

SECURITIES AND EXCHANGE COMMISSION

FORM S-8

Initial registration statement for securities to be offered to employees pursuant to employee benefit plans

Filing Date: **1995-01-11**
SEC Accession No. **0000100122-95-000003**

([HTML Version](#) on secdatabase.com)

FILER

TUCSON ELECTRIC POWER CO

CIK: **100122** | IRS No.: **860062700** | State of Incorpor.: **AZ** | Fiscal Year End: **1231**
Type: **S-8** | Act: **33** | File No.: **033-57231** | Film No.: **95500983**
SIC: **4911** Electric services

Business Address
220 W 6TH ST
P O BOX 711
TUCSON AZ 85702
6025714000

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8
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 Incorporation of Organization)

86-0062700
(I.R.S. Employer
Identification No.)

220 West Sixth Street, Tucson, Arizona 85701
(Address of principal executive offices)

TUCSON ELECTRIC POWER COMPANY 1994 OUTSIDE DIRECTOR STOCK OPTION PLAN
(Full Title of the Plan)

Dennis R. Nelson, Esq.
Tucson Electric Power Company
P.O. Box 711
Tucson, Arizona 85702
(Name and Address of Agent For Service)

Telephone Number, Including Area Code of Agent For Service: (602) 571-4000

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, No Par Value	540,000 Shares (1)	\$3.1875 (2)	\$1,721,250.00	\$593.53

(1) In addition, this Registration Statement also covers options under the Plan to acquire such shares and, pursuant to Rule 416, an indeterminate amount of securities which by reason of certain events may become subject to the Plan.

- (2) Pursuant to Rule 457(h), the maximum offering price per share and in the aggregate and the registration fee were calculated based upon the average of the high and low prices of the Common Stock on the consolidated reporting system on January 9, 1995.

The Exhibit Index included in this Registration Statement is at page 8.

Part I

SECTION 10(a) PROSPECTUS

The documents containing the information specified in Part I of Form S-8 (plan information and registrant information) will be sent or given to employees as specified by Securities and Exchange Commission Rule 428(b)(1). Such documents need not be filed with the Securities and Exchange Commission either as part of this Registration Statement or as prospectuses or prospectus supplements pursuant to Rule 424. These documents, which include the statement of availability required by Item 2 of Form S-8, and the documents incorporated by reference in this Registration Statement pursuant to Item 3 of Form S-8 (Part II hereof), taken together, constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act of 1933.

Part II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Certain Documents by Reference

The following documents of Tucson Electric Power Company (the "Company") filed with the Securities and Exchange Commission are incorporated herein by reference:

- (a) The Company's Annual Report on Form 10-K for the year ended December 31, 1993.
- (b) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1994.
- (c) The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1994.
- (d) The Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1994.
- (e) The description of the Company's Common Stock is contained in the prospectus dated January 11, 1995 which is incorporated herein.

All documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities and Exchange Act of 1934 ("Exchange Act"), prior to the filing of a post-effective amendment which indicates that

all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference into this Registration Statement and to be part thereof from the date of filing of such documents. Any statement contained herein or in a document, all or a portion of which is incorporated or deemed to be incorporated by reference herein, shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or amended, to constitute a part of this Registration Statement.

Item 4. Description of Securities

The Company's Common Stock, no par value, is registered pursuant to Section 12 of the Exchange Act, and, therefore, the description of securities is omitted.

Item 5. Interests of Named Experts and Counsel

Not applicable.

Item 6. Indemnification of Directors and Officers

Arizona corporate law generally authorizes, on a non-exclusive basis, indemnification of officers and directors who have acted or failed to act, in good faith, in a manner believed to be in or not opposed to the best interest of the Company (with certain limitations in the case of actions by or in the right of the Company) and mandates such indemnification in the case of an officer or director who is successful on the merits or otherwise in defense of claims by reason of the fact or such status as an officer or director.

