

TUCSON ELECTRIC POWER CO

Form S-1/A

November 26, 2018

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As filed with the Securities and Exchange Commission on November 26, 2018

Registration Statement No. 333-227356

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

Amendment No. 2 to  
Form S-1  
REGISTRATION STATEMENT  
*UNDER*  
*THE SECURITIES ACT OF 1933*

TUCSON ELECTRIC POWER COMPANY  
(Exact name of registrant as specified in its charter)

Arizona  
(State or other jurisdiction of

4911  
(Primary Standard Industrial

86-0062700  
(IRS Employer

**incorporation or organization)                      Classification Code Number)                      Identification Number)**  
**88 E. Broadway Boulevard, Tucson, Arizona, 85701**

**(520) 571-4000**

**(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)**

**Todd C. Hixon Esq.**

**Frank P. Marino**

**Vice President, General Counsel and Chief Compliance Officer**

**Vice President and Chief Financial Officer**

**Tucson Electric Power Company**

**Tucson Electric Power Company**

**88 E. Broadway Boulevard**

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**Tucson, Arizona, 85701**

**Tucson, Arizona, 85701**

**(520) 571-4000**

**(520) 571-4000**

**(Names, addresses, including zip codes, and telephone numbers, including area codes, of agents for service)**

*Copies to:*

**John T. Hood, Esq.**

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**101 Park Avenue**

**New York, New York 10178**

**(212) 309-6281**

**Approximate date of commencement of proposed sale to the public: As soon as practical after the Registration Statement becomes effective.**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Commission, acting pursuant to said section 8(a), may determine.**



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**The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**Subject to Completion, dated November 26, 2018**

**PRELIMINARY PROSPECTUS**

**\$300,000,000**

**Tucson Electric Power Company**

**% Senior Notes due**

We are offering \$300,000,000 aggregate principal amount of our % senior notes due , which we refer to as the notes. Interest on the notes will be payable semi-annually in arrears on each and , beginning , 2019, and at maturity (the notes ). The notes will mature on .

We may redeem the notes at any time or from time to time, in whole or in part, at the applicable redemption price as described in this prospectus under the heading Description of Notes Optional Redemption.

The notes will be our direct unsecured and unsubordinated general obligations and will rank equally with all of our other existing and future unsecured and unsubordinated debt, will be senior in right of payment to any subordinated debt that we may issue in the future and will effectively be junior to any of our existing and future secured debt to the extent of the value of the collateral securing such secured debt.

The notes will initially be represented by one or more global certificate(s) deposited with or on behalf of The Depository Trust Company ( DTC ) and registered in the name of DTC s nominee, Cede & Co. Beneficial interests in the global certificate(s) will be exchangeable for definitive securities only in limited circumstances. The notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any national securities exchange or to arrange for the notes to be quoted on any automated system.

***Investing in the notes involves risks. See Risk Factors, beginning on page 8 of this prospectus, and Cautionary Note Regarding Forward-Looking Statements, beginning on page 2 of this prospectus.***

	PER NOTE	TOTAL
Public Offering Price(1)		
Underwriting Discount		
Proceeds to Tucson Electric Power Company (Before Expenses)		

(1) Plus accrued interest from \_\_\_\_\_, 2018, if settlement occurs after that date.

*Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.*

The underwriters expect to deliver the notes in book-entry form only through the facilities of DTC for the benefit of its participants against payment in New York, New York, on or about \_\_\_\_\_, 2018.

***Joint Book-Running Managers***

**MUFG**

**Scotiabank**

**US Bancorp**

***Co-Managers***

**BB&T Capital Markets  
SunTrust Robinson Humphrey**

**BBVA**

**BNY Mellon Capital Markets, LLC  
Wells Fargo Securities**

**The date of this prospectus is \_\_\_\_\_, 2018.**

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**THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY NOTES OFFERED HEREBY BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH AN OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN OUR AFFAIRS OR THAT THE INFORMATION SET FORTH HEREIN IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.**

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**ABOUT THIS PROSPECTUS**

This prospectus, any free writing prospectus and any other written communication from us or the underwriters specifying the final terms of the offering contain and incorporate by reference information you should consider when making your investment decision. We have not, nor have any underwriters or dealers, authorized anyone else to provide you with different information about us or the notes. We are not, nor are any underwriters or dealers, making an offer of the notes in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus or any free writing prospectus or any other written communication from us or the underwriters specifying the final terms of the offering is accurate as of any date other than the date on the front of those documents or that the documents incorporated by reference in this prospectus or any free writing prospectus or any other written communication from us or the underwriters specifying the final terms of the offering are accurate as of any date other than the date those documents were filed with the Securities and Exchange Commission ( SEC ). Our business, financial condition, results of operations and prospects may have changed since these dates.

