

UNS Energy Corp
Form DEF 14A
March 21, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

UNS ENERGY CORPORATION

(Name of Registrant as Specified In Its Charter)

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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88 E. Broadway Boulevard

Tucson, Arizona 85701

March 21, 2013

Paul J. Bonavia
Board Chair
Dear Shareholders:

(520) 571-4000

You are cordially invited to attend the UNS Energy Corporation 2013 Annual Shareholders Meeting (the Meeting) to be held on Friday, May 3, 2013, at the office of the UNS Energy Corporation, 88 East Broadway Boulevard, Tucson, Arizona. The Meeting will begin promptly at 10:00 a.m., Mountain Standard Time, so please plan to arrive before then. No admission tickets will be required for attendance at the Meeting.

Directors and executive officers will be available before and after the Meeting to speak with you. During the Meeting, we will answer your questions regarding our business affairs, and we will consider the matters proposed in the enclosed Proxy Statement.

We have enclosed a proxy card that lists all matters that require your vote. Please complete, sign, date and mail the proxy card as soon as possible, whether or not you plan to attend the Meeting. You may also vote by telephone or the internet, as explained on the enclosed proxy card. If you attend the Meeting and wish to vote your shares personally, you may revoke your proxy at that time.

Please note that, pursuant to the New York Stock Exchange rules, brokers are not permitted to vote your shares on the election of directors or the proposal to approve executive compensation if you have not given your broker specific instructions on how to vote. Please be sure to give specific voting instructions to your broker so that your vote can be counted.

Your interest in and continued support of UNS Energy Corporation are much appreciated.

Sincerely,

UNS ENERGY CORPORATION

Paul J. Bonavia
Board Chair and
Chief Executive Officer

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NOTICE OF ANNUAL SHAREHOLDERS MEETING

To the Holders of Common Stock of

UNS Energy Corporation:

We will hold the 2013 Annual Shareholders Meeting of UNS Energy Corporation at the office of the UNS Energy Corporation, 88 East Broadway Boulevard, Tucson, Arizona, on Friday, May 3, 2013, at 10:00 a.m., Mountain Standard Time (MST). The purpose of the Meeting is to:

1. elect 10 directors to UNS Energy Corporation s Board of Directors for the ensuing year;
2. ratify the selection of the Independent Registered Public Accounting Firm for 2013;
3. hold an advisory vote to approve executive compensation; and
4. consider any other matters that properly come before the Meeting.

Only shareholders of record at the close of business on March 11, 2013, are entitled to vote at the Meeting.

We have enclosed with this notice: (i) UNS Energy Corporation s 2012 annual report on Form 10-K; (ii) the Proxy Statement; (iii) the Board Chair s letter to shareholders; and (iv) a stock performance chart. Proxy soliciting material is first being made available in electronic form on or about March 21, 2013. Your proxy is being solicited by UNS Energy Corporation s Board of Directors.

Please complete, sign, date and mail the enclosed proxy card as soon as possible, or vote by telephone or the internet, as explained on the enclosed proxy card.

Linda H. Kennedy

Corporate Secretary

Dated: March 21, 2013

YOUR VOTE IS IMPORTANT

EACH SHAREHOLDER IS URGED TO COMPLETE, SIGN, DATE AND RETURN PROMPTLY THE ENCLOSED PROXY CARD BY MAIL, OR TO VOTE BY TELEPHONE OR THE INTERNET, AS EXPLAINED ON THE ENCLOSED PROXY CARD. IF THE MAIL OPTION IS SELECTED, USE THE ENCLOSED ENVELOPE, WHICH DOES NOT REQUIRE POSTAGE IF MAILED IN THE UNITED STATES. RETURNING A SIGNED PROXY WILL NOT PROHIBIT YOU FROM ATTENDING THE MEETING AND VOTING IN PERSON IF YOU SO DESIRE.