Article SEVENTH of the Restated Articles of Incorporation of the Company provides, in relevant part, that:

(B) No director of the Corporation shall be personally liable for monetary damages for breach of fiduciary duty as a Director; provided, however, that nothing herein shall be deemed to eliminate or limit any liability which may not be so eliminated or limited under the laws of the State of Arizona, as in effect at the effective date of this paragraph (B) of Article SEVENTH or as thereafter amended. No amendment, modification or repeal of this paragraph (B) shall eliminate or limit the protection afforded by this paragraph (B) to a director with respect to any act or omission occurring before the effective date thereof.

(C) (1) The Corporation shall, to the maximum extent permitted by applicable law, as from time to time in effect, indemnify any person who was or is a party to or otherwise involved in (or threatened to be made a party to or otherwise involved in) any threatened, pending or completed action, suit or proceeding (hereinafter called an "Action"), whether civil, criminal, administrative or investigative (including without limitation any Action by or in the right of the Corporation to procure a judgment in its favor) by reason

of the fact that he is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or any other entity or enterprise, against expenses, including attorneys' fees, and against judgments, fines and amounts paid in settlement incurred by him in connection with such Action or any appeal therein.

(2) The Corporation shall pay any expenses incurred by a director or officer of the Corporation in defending any such Action in advance of the final disposition thereof upon receipt of any understanding by or on behalf of such person to repay such advances to the extent of the amount to which such person shall ultimately be determined not to be entitled.

(3) The Corporation, by resolution of the Board of Directors, may extend the benefits of this paragraph (C) of Article SEVENTH to employees, agents and other representatives of the Corporation (each director, officer, employee, agent and other representative entitled to benefits under this paragraph (C) being hereinafter sometimes called an "Indemnified Person").

(4) All rights to indemnification and to the advancement of expenses granted under or pursuant to this paragraph (C) shall be deemed to arise out of a contract between the Corporation and each person who is an Indemnified Person at any time while this paragraph (C) is in effect and may be evidenced by a separate contract between the Corporation and each Indemnified Person; and such rights shall be effective in respect of all Actions commenced after the effective date of this paragraph (C), whether arising from acts or omissions occurring before or after such date. No amendment, modification or repeal of this Article shall affect any rights or obligations theretofore existing.

(5) The Corporation may purchase and maintain insurance on behalf of, or insure or cause to be insured, any person who is an Indemnified Person against any liability asserted against him and incurred by him in any capacity in respect of which he is an Indemnified Person, or arising out of his status in such capacity, whether or not the Corporation would have the power to indemnify him against such liability under this Article. As used in this Section, "insurance" includes retrospectively rated and self-insured programs; provided, however, that no such programs shall provide coverage for directors and officers which is prohibited by applicable law. The Corporation's indemnity of any person who is an Indemnified Person shall be reduced by any amounts such person may collect with respect to such liability (a) under any policy of insurance purchased and maintained on his behalf by the Corporation or (b) from any other entity or enterprise served by such person.

(6) The rights to indemnification and to the advancement of expenses and all other benefits provided by, or granted pursuant to this Article shall continue as to a person who has ceased to serve in the capacity in respect of which such person was an Indemnified Person and shall inure to the benefit of the heirs, executors and administrators of such person.

(7) The Board of Directors shall have the power and authority to make, alter, amend and repeal such procedural rules and regulations relating

to indemnification and the advancement of expenses as it, in its discretion, may deem necessary or expedient in order to carry out the purposes of this Article, such rules and regulations, if any, to be set forth in the Bylaws of the Corporation or in a resolution of the Board of Directors.

Item 7. Exemption from Registration Claimed

Not applicable.

Item 8. Exhibits

See the attached Exhibit Index.

Item 9. Undertakings

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement;

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933 (the "Securities Act");

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

however, paragraphs (a)(1)(ii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") that are incorporated by reference in the Registration Statement;

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and

(3) To remove from registration by means of a post-effective

amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on behalf of the undersigned, thereunto duly authorized in the City of Tucson, State of Arizona, on January 11, 1995.