**ADDITIONAL INFORMATION**

As permitted by SEC rules, this prospectus omits certain information that is included in the registration statement and its exhibits. Since the prospectus may not contain all of the information that you may find important, you should review the full text of these documents. If we have filed a contract, agreement or other document as an exhibit to the registration statement, you should read the exhibit for a more complete understanding of the document or matter involved. Each statement in this prospectus, including statements incorporated by reference as discussed below, regarding a contract, agreement or other document is qualified in its entirety by reference to the actual document.

We file reports and other information with the SEC in accordance with the information requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act ). The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC and the address of that site is <http://www.sec.gov>.

The reports and other information that Tucson Electric Power Company ( TEP or the Company ) files with the SEC are also available through our website at <http://www.tep.com>. A link from TEP s website to these SEC filings is accessible as follows: at the bottom of TEP s main page, select Investor Information, then select SEC filings. TEP is providing the address of TEP s website solely for the information of investors and does not intend the address to be an active link. No information available on our website, other than the reports we file with the SEC pursuant to the Exchange Act, is a part of this prospectus.

**INCORPORATION BY REFERENCE**

The rules of the SEC allow us to incorporate by reference information into this prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus. This prospectus incorporates by reference the documents set forth below that have been previously filed with the SEC, excluding, in each case, information deemed furnished and not filed. These documents contain important information about TEP. The following documents are incorporated by reference into this prospectus:

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Annual report on Form 10-K for the year ended December 31, 2017 (as filed on February 15, 2018, and amended by Amendment No. 1 thereto on Form 10-K/A filed on February 27, 2018, as so amended the 2017 Form 10-K/A );

Quarterly reports on Form 10-Q for the quarters ended March 31, 2018, June 30, 2018 and September 30, 2018 (as filed on May 1, 2018, July 31, 2018 and November 2, 2018, respectively); and

Current Report on Form 8-K filed on November 7, 2018.

We will provide without charge to each person, including any beneficial owner, to whom a copy of this prospectus has been delivered a copy of any and all of these filings. You may request a copy of these filings by writing or telephoning us at:

Tucson Electric Power Company

88 E. Broadway Boulevard

Tucson, Arizona 85701

Telephone: (520) 571-4000

Email: [jbarnes@tep.com](mailto:jbarnes@tep.com)

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus and the documents incorporated herein by reference contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, and such forward-looking statements involve risks and uncertainties. TEP is including the following cautionary statements to make applicable and take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 for any forward-looking statements made by TEP in this prospectus. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events, future economic conditions, future operational or financial performance and underlying assumptions, and other statements that are not statements of historical facts. Forward-looking statements may be identified by the use of words such as anticipates, believes, estimates, expects, intends, may, plans, predicts, potential, projects, would, and similar expressions. From time to time, we may or otherwise make available forward-looking statements of this nature. All such forward-looking statements, whether written or oral, and whether made by or on behalf of TEP, are expressly qualified by these cautionary statements and any other cautionary statements that may accompany the forward-looking statements. In addition, TEP disclaims any obligation to update any forward-looking statements to reflect events or circumstances after the date of this prospectus, except as may otherwise be required by the federal securities laws.