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UNS ENERGY CORPORATION

88 E. Broadway Boulevard

Tucson, Arizona 85701

ANNUAL SHAREHOLDERS MEETING

PROXY STATEMENT

ANNUAL MEETING:

May 3, 2013

10:00 a.m., MST

UNS Energy Corporation

88 E. Broadway Boulevard

Tucson, AZ 85701

RECORD DATE:

The record date is March 11, 2013 (Record Date). If you were a shareholder of record at the close of business on the Record Date, you may vote at the 2013 Annual Shareholders Meeting (Meeting) of UNS Energy Corporation (UNS Energy, as well as references to the Company, we, and us). At the close of business on the Record Date, UNS Energy had 41,459,272 shares of common stock outstanding.

AGENDA:

1. Proposal One: Elect 10 directors to UNS Energy's Board of Directors (Board) for the ensuing year.
2. Proposal Two: Ratify the selection of the Independent Registered Public Accounting Firm for 2013.
3. Proposal Three: Advisory vote to approve executive compensation.

We will also consider any other matters that properly come before the Meeting and any adjournments.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM:

Representatives of PricewaterhouseCoopers, LLP, are expected to be present at the Meeting with the opportunity to make a statement and respond to appropriate questions from our shareholders.

PROXIES:

In accordance with rules and regulations adopted by the Securities and Exchange Commission (the SEC), UNS Energy is furnishing proxy materials to its shareholders on the internet. The Notice of Internet Availability of Proxy Materials you received by mail will instruct you on how you may access and review all of the important information contained in the proxy materials. If you would like to receive a printed copy of the Company's proxy materials, you should follow the instructions included in the Notice of Internet Availability of Proxy Materials.

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It is anticipated that the Notice of Internet Availability of Proxy Materials is first being sent to shareholders on or about March 21, 2013. The proxy statement and the form of proxy relating to the Meeting are first being made available to shareholders on or about March 21, 2013.

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PROXIES SOLICITED BY:

The Board.

REVOKING YOUR PROXY:

You may revoke your proxy before it is voted at the Meeting. To revoke, follow the procedures listed on page 4 under Voting Procedures/Revoking Your Proxy.

COMMENTS:

Your comments about any aspects of UNS Energy's business are welcome. You may use the space provided on the proxy card for this purpose, if desired. Although we may not respond on an individual basis, your comments help the Company to measure your satisfaction, and UNS Energy may benefit from your suggestions.

PLEASE VOTE YOUR VOTE IS IMPORTANT

Prompt return of your proxy will help reduce the costs of re-solicitation.

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VOTING PROCEDURES/REVOKING YOUR PROXY

You can vote by telephone, internet, mail or in person.

You may vote in person or by a validly designated proxy, or, if you or your proxy will not be attending the Meeting, you may vote in one of three ways:

1. Vote by internet. The website address for internet voting is on your Notice of Internet Availability of Proxy Materials. Internet voting is available 24 hours a day;
2. Vote by telephone. The toll-free number for telephone voting is on your proxy card. Telephone voting is available 24 hours a day; or
3. Vote by mail. If you have requested and received a copy of UNS Energy's proxy materials, mark, date, sign and mail promptly a proxy card. A postage-paid envelope will be provided for mailing in the United States.

If you vote by telephone or internet, DO NOT mail a proxy card.

Under Arizona law, a majority of the shares entitled to vote on any single matter that may be brought before the Meeting will constitute a quorum. Business may be conducted once a quorum is represented at the Meeting. If a quorum exists, action on a matter other than the election of directors will be deemed approved if the votes cast in favor of the matter exceed the votes cast against the matter.

If you hold shares through an account with a bank or broker, the bank or broker may vote your shares on some matters considered routine, even if you do not provide voting instructions. Brokerage firms have the authority under the New York Stock Exchange rules to vote shares on routine matters when their customers do not provide voting instructions. However, on other matters, when the brokerage firm has not received voting instructions from its customers, the brokerage firm cannot vote the shares on that matter and a broker non-vote occurs. **Please note that under the New York Stock Exchange rules an uncontested election of directors and matters concerning executive compensation are not considered routine matters. This means that brokers are not permitted to vote your shares on the election of directors or the proposal to approve executive compensation if you have not given your broker specific instructions on how to vote. Please be sure to give specific voting instructions to your broker so that your vote can be counted.**

Directors are elected by a plurality of votes.