TUCSON ELECTRIC POWER COMPANY

By: IRA R. ADLER

Ira R. Adler

Its: Senior Vice President and
Chief Financial Officer

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS, that the undersigned President, Chief Executive Officer and Chairman of the Board, the Senior Vice President

and Chief Financial Officer, the Vice President and Controller, officers and/or directors of Tucson Electric Power Company, an Arizona corporation, which corporation proposes to file with the Securities and Exchange Commission a Registration Statement on Form S-8 for the Company's 1994 Outside Director Stock Option Plan, under the Securities Act of 1933, as amended, does each for himself and not for one another, hereby constitute and appoint Ira R. Adler, Dennis R. Nelson and Karen G. Kissinger and each of them, his true and lawful attorneys, in his name, place and stead, to sign his name to said proposed Registration Statement and any and all amendments thereto, and to cause the same, together with all exhibits and other documents in connection therewith, to be filed with the Securities and Exchange Commission, it being intended to grant and hereby granting to said attorneys, and each of them, full power and authority to do and perform any act and thing necessary and proper to be done in the premises as fully and to all intents and purposes as the undersigned could do if personally present; and each of the undersigned for himself hereby ratifies and confirms all that said attorneys, or any one of them, shall lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on this 11th day of January, 1995.

/S/ CHARLES E. BAYLESS

Charles E. Bayless, President,
Chief Executive Officer and
Chairman of the Board of Directors

IRA R. ADLER

Senior Vice President and
Chief Financial Officer

KAREN G. KISSINGER

Karen G. Kissinger
Vice President and Controller

/S/ JOSE L. CANCHOLA

Jose L. Canchola, Director

/S/ KATHRYN N. DUSENBERRY

Kathryn N. Dusenberry, Director

/S/ JOHN JETER

John Jeter, Director

/S/ R.B. O'RIELLY

R.B. O'Rielly, Director

/S/ DR. MARTHA R. SEGER

Dr. Martha R. Seger, Director

/S/ DONALD G. SHROPSHIRE

Donald G. Shropshire, Director

/S/ H. WILSON SUNDT

H. Wilson Sundt, Director

/S/ J. BURGESS WINTER

J. Burgess Winter, Director

EXHIBIT INDEX

Exhibit Number	Description
4.1	Tucson Electric Power Company 1994 Outside Director Stock Option Plan
4.2	Form of Option Agreement
5	Opinion of Counsel (re legality)
15	Awareness Letter of Independent Accountants' regarding Unaudited Interim Financial Information
23	Independent Auditors' Consent
24.1	Power of Attorney (included in this Registration Statement under "Signatures" at page 6)
24.2	Consent of Counsel (included in Exhibit 5)

TUCSON ELECTRIC POWER COMPANY
1994 OUTSIDE DIRECTOR STOCK OPTION PLAN

TUCSON ELECTRIC POWER COMPANY
1994 Outside Director Stock Option Plan

Table of Contents

	Page
Section 1	
Establishment, Purpose, and Effective Date of Plan	
1.1 Establishment	B-1
1.2 Purpose	B-1
1.3 Effective Date	B-1
Section 2	
Definitions	
2.1 Definitions	B-1
Section 3	
Eligibility	
3.1 Eligibility	B-2
Section 4	
Administration	
4.1 Administration	B-2
Section 5	

Duration of Plan

5.1 Duration of Plan B-2

Section 6
Stock Options

6.1 Initial Grant. B-2
6.2 Annual Awards. B-3
6.3 Exercise Price B-3
6.4 Vesting. B-3
6.5 Expiration B-3
6.6 Payment. B-3
6.7 Agreement. B-3
6.8 Lapsed Awards. B-3
6.9 Restrictions on Stock Transferability. B-3
6.10 Non-Transferability of Options B-4
6.11 Beneficiary Designation. B-4