Forward-looking statements involve risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed therein. We express our estimates, expectations, beliefs, and projections in good faith and believe them to have a reasonable basis. However, we make no assurances that management's estimates, expectations, beliefs, or projections will be achieved or accomplished. We have identified the following important factors that could cause actual results to differ materially from those discussed in our forward-looking statements. These may be in addition to other factors and matters discussed in Risk Factors, beginning on page 8 of this prospectus; Part I, Item 1A. Risk Factors of our 2017 Form 10-K/A; Part II, Item 7. Management's Discussion and

Analysis of Financial Condition and Results of Operations of our 2017 Form 10-K/A; Part II, Item 1A. Risk Factors of our Form 10-Q for the quarter ended September 30, 2018; and other parts of this prospectus. These factors include: voter initiatives and state and federal regulatory and legislative decisions and actions, including changes in tax policies; changes in, and compliance with, environmental laws and regulatory decisions and policies that could increase operating and capital costs, reduce generation facility output or accelerate generation facility retirements; regional economic and market conditions that could affect customer growth and energy usage; changes in energy consumption by retail customers; weather variations affecting energy usage; the cost of debt and equity capital and access to capital markets and

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bank markets; the performance of the stock market and a changing interest rate environment, which affect the value of our pension and other postretirement benefit plan assets and the related contribution requirements and expenses; the potential inability to make additions to our existing high voltage transmission system; unexpected increases in operations and maintenance expense; resolution of pending litigation matters; changes in accounting standards; changes in our critical accounting policies and estimates; the ongoing impact of mandated energy efficiency and distributed generation initiatives; changes to long-term contracts; the cost of fuel and power supplies; the ability to obtain coal from our suppliers; cyber-attacks, data breaches, or other challenges to our information security, including our operations and technology systems; the performance of TEP's generation facilities; and the impact of recent legislation commonly known as the Tax Cuts and Jobs Act on our financial condition and results of operations, including the assumptions we make relating thereto.

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**SUMMARY**

*The following summary information is qualified in its entirety by the information contained elsewhere in this prospectus, in the documents incorporated by reference herein and in the indenture (as defined below).*

TEP and its predecessor companies have served the greater Tucson metropolitan area for 125 years. TEP was incorporated in the State of Arizona in 1963. TEP is a regulated electric utility company serving approximately 425,000 retail customers. TEP's service territory covers 1,155 square miles and includes a population of over one million people in Pima County, as well as parts of Cochise County. TEP's principal business operations include generating, transmitting, and distributing electricity to its retail customers. In addition to retail sales, TEP sells electricity, transmission, and ancillary services to other utilities, municipalities, and energy marketing companies on a wholesale basis. TEP is subject to comprehensive state and federal regulation. The regulated electric utility operation is TEP's only business segment.

TEP is a wholly-owned subsidiary of UNS Energy Corporation ( UNS Energy ), a utility services holding company. In 2014, UNS Energy was acquired by Fortis Inc. and became an indirect wholly-owned subsidiary of Fortis which is a leader in the North American electric and gas utility business.

Our principal executive offices are located at 88 E. Broadway Boulevard, Tucson, Arizona, 85701. Our telephone number is (520) 571-4000.

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**Summary of the Offering**

Issuer	Tucson Electric Power Company.
Securities Offered	We are offering \$300 million aggregate principal amount of our % senior notes due .
Maturity Date	The notes will mature on .
Interest Rate	Interest on the notes will accrue at a rate of % per annum.
Interest Payment Dates	Interest on the notes will accrue from the interest accrual date set forth on the cover of this prospectus and will be payable semi-annually in arrears on each and , beginning on , 2019, and at maturity.
Optional Redemption	We may redeem the notes at any time or from time to time, in whole or in part, at the applicable redemption price as described under the heading Description of Notes Optional Redemption herein.
Security and Ranking	The notes will be our direct unsecured and unsubordinated general obligations and will rank equally with all of our other existing and future unsecured and unsubordinated debt, will be senior in right of payment to any subordinated debt that we may issue in the future and will effectively be junior to any of our existing and future secured debt to the extent of the value of the collateral securing such secured debt. See Description of Notes Ranking herein.
Limitation on Secured Debt	As long as the notes are outstanding, we will not create, issue, incur or assume any debt secured by a lien upon any of our property (other than Excepted Property, as described below), except for certain permitted secured debt, unless the notes are also secured by that lien. See Description of Notes Limitation on Secured Debt herein.
Sinking Fund	There is no sinking fund for the notes.
Additional Issuances	We may, from time to time, without the consent of the holders of the notes, create and issue additional notes having the same terms and conditions as the notes in all respects