Directors are elected by a plurality of the votes cast by the shares entitled to vote if a quorum is present. A plurality means receiving the largest number of votes, regardless of whether that is a majority. Withheld votes and broker non-votes will be counted as being represented at the Meeting for quorum purposes but will not have an effect on the vote for directors.

You may cumulate your votes for directors.

In the election of directors, each shareholder has the right to cumulate his votes by casting a total number of votes equal to the number of his shares of common stock multiplied by the number of directors to be elected. He may cast all of such votes for one nominee or distribute such votes among two or more nominees. For any other matter that may properly come before the Meeting, each share of common stock will be entitled to one vote.

You can revoke your proxy after sending it in by following these procedures.

Any shareholder giving a proxy has a right to revoke that proxy by giving notice to UNS Energy in writing directed to the Corporate Secretary, UNS Energy Corporation, 88 E. Broadway Boulevard, HQE901, Tucson, Arizona 85701, or in person at the Meeting at any time before the proxy is exercised. Those who fail to return a proxy or fail to attend the Meeting will not count towards determining any required plurality, majority or quorum.

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The shares represented by an executed proxy will be voted for the election of directors or withheld in accordance with the specifications in the proxy. If no specification is made in an executed proxy, the proxy will be voted in favor of the nominees as set forth herein and For each of the Proposals Two and Three.

Proxy Solicitation

The Company will bear the entire cost of the solicitation of proxies. Solicitations will be made primarily by mail. In addition, the Company may make additional solicitation of brokers, banks, nominees and institutional investors pursuant to a special engagement of DF King & Co. at a cost of approximately \$11,000, plus reasonable out-of-pocket expenses. Solicitations may also be made by telephone, facsimile or personal interview, if necessary, to obtain reasonable representation of shareholders at the Meeting. UNS Energy's employees may solicit proxies, but they will not receive additional compensation for such services. UNS Energy will request brokers or other persons holding shares in their names, or in the names of their nominees, to forward proxy materials to the beneficial owners of such shares or request authority for the execution of the proxies. The Company will reimburse brokers and other persons for reasonable expenses they incur in sending these proxy materials to you if you are a beneficial holder of UNS Energy's shares.

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The following table sets forth the number and percentage of shares of UNS Energy common stock beneficially owned as of March 1, 2013, and the nature of such ownership by each of the Company's directors, Chief Executive Officer (CEO or Mr. Bonavia), Chief Financial Officer (CFO or Mr. Larson), and the three other most highly compensated executive officers (together with the CEO and CFO, the Named Executives) as of March 1, 2013, and all directors and executive officers as a group. Ownership includes direct and indirect (beneficial) ownership, as defined by the SEC rules.

Name and Title of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)					Percent of Class	Restricted Stock Units	Other (2) Deferred Shares Under Deferred Compensation Plan	Total
	Directly Owned Shares	Shares Purchased Under the 401(k) Plan	Shares Subject to Options Exercisable Within 60 Days	Total Beneficial Ownership					
Paul J. Bonavia	43,024	0	59,940	102,964	*	0	656	103,620	
Board Chair and Chief Executive Officer									
Lawrence J. Aldrich	3,912	0	0	3,912	*	12,805	0	16,717	
Director									
Barbara M. Baumann	2,000	0	0	2,000	*	11,111	13,681	26,792	
Director									
Larry W. Bickle	15,695	0	0	15,695	*	11,696	0	27,391	
Director									
Harold W. Burlingame	12,501	0	0	12,501	*	14,257	0	26,758	
Director									
Robert A. Elliott	4,068	0	0	4,068	*	11,496	0	15,564	
Director									
Daniel W. L. Fessler	2,511	0	0	2,511	*	17,170	0	19,681	
Director									
Louise L. Francesconi	3,000	0	0	3,000	*	6,467	0	9,467	
Director									
Warren Y. Jobe	7,671	0	0	7,671	*	13,817	0	21,488	
Director									
Ramiro G. Peru	4,000	0	0	4,000	*	8,359	0	12,359	
Director									
Gregory A. Pivrotto	8,500	0	0	8,500	*	8,359	0	16,859	
Director									
Joaquin Ruiz	300	0	0	300	*	11,111	0	11,411	