Section 7
Adjustment in Capitalization

7.1 Adjustment in Capitalization B-4

Section 8
Termination of Service

8.1 Termination of Service B-4

Page

Section 9
Change in Control

9.1 In General B-5
9.2 Definitions. B-5

Section 10
Amendment, Modification, and Termination of Plan

10.1 Amendment, Modification, and Termination of Plan . . B-6

Section 11
Requirements of Law

11.1 Requirements of Law. B-6
11.2 Governing Law. B-6

TUCSON ELECTRIC POWER COMPANY
1994 Outside Director Stock Option Plan

Section 1

Establishment, Purpose and Effective Date of Plan

1.1 Establishment. Tucson Electric Power Company, an Arizona corporation, hereby establishes the "Tucson Electric Power Company 1994 Outside Director Stock Option Plan" (the "Plan") for non-employee members of the Board.

1.2 Purpose. The purpose of the Plan is to enable the Company to attract and retain highly qualified non-employee members of the Board by providing to them a significant equity interest in the Company, and to help provide such non-employee members of the Board of Directors with reasonable and fair compensation.

1.3 Effective Date. The Plan shall become effective immediately upon its adoption by the Board of the Company (the "Effective Date") subject to its ratification by the shareholders of the Company and the receipt of any necessary governmental approvals.

Section 2 Definitions

2.1 Definitions. Whenever used herein, the following terms shall have their respective meanings set forth below:

- (i) "Annual Award Date" means the first and each succeeding anniversary of the Initial Award Date.
- (ii) "Board" means the Board of Directors of the Company.
- (iii) "Company" means Tucson Electric Power Company, an Arizona corporation.
- (iv) "Eligible Directors" means those non-employee members of the Board who are eligible to participate in the Plan under Section 3 hereof.
- (v) "Fair Market Value" means the average of the highest and lowest sales prices of the Stock as reported on the consolidated tape for securities listed on the New York Stock Exchange on a particular date. In the event that there are no Stock transactions on such date, the Fair Market Value shall be determined by utilization of the above formula as of the immediately preceding date on which there were Stock transactions.
- (vi) "Ineligible Directors" means those non-emeritus members of the Board who are not eligible to participate in the Plan.

(vii) "Initial Award Date" means the first business day of the calendar month following the ratification of the Plan by the shareholders of the Company and the receipt of any necessary governmental approvals.

(viii) "Option" means a "nonstatutory stock option" (an option which is not an incentive stock option as described under Section 422 of the Internal Revenue Code of 1986, as amended).

(ix) "Stock" means the Common Stock of the Company, no par value.

Section 3 Eligibility

3.1 Eligibility. All members of the Board are eligible to participate in the Plan, unless they are common law employees of the Company or emeritus directors of the Company.

Section 4 Administration

4.1 Administration. The Ineligible Directors shall be responsible for the administration of the Plan. The Ineligible Directors, by majority action thereof, are authorized to interpret the Plan, to prescribe, amend, and rescind rules and regulations relating to the Plan, to provide for conditions and assurances deemed necessary or advisable to protect the interests of the Company, and to make all other determinations necessary or advisable for the administration of the Plan, but only to the extent not contrary to the express provisions of the Plan. Determinations, interpretations, or other actions made or taken by the Ineligible Directors in good faith pursuant to the provisions of the Plan shall be final, binding and conclusive for all purposes and upon all persons whomsoever.

The Ineligible Directors may, from time to time, appoint a Company employee to administer, construe and/or interpret the terms of the Plan.

Section 5 Duration of Plan

5.1 Duration of Plan. The Plan shall remain in effect, subject to the Board's right to terminate the Plan pursuant to Section 10 hereof, provided, however, that no Option may be granted under the Plan on or after the tenth (10th) anniversary of the Plan's effective date.

Section 6 Stock Options

6.1 Initial Grant. On the Initial Award Date, each Eligible Director shall receive Options to purchase 6,000 shares of Stock, which shall be exercisable on the terms set forth herein. Each individual who becomes an Eligible Director after the Initial Award Date shall receive initial Options to purchase 6,000 shares of Stock on the date he becomes an Eligible Director. The shares of Stock to be delivered under the Plan may consist, in whole or in part, of authorized but unissued stock or treasury stock, not reserved for any other purpose.

