	0.10	3.3%	2.83	2.95	(0.12)	-4.1%
Other	5.15	5.20	(0.05)	-1.0%	5.12	5.10	0.02	0.4%
Total	6.17	6.19	(0.02)	-0.3%	5.93	5.95	(0.02)	-0.3%
DSM / REST	0.36	0.40	(0.04)	-10.0%	0.44	0.50	(0.06)	-12.0%
Fuel and Purchased Power Revenues:								
Recovered from Customers	4.00	3.76	0.24	6.4%	3.54	3.38	0.16	4.7%
Total Retail Revenues	10.53	10.35	0.18	1.7%	9.91	9.83	0.08	0.8%
LONG-TERM WHOLESALE MARGIN (Non-GAAP) - \$ MILLIONS								
Long-Term Wholesale Margin Revenues (Non-GAAP)	\$1.1	\$0.6	\$0.5	83.3%	\$3.0	\$11.7	(\$8.7)	-74.4%
Fuel and Purchased Power Expense Allocated to Long-Term Wholesale Revenues	5.6	8.3	(2.7)	-32.5%	15.3	21.1	(5.8)	-27.5%
Long-Term Wholesale Revenues	\$6.7	\$8.9	(\$2.2)	-24.7%	\$18.3	\$32.8	(\$14.5)	-44.2%
Wholesale Transmission Revenues	3.9	4.0	(0.1)	-2.5%	11.6	12.3	(0.7)	-5.7%
Short-term Wholesale Revenues	14.8	16.7	(1.9)	-11.4%	47.6	51.5	(3.9)	-7.6%
Electric Wholesale Sales (GAAP)	\$25.4	\$29.6	(\$4.2)	-14.2%	\$77.5	\$96.6	(\$19.1)	-19.8%

Retail Margin Revenues, a non-GAAP financial measure, should not be considered as an alternative to Net Electric Retail Sales, which is determined in accordance with GAAP. Retail Margin Revenues excludes: (i) revenues collected from retail customers that are directly offset by expenses recorded in other line items; and (ii) revenues collected from third parties that are unrelated to kWh sales to retail customers. We believe the change in Retail Margin Revenues between periods provides useful information to investors because it demonstrates the underlying revenue trend and performance of our core utility business. Retail Margin Revenues represents the portion of retail operating revenues available to cover the operating expenses of our core utility business.

Long-Term Wholesale Margin Revenues, a non-GAAP financial measure, should not be considered as an alternative to Electric Wholesale Sales, which is determined in accordance with GAAP. We believe the change in Long-Term Wholesale Margin Revenues between periods provides useful information to investors because it demonstrates the underlying profitability of TEP's long-term wholesale sales contracts. Long-Term Wholesale Margin Revenues represents the portion of long-term wholesale revenues available to cover the operating expenses of our core utility business.