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	(except for the issue date, public offering price and, if applicable, the first interest payment date), so that the additional issuance is consolidated and forms a single series with the previously outstanding notes.
Form and Denomination	The notes will be represented by one or more global certificate(s) deposited with, or on behalf of, DTC or its nominee. See Description of Notes Book-Entry System; Delivery and Form herein. The notes will be issued in fully registered form only in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.
Use of Proceeds	We intend to use the net proceeds from this offering to repay (i) borrowings under our revolving credit facility which provided funds for the redemption in November 2018 of \$100 million of tax-exempt local furnishing bonds maturing in 2032; (ii) \$36.7 million of tax-exempt pollution control bonds maturing in 2032, which are backed by a letter of credit expiring in February 2019; and (iii) other amounts outstanding under our revolving credit facility, with any remaining balance to be applied to general corporate purposes. See Use of Proceeds herein.
Conflicts of Interest	The underwriters or their respective affiliates are lenders under our revolving credit facility, which we intend to repay using a portion of the net proceeds of this offering. As a consequence, the underwriters or their respective affiliates are expected to receive more than 5% of the net proceeds of the offering and, accordingly, are deemed to have a conflict of interest under FINRA Rule 5121 (Public Offerings of Securities with Conflicts of Interest). As a result, the underwriters are required to conduct the distribution of the notes in accordance with FINRA Rule 5121 and to not confirm sales to an account over which they exercise discretionary authority without first receiving specific written approval from the account holder. See Underwriting (Conflicts of Interest) Conflicts of Interest herein.
Risk Factors	You should carefully read and consider the information in the Risk Factors section beginning on page 8, in the 2017 Form 10-K/A and in Part II, Item 1A. Risk Factors of our Form 10-Q for the quarter ended September 30, 2018, in addition to matters set forth elsewhere in this prospectus.

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Trustee and Paying Agent	U.S. Bank National Association (the Trustee ).
Governing Law	The notes and the indenture, dated as of November 1, 2011, between us and the Trustee, and the officer's certificate supplementing the indenture and establishing the terms of the notes (which we collectively refer to herein as the indenture), will be governed by, and construed in accordance with, the laws of the State of New York.

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**RISK FACTORS**

*Investing in the notes involves certain risks. Before making an investment decision, you should carefully consider the risks described below as well as other information we include or incorporate by reference in this prospectus. In particular, you should carefully consider the information in Item 1A. Risk Factors as well as the factors listed under the heading Forward-Looking Information, in each case contained in our 2017 Form 10-K/A and our Form 10-Q for the quarter ended September 30, 2018, which is incorporated by reference in this prospectus. You should also be aware that new risks may emerge in the future at any time, and we cannot predict such risks or estimate the extent to which they may affect our financial condition, results of operations or performance. Each of the risks described could result in a decrease in the value of the debt securities and your investment therein.*

**RISKS RELATED TO OUR BUSINESS AND INDUSTRY**

For a discussion of these risks please see the risk factors contained under the caption Item 1A. Risk Factors in our 2017 Form 10-K/A and our Form 10-Q for the quarter ended September 30, 2018.

**RISKS RELATED TO THIS OFFERING**

*We may be able to issue substantially more debt.*

The indenture does not limit the amount of unsecured indebtedness we may issue. The indenture also permits us to incur secured debt, subject to certain limitations, as described further under Description of Notes Limitation on Secured Debt herein.

*In the case of a bankruptcy or insolvency, holders of our secured indebtedness, if any, and other secured obligations will have a prior secured claim to any collateral securing such indebtedness or other obligations.*

Holders of our secured indebtedness, if any, will have claims that are prior to your claims as holders of the notes to the extent of the value of the assets securing that other indebtedness. Our rights to incur secured indebtedness are described under Description of Notes Limitation on Secured Debt.

Accordingly, in the case of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, reorganization, or other bankruptcy proceeding, holders of secured indebtedness will have a prior claim to those of our assets that constitute their collateral. Holders of the notes will participate in our remaining assets ratably with all holders of our unsecured and unsubordinated indebtedness that is deemed to be of the same class as the notes, and potentially with all our other general creditors, based upon the respective amounts owed to each holder or creditor. In any of the foregoing events, we cannot assure you that there will be sufficient assets to pay amounts due on the notes.