6.2 Annual Awards. On each Annual Award Date following the Initial Award Date, each person who is an Eligible Director on that date shall receive Options to purchase 6,000 shares of Stock, which shall be exercisable on the terms set forth herein.

6.3 Exercise Price. Each Option granted hereunder shall have an exercise price equivalent to the Fair Market Value of the Stock on the day such Option is granted.

6.4 Vesting. Awards made on the Initial Award Date, on the date of initial grant to an Eligible Director after the Initial Award Date, and on any Annual Award Date shall vest ratably and become exercisable in 1 /3 increments on each anniversary of the date of Grant.

6.5 Expiration. Except as otherwise provided in Section 8.1 hereof, Options granted hereunder shall expire ten years from the date of the award of the Option.

6.6 Payment. The purchase price of Stock upon exercise of any Option shall be paid in full either (i) in cash, (ii) in Stock valued at its Fair Market Value on the date of exercise or (iii) by a combination of (i) and (ii) at the discretion of the Ineligible Directors. The Ineligible Directors in their sole discretion may also permit payment of the purchase price upon exercise of any Option to be made by (i) having shares withheld from the total number of shares of Stock to be delivered upon exercise or (ii) delivering a properly executed notice together with irrevocable instructions to a broker to promptly deliver to the Company the amount of sale or loan proceeds to pay the exercise price. The proceeds from payment of option prices shall be added to the general funds of the Company and shall be used for general corporate purposes.

6.7 Agreement. Options awarded under this Plan will be

evidenced by an agreement in writing, signed by the Option holder and a duly authorized representative of the Company.

6.8 Lapsed Awards. Subject to the express provisions of the Plan, if any Award granted under the Plan terminates, expires or lapses for any reason, any Stock subject to such Award again shall be available for the grant of an Award.

6.9 Restrictions on Stock Transferability. The Ineligible Directors shall impose such restrictions on any shares of Stock acquired pursuant to the exercise of an Option under the Plan as it may deem advisable, including, without limitation, restrictions under applicable Federal securities law, under the requirements of any stock exchange upon which such shares of Stock are then listed and under any blue sky or state securities laws applicable to such shares.

6.10 Non-Transferability of Options. No Option granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, otherwise than by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Internal Revenue Code of 1986, as amended, or Title I of the Employee Retirement Income Security Act of 1974, as amended, ("ERISA"), or the rules thereunder.

6.11 Beneficiary Designation. Each Eligible Director may name, from time to time, any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Plan is to be paid in case of his death before he receives any or all of such benefit. Each designation will revoke all prior designations by the same participant, shall be in a form prescribed by the Ineligible Directors, and will be effective only when filed by the participant in writing with the Ineligible Directors during his lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to his estate.

Section 7

Adjustment in Capitalization

7.1 Adjustment in Capitalization. In the event of any change in the outstanding shares of Stock that occurs after ratification of the Plan by the shareholders of the Company by reason of a stock dividend or split, recapitalization, merger, consolidation, combination, exchange of shares, or other similar corporate change, the aggregate number of shares of Stock to be granted, the aggregate number of shares subject to each outstanding Option, and its stated exercise price, shall be adjusted appropriately by the Ineligible Directors, whose determination shall be conclusive; provided, however, that fractional shares

shall be rounded to the nearest whole share.

Section 8

Termination of Service

8.1 Termination of Service. If the service of an Eligible Director is terminated for any reason other than involuntarily for cause, the rights under any then outstanding Option which has vested under Section 6.4 hereof shall terminate upon the expiration date of the Option or six months after the termination of service as an Eligible Director, whichever occurs first. Where the service of an Eligible Director is terminated by reason of death, the rights under any outstanding Option which has vested at the time of the Eligible Director's death may be exercised by the Eligible Director's personal representative within the time permitted under this paragraph. Where termination of services as an Eligible Director is involuntary for cause, rights under all Options shall terminate immediately upon termination of service.