UNS ELECTRIC - OPERATING STATISTICS

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2012	2011	Incr (Decr)	% Change	2012	2011	Incr (Decr)	% Change
AVG. ELECTRIC CUSTOMERS								
Residential	80,860	80,607	253	0.3%	80,814	80,570	244	0.3%
Commercial	10,476	10,391	85	0.8%	10,447	10,381	66	0.6%
Industrial	21	22	(1)	-4.5%	21	22	(1)	-4.5%
Mining	2	2	-	0.0%	2	2	-	0.0%
Other	473	249	224	90.0%	461	249	212	85.1%
Total	91,832	91,271	561	0.6%	91,745	91,224	521	0.6%
RETAIL SALES - MWH								
Residential	290,308	298,564	(8,256)	-2.8%	665,534	651,995	13,539	2.1%
Commercial	171,800	172,891	(1,091)	-0.6%	470,326	462,745	7,581	1.6%
Industrial	58,228	61,541	(3,313)	-5.4%	166,673	167,433	(760)	-0.5%
Mining	19,881	49,801	(29,920)	-60.1%	75,067	172,473	(97,406)	-56.5%
Other	390	335	55	16.4%	1,199	1,183	16	1.4%
Total	540,607	583,132	(42,525)	-7.3%	1,378,799	1,455,829	(77,030)	-5.3%
RETAIL USAGE - KWH/CUSTOMER								
Residential	3,590	3,704	(114)	-3.1%	8,235	8,092	143	1.8%
Commercial	16,399	16,639	(240)	-1.4%	45,020	44,576	444	1.0%
Industrial	2,772,762	2,797,318	(24,556)	-0.9%	7,936,810	7,610,591	326,219	4.3%
Mining	9,940,500	24,900,500	(14,960,000)	-60.1%	37,533,500	86,236,500	(48,703,000)	-56.5%
Other	825	1,345	(520)	-38.7%	2,601	4,751	(2,150)	-45.3%
Total	5,887	6,389	(502)	-7.9%	15,029	15,959	(930)	-5.8%
RETAIL REVENUES - MILLIONS								
Margin Revenues:								
Residential	\$10.9	\$11.1	(\$0.2)	-1.8%	\$25.5	\$24.4	\$1.1	4.5%
Commercial	7.7	7.7	-	0.0%	21.8	22.0	(0.2)	-0.9%
Industrial	2.3	2.3	-	0.0%	6.9	6.8	0.1	1.5%
Mining	1.6	1.7	(0.1)	-5.9%	5.0	4.9	0.1	2.0%
Other	0.1	0.1	-	0.0%	0.1	0.1	-	0.0%
Total Margin Revenues	\$22.6	\$22.9	(0.3)	-1.3%	\$59.3	\$58.2	1.1	1.9%
DSM / REST	2.7	1.6	1.1	68.8%	8.3	4.5	3.8	84.4%
Fuel Revenues:								
Recovered from Customers	25.3	30.0	(4.7)	-15.7%	66.4	79.2	(12.8)	-16.2%
Total Retail Revenues	\$50.6	\$54.5	(3.9)	-7.2%	\$134.0	\$141.9	(7.9)	-5.6%
WEATHER - COOLING DEGREE DAYS								
Actual	5,446	5,766	(320)	-5.5%	8,992	8,513	479	5.6%
10-Year Average	5,473	5,469			8,466	8,434		
% Change Actual vs. 10-Year Avg.	-0.5%	5.4%			6.2%	0.9%		

Retail Margin Revenues, a non-GAAP financial measure, should not be considered as an alternative to Total Retail Revenues, which is determined in accordance with GAAP. Retail Margin Revenues exclude revenues collected from retail customers that are directly offset by expenses recorded in other line items. We believe the change in Retail Margin Revenues between periods provides useful information to investors because it demonstrates the underlying revenue trend and performance of our core utility business. Retail Margin Revenues represents the portion of retail operating revenues available to cover the operating expenses of our core utility business.

UNS GAS - OPERATING STATISTICS

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2012	2011	Incr (Decr)	% Change	2012	2011	Incr (Decr)	% Change
AVG. GAS CUSTOMERS								
Residential	134,581	133,799	782	0.6%	134,761	134,078	683	0.5%
Commercial	11,197	11,159	38	0.3%	11,284	11,230	54	0.5%
Industrial	22	22	-	0.0%	22	22	-	0.0%
Other	1,118	1,123	(5)	-0.4%	1,120	1,116	4	0.4%
Total	146,918	146,103	815	0.6%	147,187	146,446	741	0.5%
RETAIL SALES - THOUSANDS OF THERMS								
Residential	5,056	5,114	(58)	-1.1%	44,434	48,095	(3,661)	-7.6%
Commercial	3,922	4,038	(116)	-2.9%	19,740	20,883	(1,143)	-5.5%
Industrial	288	419	(131)	-31.3%	1,364	1,655	(291)	-17.6%
Other	301	302	(1)	-0.3%	3,806	4,265	(459)	-10.8%
Total	9,567	9,873	(306)	-3.1%	69,344	74,898	(5,554)	-7.4%
RETAIL USAGE - THERMS/CUSTOMER								
Residential	38	38	-	0.0%	330	359	(29)	-8.1%
Commercial	350	362	(12)	-3.3%	1,749	1,860	(111)	-6.0%
Industrial	13,091	19,045	(5,954)	-31.3%	62,000	75,227	(13,227)	-17.6%
Other	269	269	-	0.0%	3,398	3,822	(424)	-11.1%
Total	65	68	(3)	-4.4%	471	511	(40)	-7.8%
RETAIL REVENUES - MILLIONS								
Margin Revenues:								
Residential	\$5.8	\$5.7	\$0.1	1.8%	\$26.6	\$27.4	(\$0.8)	-2.9%
Commercial	1.8	1.6	0.2	12.5%	7.4	7.4	-	0.0%
All Other	0.2	0.2	-	0.0%	1.4	1.4	-	0.0%
Total Margin Revenues	\$7.8	\$7.5	\$0.3	4.0%	\$35.4	\$36.2	(\$0.8)	-2.2%
DSM Revenues	0.4	0.2	0.2	N/M	0.7	0.8	(0.1)	-12.5%
Transport/NSP Revenues	4.7	3.6	1.1	30.6%	12.2	12.6	(0.4)	-3.2%
Fuel Revenues:								
Recovered from Customers	5.0	6.6	(1.6)	-24.2%	41.7	51.5	(9.8)	-19.0%
Total Gas Revenues	\$17.9	\$17.9	\$0.0	0.0%	\$90.0	\$101.1	(\$11.1)	-11.0%
WEATHER - HEATING DEGREE DAYS								
Actual	243	240	3	1.3%	13,745	15,464	(1,719)	-11.1%
10-Year Average	319	330			12,671	12,742		
% Change Actual vs. 10-Year Avg.	-23.8%	-27.3%			8.5%	21.4%		