*If an active trading market does not develop for the notes, you may be unable to sell the notes or to sell them at a price you deem sufficient.*

The notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any national securities exchange or to arrange for the notes to be quoted on any automated system. We provide no assurance as to:

the liquidity of any trading market that may develop for the notes;

the ability of holders to sell their notes; or

the price at which holders would be able to sell their notes.

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Even if a trading market develops, the notes may trade at higher or lower prices than their principal amount or purchase price. If a market for the notes does not develop, purchasers may be unable to resell the notes for an extended period of time. Consequently, a holder of notes may not be able to liquidate its investment readily, and the notes may not be readily accepted as collateral for loans. In addition, market-making activities will be subject to restrictions under the Securities Act and the Exchange Act.

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You should read the information set forth below as to our consolidated capitalization in conjunction with our historical financial statements and the related notes and other financial information contained in the documents incorporated by reference into this prospectus.

	<b>September 30, 2018</b>	
	(Dollars in thousands)	
Common Stockholder s Equity	\$ 1,801,051	54.6%
Capital Lease Obligations (excluding current obligations)	181,571	5.5%
Long-Term Debt, Net	1,318,509	39.9%
<b>Total Capitalization</b>	<b>\$ 3,301,131</b>	<b>100.0%</b>

**SELECTED FINANCIAL DATA**

You should read our selected financial data set forth below in conjunction with our historical consolidated financial statements and the related notes and other financial information contained in the documents incorporated by reference into this prospectus.

(in thousands)	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>Nine Months Ended September 30, 2018</b>
<b>Income Statement Data</b>						
Operating Revenues	\$ 1,340,935	\$ 1,234,995	\$ 1,306,544	\$ 1,269,901	\$ 1,196,690	\$ 1,089,096
Net Income	176,668	124,438	127,794	102,338	101,342	176,373
<b>Balance Sheet Data</b>						
Total Utility Plant, Net	\$ 3,768,702	\$ 3,782,806	\$ 3,558,229	\$ 3,425,190	\$ 2,944,455	\$ 4,108,207
Total Assets	4,590,249	4,449,989	4,249,478	4,119,830	3,482,860	5,006,187
Long-Term Debt, Net	1,354,423	1,453,072	1,451,720	1,361,828	1,213,367	1,318,509
Non-Current Capital Lease Obligations	28,519	39,267	55,324	69,438	131,370	181,571

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**USE OF PROCEEDS**

We estimate that our net proceeds from the issuance and sale of the notes, after deducting the underwriting discount and estimated offering expenses payable by us, will be approximately \$            million. We intend to use the net proceeds from this offering to repay (i) borrowings under our revolving credit facility which provided funds for the redemption in November 2018 of \$100 million of tax-exempt local furnishing bonds maturing in 2032; (ii) \$36.7 million of tax-exempt pollution control bonds maturing in 2032, which are backed by a letter of credit expiring in February 2019; and (iii) other amounts outstanding under our revolving credit facility, with any remaining balance to be applied to general corporate purposes.

As of October 31, 2018, the local furnishing bonds had an interest rate of 2.65%. In 2017, the weighted average interest rate of the local furnishing bonds was 1.41%. As of October 31, 2018, the interest rate (including letter of credit fees and remarketing fees) on the pollution control bonds was 2.60%. In 2017, the weighted average interest rate (including letter of credit fees and remarketing fees) of the pollution control bonds was 1.76%. As of October 31, 2018, we had \$45 million outstanding on our revolving credit facility bearing an interest rate of 3.29%. In 2017, the weighted average interest rate on amounts outstanding under our revolving credit facility was 2.72%.

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**DESCRIPTION OF NOTES**

The following description is a summary of certain of the terms of the notes and the indenture. The summary does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the indenture and the form of certificates evidencing the notes, which are available upon request from us, and the Trust Indenture Act of 1939, as amended. Capitalized terms that are used in the following summary but not defined have the meanings given to those terms in the indenture.

*In this Description of Notes section, references to we, our and us mean Tucson Electric Power Company excluding, unless otherwise expressly stated, its subsidiaries.*

**General**

We are offering \$300 million aggregate principal amount of our % senior notes due .

We will issue the notes as a series of debt securities under the indenture. The notes and all other debt securities issued under the indenture are collectively referred to herein as Indenture Securities. The specific terms of each series of Indenture Securities, including the notes, will be established by an officer's certificate or a supplemental indenture. For the purposes of this section, any reference to the indenture shall generally mean the indenture as supplemented by the officer's certificate relating to the notes.