Section 9

Change in Control

9.1 In General. In the event of a change in control of the Company as defined in Section 9.2 below, all Options under the Plan shall vest 100%, and shall be immediately exercisable by the holder.

9.2 Definition. For purposes of the Plan, a "change in control" shall mean any of the following events:

(i) the Company receives a report on Schedule 13D filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") disclosing that any person, group, corporation or other entity is the beneficial owner directly or indirectly of thirty percent or more of the outstanding Common Stock of the Company;

(ii) any person (as such term is defined in Section 13(d) of the Exchange Act, group, corporation or other entity other than the Company or a wholly-owned subsidiary of the Company, purchases shares pursuant to a tender offer or exchange offer to acquire any Common Stock of the Company (or securities convertible into Common Stock) for cash, securities or any other consideration, provided that after consummation of the offer, the person, group, corporation or other entity in question is the beneficial owner (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of thirty percent or more of the outstanding Common Stock of the Company (calculated as provided in paragraph (d) of Rule 13d-3 under the Exchange

Act, as amended in the case of rights to acquire Common Stock);

(iii) the stockholders of the Company approve (a) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which shares of Common Stock would be converted into cash, securities or other property, or (b) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company; or

(iv) there shall have been a change in a majority of the members of the Board within a 24 month period unless the election or nomination for election by the Company's stockholders of each new director was approved by the vote of two-thirds of the directors then still in office who were in office at the beginning of the 24 month period.

Section 10

Amendment, Modification. and Termination of Plan

10.1 Amendment, Modification, and Termination of Plan. The Board at any time may terminate, and from time to time amend or modify the Plan, provided, however, that any such action of the Board shall be subject to approval of the shareholders, to the extent required by Rule 16b-3 of the Exchange Act or otherwise by law.

No amendment, modification, or termination of the Plan shall in any manner adversely affect any Option theretofore granted under the Plan, without the consent of the Option holder. In no event shall the provisions of this Plan be amended more than once every six months, other than to comport with changes in the Internal Revenue Code, the Employee Retirement Income Security Act, or the rules thereunder.

Section 11

Requirements of Law

11.1 Requirements of Law. The granting of Options and the issuance of shares of Stock upon the exercise of an Option shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

11.2 Governing Law. The Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Arizona.

January 10, 1995

Tucson Electric Power Company
220 West Sixth Street
Tucson, Arizona 85701

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the unaudited interim financial information of Tucson Electric Power Company and subsidiaries for the periods ended March 31, 1994 and 1993, June 30, 1994 and 1993, and September 30, 1994 and 1993 as indicated in our reports dated May 3, 1994, August 1, 1994 and November 1, 1994, respectively (which included an explanatory paragraph relating to the timing of the recovery of the costs associated with 37.5% of Springerville Unit 2 which cannot presently be determined); because we did not perform an audit, we expressed no opinion on that information.

We are aware that our reports referred to above, which were included in your Quarterly Reports on Form 10-Q for the quarters ended March 31, 1994, June 30, 1994, and September 30, 1994, are being incorporated by reference in this Registration Statement.

We are also aware that the aforementioned reports, pursuant to Rule 436(c) under the Securities Act of 1933, are not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

DELOITTE & TOUCHE LLP
Tucson, Arizona

January 10, 1995

Tucson Electric Power Company
220 West Sixth Street
Tucson, Arizona 85701

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the unaudited interim financial information of Tucson Electric Power Company and subsidiaries for the periods ended March 31, 1994 and 1993, June 30, 1994 and 1993, and September 30, 1994 and 1993 as indicated in our reports dated May 3, 1994, August 1, 1994 and November 1, 1994, respectively (which included an explanatory paragraph relating to the timing of the recovery of the costs associated with 37.5% of Springerville Unit 2 which cannot presently be determined); because we did not perform an audit, we expressed no opinion on that information.