UNS ENERGY BASIC AND DILUTED SHARES OUTSTANDING

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
	-Thousands of Dollars-		-Thousands of Dollars-	
Numerator:				
Net Income	\$50,664	\$59,712	\$83,414	\$101,787
Income from Assumed Conversion of Convertible Senior Notes	0	1,097	1,100	3,292
Adjusted Numerator	\$50,664	\$60,809	\$84,514	\$105,079
Denominator:				
Weighted-Average Shares of Common Stock Outstanding:				
Common Shares Issued	41,290	36,867	39,835	36,739
Participating Securities	-	50	0	64
Fully Vested Deferred Stock Units	156	136	148	127
Total Weighted-Average Shares of Common Stock Outstanding and Participating Securities - Basic	41,446	37,053	39,983	36,930
Effect of Dilutive Securities:				
Convertible Senior Notes	0	4,295	1,416	4,268
Options and Stock Issuable Under Share-Based Compensation Plans	417	429	319	379
Total Shares - Diluted	41,863	41,777	41,718	41,577

The following table shows the number of stock options excluded from the diluted EPS computation because the stock option's exercise price was greater than the average market price of the Common Stock:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
	-Thousands of Shares-			
Stock Options Excluded from the Diluted EPS Computation	-	147	67	158



UNS Energy Corp.