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Director									
David G. Hutchens	5,335	8,042	27,330	40,707	*	0	0	40,707	
President									
Kevin P. Larson	60,357	3,112	100,420	163,889	*	0	2,077	165,966	
Senior Vice President, Chief Financial Officer and Treasurer									
Michael J. DeConcini	34,840	6,548	86,600	127,988	*	32,507	1,697	162,192	
Senior Vice President, Operations									
Karen G. Kissinger	58,190	0	54,900	113,090	*	0	2,371	115,461	
Vice President, Controller and Chief Compliance Officer									
All directors and executive officers (including the Named Executives) as a group	295,272	43,921	408,910	748,103	1.8%	159,155	25,650	932,908	

* Represents less than 1% of the outstanding common stock of UNS Energy.

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(1) Amounts include the following:

Any shares held in the name of the spouse, minor children or other relatives sharing the home of the director or executive officer. Except as otherwise indicated below, the directors and executive officers have sole voting and investment power over the shares shown. Voting power includes the power to direct the voting of the shares held, and investment power includes the power to direct the disposition of the shares held.

Shares subject to options exercisable within 60 days, based on information from E*Trade, UNS Energy's stock option plan administrator.

Equivalent share amounts allocated to the individuals 401(k) Plan, which has a UNS Energy Stock Fund investment option.

(2) While amounts in the Other column do not represent a right of the holder to receive stock within 60 days, those interests are also disclosed because management believes they accomplish similar objectives in that they also 1) encourage directors and executive officers to have a stake in the Company, and 2) align interests of directors and executive officers with those of shareholders. Under UNS Energy's non-employee director compensation program, non-employee directors receive an annual grant of restricted stock units that have an underlying value equal to one share of UNS Energy common stock. The value of the restricted stock units fluctuates based on changes in the Company's stock price. All restricted stock unit grants to directors vest at the earlier of the next annual meeting following the grant date or the first anniversary of grant. The vested restricted stock units are distributed in actual shares of Company stock in January following termination of Board service. Similarly, the value of deferred stock units fluctuates based on changes in the Company's stock price. Under the terms of the deferred compensation plan, distributions of deferred shares will be made in cash, unless the participant elects to receive the deferred shares in Company stock on dates selected by the director or the executive officer following termination of service. In UNS Energy's view, vested restricted stock units and deferred stock units are tantamount to actual stock ownership as the non-employee director and executive officer (in the case of deferred stock units) bear the risk of ownership during the restricted and deferral periods.

Security Ownership of Certain Beneficial Owners

The following table shows the amount of UNS Energy common stock owned by those persons who beneficially own more than 5% of our common stock based on reports filed by such persons with the SEC as of March 20, 2013. UNS Energy makes no representation as to the accuracy or completeness of the information. These are the only persons known to UNS Energy to be the beneficial owners of more than 5% of UNS Energy common stock as of March 20, 2013:

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common	Black Rock, Inc. 40 East 52nd Street New York, NY 10022	5,893,467 (1)	14.2%
Common	The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	2,549,089 (2)	6.2%
Common	T. Rowe Price Associates, Inc. 100 E. Pratt Street	2,424,929 (3)	5.8%

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Common	Baltimore, MD 21202 FMR LLC		
	82 Devonshire Street	2,359,583(4)	5.7%
	Boston, MA 02109		

- (1) In a statement (Schedule 13G) filed with the SEC on January 11, 2013, Black Rock, Inc., indicated that it has sole voting and sole dispositive power over 5,893,467 shares of UNS Energy