We are aware that our reports referred to above, which were included in your Quarterly Reports on Form 10-Q for the quarters ended March 31, 1994, June 30, 1994, and September 30, 1994, are being incorporated by reference in this Registration Statement.

We are also aware that the aforementioned reports, pursuant to Rule 436(c) under the Securities Act of 1933, are not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

DELOITTE & TOUCHE LLP
Tucson, Arizona

TUCSON ELECTRIC POWER COMPANY
 AWARD NOTICE AND OPTION AGREEMENT
 Outside Director Grantee

This Agreement between Tucson Electric Power Company (the "Company") and _____ (the "Grantee") sets forth specific terms and benefits which apply to the Grantee under the Tucson Electric Power Company 1994 Outside Director Stock Option Plan ("Plan").

1. NOTICE OF AWARD OF STOCK OPTIONS: The Company hereby awards options to the Grantee to purchase the Company's common stock as follows:

Stock Option Grant No.	###
Date of Grant	01/03/1995
Total Number of Options Granted	6000
Exercise Price Per Share	\$ 3.13
Expiration Date of Unexercised Options	01/03/2005

Options shall vest ratably and become exercisable in one-third (1/3) increments on each anniversary of the grant date. This award is subject to the: (a) terms and conditions of the Plan; (b) Policies and Procedures necessary for Plan administration; and (c) provisions of this Agreement.

2. BINDING EFFECT: This Agreement shall inure to the benefit of the successors and assigns of the Company and shall be binding upon the Grantee and the spouse, heirs, executors, administrators, successors and assigns of the Grantee.

3. INTEGRATED AGREEMENT: This Agreement and the Plan constitute the entire understanding and agreement of the Grantee and the Company regarding the Plan and the award of options. There are no other agreements, understandings, representations or warranties between the Grantee and the Company other than those set forth or provided for herein or in the Plan. This Agreement does not constitute a contract for employment with or continuing services to the Company. The provisions of this Agreement and the Plan shall survive any exercise of options, and shall remain in full force and effect until the exercise or expiration of the options awarded.

4. SUBJECT TO PLAN: Except as may be specifically set forth herein, the rights of the Grantee are subject to the terms and conditions of the Plan, including Policies and Procedures established to effect its administration. The provisions of the Plan are incorporated by reference.

5. GOVERNING LAW: This Agreement shall be construed in accordance with and governed by the laws of the State of Arizona.

IN WITNESS WHEREOF, the Company and Grantee have executed this Agreement.

TUCSON ELECTRIC POWER COMPANY

Dated: _____

By: _____

The Grantee represents that he/she is familiar with the terms and provisions of this Agreement and the Plan, hereby acknowledges receipt of both documents, and hereby accepts the options subject to all of the terms and provisions thereof. The Grantee is aware that exercise of these options constitutes a purchase for purposes of Section 16(b) of the Securities Act of 1933.

GRANTEE

Dated: _____

By: _____

January 9, 1995

Tucson Electric Power Company
220 West Sixth Street
Tucson, Arizona 85701

Ladies and Gentlemen:

As General Counsel of Tucson Electric Power Company (the "Company"), I am supervising the various corporate matters and proceedings relating to the proposed registration under the Securities Act of 1933, as amended, of 540,000 shares of the Company's common stock, no par value (the "Common Stock"). The Common Stock is being registered in connection with the Company's 1994 Outside Director Stock Option Plan as described in the Company's Registration Statement on Form S-8 to be filed with the Securities and Exchange Commission.

I am of the opinion that the Company is a corporation duly organized and existing under the laws of the State of Arizona and that the Common Stock, upon payment of the purchase price therefor, will be authorized under the Company's Restated Articles of Incorporation, as amended, legally issued and validly outstanding, and fully paid and non-assessable.

I hereby consent to the use of my name in connection with the Registration Statement and any and all amendments or supplements thereto, and to the use of this opinion as an Exhibit to the Registration Statement.

Very truly yours,

DENNIS R. NELSON

Dennis R. Nelson
General Counsel