3rd Quarter 2012 Earnings Call

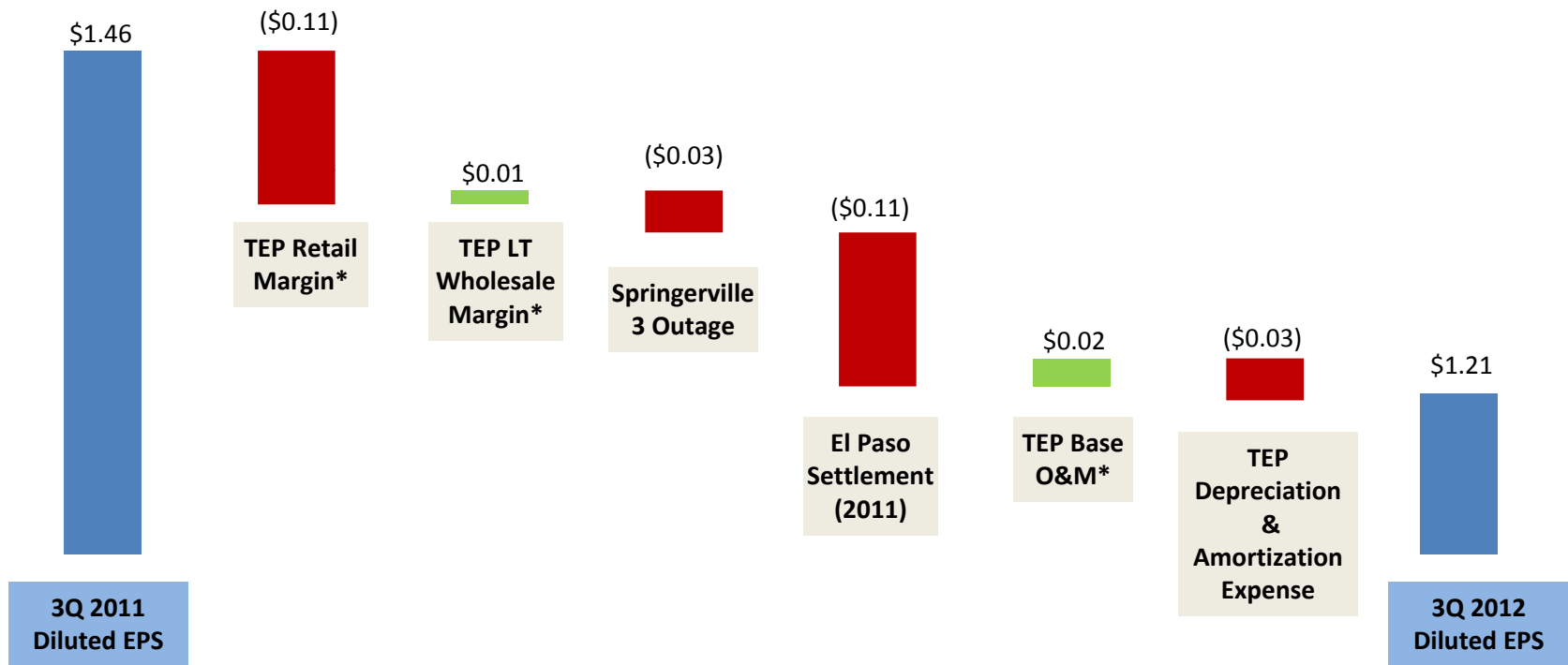
November 2nd, 2012

UNS Energy Safe Harbor

Safe Harbor and Non-GAAP Measures

- This document contains forward-looking information that involves risks and uncertainties, that include, but are not limited to: state and federal regulatory and legislative decisions and actions; regional economic and market conditions which could affect customer growth and energy usage; weather variations affecting energy usage; the cost of debt and equity capital and access to capital markets; the performance of the stock market and changing interest rate environment, which affect the value of the company's pension and other postretirement benefit plan assets and the related contribution requirements and expense; unexpected increases in O&M expense; resolution of pending litigation matters; changes in accounting standards; changes in critical accounting estimates; the ongoing restructuring of the electric industry; changes to long-term contracts; the cost of fuel and power supplies; performance of TEP's generating plants; and other factors listed in UNS Energy's Form 10-K and 10-Q filings with the Securities and Exchange Commission. The preceding factors may cause future results to differ materially from historical results or from outcomes currently expected by UNS Energy.
- The Company's press releases and other communications may include certain non-Generally Accepted Accounting Principles (GAAP) financial measures. A "non-GAAP financial measure" is defined as a numerical measure of a company's financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in the Company's financial statements.
- Non-GAAP financial measures utilized by the Company include presentations of revenues, operating expenses, operating income and earnings (loss) per share. The Company uses these non-GAAP measures to evaluate the operations of the Company. Certain non-GAAP financial measures utilized by the Company exclude: the impact of non-recurring items; the effect of accounting changes or adjustments; expenses that are reimbursed by third parties; and other items. The Company's management believes that these non-GAAP financial measures provide useful information to investors by removing the effect of variances in GAAP reported results of operations that are not indicative of fundamental changes in the earnings or cash flow capacity of the Company's operations. Management also believes that the presentation of the non-GAAP financial measures is largely consistent with its past practice, as well as industry practice in general, and will enable investors and analysts to compare current non-GAAP measures with non-GAAP measures with respect to prior periods.
- Please refer to Exhibit 99.2 of the 8-K filed on November 2, 2012, for a reconciliation of non-GAAP measures with the most comparable GAAP measure.

Q3 UNS Energy Earnings Walk



*Please refer to Exhibit 99.2 for a reconciliation of non-GAAP measures.