The indenture permits us to issue an unlimited amount of Indenture Securities from time to time in one or more series. All Indenture Securities of any one series need not be issued at the same time, and, unless restricted, a series may be reopened for issuances of additional Indenture Securities of such series. This means that we may from time to time, without the consent of the holders of the outstanding notes, create and issue further Indenture Securities having the same terms and conditions as the notes in all respects, except for the issue date, public offering price and, if applicable, the initial interest payment date. These additional Indenture Securities will be consolidated with, and will form a single series with, the previously outstanding notes.

The notes will be issued in fully registered form without coupons in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The notes will be denominated and payable in U.S. dollars.

The notes will be issued in book-entry form and will be evidenced by a registered global certificate or certificates without coupons, which we sometimes refer to as the global securities, registered in the name of Cede & Co., as nominee for DTC. Holders of interests in global securities will not be entitled to receive notes in definitive certificated form registered in their names except in the limited circumstances described below. See Book-Entry System; Delivery and Form for a summary of selected provisions applicable to the depositary arrangements.

The notes will not be subject to a sinking fund and will not be subject to redemption or purchase by us prior to maturity at the option of holders. The indenture does not contain any provisions that are intended to protect holders of notes in the event of a highly-leveraged or similar transaction involving us, whether or not in connection with a change of control. Except for the limitations on the issuance of secured debt described under Limitation on Secured Debt below, the indenture does not limit the incurrence of debt by us or any of our subsidiaries. We or our affiliates may at any time and from time to time purchase some or all of the notes at any price or prices, whether by tender, in the open market, by private arrangement or otherwise, subject to applicable law.



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**Interest and Interest Payment Dates**

Interest on the notes will:

be paid at the rate of % per annum;

be payable in U.S. dollars;

be payable semi-annually in arrears on and of each year, beginning , 2019, and at maturity;

be computed on the basis of a 360-day year consisting of twelve 30-day months and for any interest period shorter than a full month, on the basis of the actual number of days elapsed in such period;

originally accrue from, and include, the interest accrual date set forth on the cover of this prospectus; and

be paid to the Persons in whose names the notes are registered at the close of business on the Business Day immediately preceding such interest payment date so long as all of the notes of that series remain in book-entry only form, or on the 15th calendar day immediately preceding each interest payment date with respect to any notes that do not remain in book-entry only form.

We have agreed to pay interest on any overdue principal and, if such payment is enforceable under applicable law, on any overdue installment of interest on the notes at the applicable rate then borne by the notes to holders of record at the close of business on the Business Day immediately preceding our payment of such interest.

If an interest payment date, a redemption date or the maturity date falls on a day that is not a Business Day, then the payment of principal, premium, if any, or interest, as the case may be, due on that date need not be made on that date, but may be made on the next succeeding Business Day with the same force and effect as if made on that interest payment date, redemption date or maturity date, as the case may be, and no interest will accrue for the period after that date.

**Ranking**

The notes will be our direct unsecured and unsubordinated general obligations and will rank equally with all of our other existing and future unsecured and unsubordinated debt, will be senior in right of payment to any subordinated debt that we may issue in the future and will be junior to our existing capital lease obligations and any future secured debt to the extent of the value of the collateral securing such lease obligations and any future secured debt. The indenture does not limit the amount of debt that may be issued under the indenture or the amount of any other debt that would rank *pari passu* with the notes. Limitations on the issuance of secured debt are described under Limitation on Secured Debt below.

**Optional Redemption**

At any time prior to \_\_\_\_\_, we may redeem the notes, in whole or in part, on not less than 30 nor more than 60 days' notice, at a redemption price equal to the greater of:

100% of the principal amount of the notes being redeemed, and

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as determined by the Independent Investment Banker the sum of the present values of the remaining scheduled payments of principal of and interest on the notes being redeemed (assuming, for this purpose, that the notes were stated to mature on ) (excluding the portion of any such interest accrued to the redemption date), discounted (for purposes of determining such present values) to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate plus %, plus, in each case, accrued and unpaid interest thereon to the redemption date.

At any time on or after , we may redeem the notes, in whole or in part, on not less than 30 nor more than 60 days notice, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest thereon to the redemption date.

If less than all of the notes are to be redeemed at our option, the Trustee will select, in a manner it deems fair and appropriate, the notes or portions of the notes to be redeemed. However, if, as indicated in an officer's certificate, we have offered to purchase all or any principal amount of the notes then outstanding, and less than all of the notes as to which such offer was made have been tendered to us for such purchase, the Trustee, if so directed by us, will select for redemption all or any principal amount of such notes that have not been so tendered.

Upon payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption.

***Certain Definitions***

Adjusted Treasury Rate means, with respect to any redemption date:

(1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated H.15(519) or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption Treasury Constant Maturities, for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the notes (assuming, for this purpose, that the notes were stated to mature on ), yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or

(2) if such release (or any successor release) is not published during the week preceding the calculation date for the Adjusted Treasury Rate or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

The Adjusted Treasury Rate shall be calculated on the third Business Day preceding the redemption date.

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**Business Day** means any day other than a Saturday or a Sunday or a day on which banking institutions in the City of New York are authorized or required by law or executive order to remain closed or a day on which the corporate trust office of the Trustee is closed for business.

**Comparable Treasury Issue** means the United States Treasury security selected by the Independent Investment Banker as having a maturity comparable to the remaining term of the notes (assuming, for this purpose, that the notes were stated to mature on ) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to such remaining term of the notes.

**Comparable Treasury Price** means, with respect to any redemption date, (1) the average of five Reference Treasury Dealer Quotations for such redemption date after excluding the highest and lowest such Reference Treasury Dealer Quotations or (2) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

**Independent Investment Banker** means one of the Reference Treasury Dealers that we appoint to act as the Independent Investment Banker from time to time or, if any of such firms are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by us.

**Reference Treasury Dealer** means a primary U.S. Government securities dealer appointed by us.

**Reference Treasury Dealer Quotations** means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

***Conditional Notice of Redemption***

If at the time notice of redemption is given, the redemption moneys are not on deposit with the Trustee, then the redemption may be made subject to receipt of such monies by the Trustee on or before the redemption date, and such notice shall be of no effect unless such moneys are received.

**Payment and Paying Agents**

Interest on the notes payable on each interest payment date will be paid to the Person in whose name that note is registered as of the close of business on the regular record date for the interest payment date, which will be the close of business on the Business Day immediately preceding such interest payment date so long as all of the notes of the same series as that note remain in book-entry only form, or on the 15th calendar day immediately preceding each interest payment date if any of the notes of that series do not remain in book-entry only form. However, interest payable at maturity will be paid to the Person to whom the principal is paid. If there has been a default in the payment of interest on any note, other than at maturity, the defaulted interest may be paid to the holder of such note as of the close of business on a date between 10 and 15 days before the date proposed by us for payment of such defaulted interest and not less than 10 days after receipt by the Trustee of the notice of the proposed payment.

Principal, premium, if any, and interest on the notes at maturity will be payable upon presentation of the notes at the corporate trust office of U.S. Bank National Association, in the City of New York, as



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our paying agent. We may change the place of payment on the notes, and may appoint one or more additional paying agents (including ourselves) and may remove any paying agent, all at our discretion after giving prompt written notice to the Trustee and prompt notice to the holders.

We will pay principal, premium, if any, and interest due on the notes in the form of global securities to DTC or its nominee in immediately available funds. DTC will then make payment to its participants for disbursement to the beneficial owners of the notes as described under Book-Entry System; Delivery and Form.

## **Registration and Transfer**

The transfer of notes may be registered, and notes may be exchanged for other notes of the same series, of authorized denominations and with the same terms and principal amount, at the offices of the Trustee in the City of New York. We may change the place for registration of transfer and exchange of the notes and may designate additional places for registration and exchange after giving prompt written notice to the Trustee and prompt notice to the holders. No service charge will be made for any transfer or exchange of the notes. However, we may require payment to cover any tax or other governmental charge that may be imposed. We will not be required to execute or to provide for the registration of transfer of, or the exchange of, (a) any notes during the 15 days before giving any notice of redemption, (b) any note during the 15 days before an interest payment date or (c) any note selected for redemption except the unredeemed portion of any note being redeemed in part.

## **Limitation on Secured Debt**

So long as any Indenture Securities of any series remain outstanding with respect to which this covenant is specified as benefitting, we will not create, issue, incur or assume any Secured Debt other than Permitted Secured Debt (in each case as defined below); provided, that this covenant will not prohibit the creation, issuance, incurrence or assumption of any Secured Debt if either:

- (a) we make effective provision whereby all Indenture Securities then outstanding shall be secured equally and ratably with such Secured Debt through the Release Date (as defined below); or
- (b) we deliver to the Trustee to hold through the Release Date bonds, notes or other evidences of indebtedness secured by the Lien (as defined below), which secures such Secured Debt in an aggregate principal amount equal to the aggregate principal amount of the Indenture Securities then outstanding and meeting certain other requirements set forth in the indenture.

This covenant is included in the indenture solely for the benefit of series of Indenture Securities that are designated as Benefitted Securities as contemplated by the indenture. The notes being offered hereby will be designated as Benefitted Securities.

## ***Certain Definitions***

**Capital Lease Obligations** means obligations under any of our lease agreements (including any lease intended as security) which, under generally accepted accounting principles as in effect at the time such lease is entered, are required to be capitalized on the balance sheet of the Company and which shall include the Existing Capital Lease Obligations.

In the officer's certificate creating the series of notes offered hereby and in the notes offered hereby, each initial and future holder of the notes offered hereby, by its acquisition of an interest in the notes, will have irrevocably consented

to amend the indenture to restate the definition of Capital Lease Obligations to have the meaning set forth below:

Capital Lease Obligations means (i) obligations required to be recognized as lease liabilities on the Company's consolidated balance sheet in respect of any lease agreement (including any lease intended as security) of the Company of a

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character that, under generally accepted accounting principles, is required to be classified as a finance lease (or similar classification), but not as an operating lease (or similar classification), and (ii) without duplication, the Existing Capital Lease Obligations however any related lease is so required to be classified.

Debt means:

- (i) our indebtedness for borrowed money evidenced by a bond, debenture, note or other written instrument or agreement by which we are obligated to repay such borrowed money;
- (ii) any guaranty by us of any such indebtedness of another Person; and
- (iii) Capital Lease Obligations.

Debt does not include, among other things, (x) our indebtedness under any installment sale or conditional sale agreement or any other agreement relating to indebtedness for the deferred purchase price of property or services, (y) our obligations under any lease agreements that are not Capital Lease Obligations, or (z) liabilities secured by any Lien on any property owned by us if and to the extent that we have not assumed or otherwise become liable for the payment thereof.

Excepted Property includes, among other things, cash, deposit accounts, securities accounts, securities entitlements, commodity accounts, securities; contracts, leases and other agreements of all kinds; contract rights, bills, notes and other instruments; revenues, accounts and accounts receivable and unbilled revenues, claims, demands and judgments; governmental and other licenses, permits, franchises, consents and allowances; certain intellectual property rights and other general intangibles; vehicles, movable equipment and aircraft; all goods, stock in trade, wares, merchandise and inventory held for sale or lease in the ordinary course of business; materials, supplies, inventory and other personal property consumable in the operation of any of our property; fuel; portable tools and equipment; furniture and furnishings; computers and data processing, telecommunications and other facilities used primarily for administrative or clerical purposes or that are otherwise not necessary for the operation or maintenance of electric, gas or water utility facilities; coal, ore, gas, oil and other minerals and timber; electric energy, gas (natural or artificial), steam, water and other products generated, produced, manufactured, purchased or otherwise acquired by us; real property, gas wells, pipe lines, and other facilities used primarily for the production or gathering of natural gas; all property that is the subject of a lease agreement designating us as lessee and our interest in such property and such lease agreement, except for the property that is subject to a lease agreement for which our obligations under such lease are Capital Lease Obligations; and all property that is not located in the State of Arizona or the State of New Mexico and is not used by us in the business of the generation, transmission and/or distribution of electric energy.

Existing Capital Lease Obligations means our obligations under the lease agreements which were capitalized on our consolidated balance sheet as of September 30, 2011.

Lien means any mortgage, deed of trust, pledge, security interest, conditional sale or other title retention agreement or any lease in the nature thereof.

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