

UniSource Energy Corporation
3rd Quarter 2011 Supplemental Earnings Information
As of October 31, 2011

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SAFE HARBOR AND NON-GAAP MEASURES

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

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

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

Revision of Prior Period Financial Statements

During the first half of 2011, we identified errors related to prior periods in two categories: (i) deliveries of electricity related to transmission agreements at TEP; and (ii) the calculation of income tax expense as it relates to Allowance for Equity Funds Used During Construction (AFUDC). We assessed the materiality of these errors on prior period financial statements and concluded that while they were not material to any prior annual or interim periods, the cumulative impact could be material to the annual period ending December 31, 2011, and the interim period ended June 30, 2011, if included in 2011. As a result, in accordance with Staff Accounting Bulletin 108, we have revised our prior period financial statements.

In the third quarter of 2011, following the review of our remaining agreements, we identified additional errors in prior periods. We assessed the materiality of these errors, considered together with the errors identified in the first half of 2011, on prior period financial statements and concluded that, while they were not material to any prior annual or interim periods, we should update the prior revision to reflect all of the errors identified in 2011. As a result, in accordance with Staff Accounting Bulletin 108, we revised our prior period financial statements. Please refer to UniSource Energy's and TEP's third quarter SEC form 10-Q, which is expected to be filed on or before November 9, 2011, for more information.

UNS Electric Results of Operations

In July 2011, UNS Electric purchased the Black Mountain Generating Station from UniSource Energy Development, a subsidiary of UniSource Energy. In accordance with accounting rules related to the transfer of a business held under common control, we reflect UNS Electric's purchase of BMGS as if it occurred on January 1, 2009. The transaction increased UNS Electric's net income by \$2 million for the three months ended September 30, 2010, and had no impact to the three months ended September 30, 2011. UNS Electric's net income increased by \$2 million for the nine months ended September 30, 2011, and \$4 million for the nine months ended September 30, 2010. The transaction had no impact on UniSource Energy's consolidated financial statements. Please refer to UniSource Energy's and TEP's third quarter SEC form 10-Q, which is expected to be filed on or before November 9, 2011, for more information.

UNISOURCE ENERGY QUARTER OVER QUARTER EARNINGS VARIANCE EXPLANATION

| 3rd Quarter 2010 UniSource Energy Net Income | | | | \$55.7 |
|--|---------------|---------------|----------------|----------------|
| TEP | 3rd Quarter | | Change | |
| | 2011 | 2010 | Pre-Tax | After Tax |
| -millions of dollars- | | | | |
| Retail Margin Revenues | \$184.7 | \$188.2 | (\$3.5) | (\$2.1) |
| L-T Wholesale Margin Revenues | 0.6 | 5.6 | (5.0) | (3.1) |
| Transmission Revenues | 4.0 | 4.4 | (0.4) | (0.2) |
| TEP Utility Gross Margin (Non-GAAP) | 189.3 | 198.2 | (\$8.9) | (\$5.4) |
| El Paso Settlement | 7.4 | 0.0 | 7.4 | 4.5 |
| Base O&M | (54.4) | (52.6) | (1.8) | (1.1) |
| Depreciation | (26.5) | (25.2) | (1.3) | (0.8) |
| Amortization | (8.8) | (8.2) | (0.6) | (0.4) |
| Operating synergies related to Springerville Units 3&4 | 6.0 | 5.6 | 0.4 | 0.2 |
| Total Interest Expense | (22.3) | (20.2) | (2.1) | (1.3) |
| Other Line Item Changes | (2.4) | (0.4) | (2.0) | (1.2) |
| Income Tax Expense | (34.4) | (37.5) | NM | 3.1 |
| TEP Net Income (GAAP) | \$53.9 | \$59.7 | NM | (\$5.8) |
| Change in TEP Net Income | | | | (5.8) |
| Other Business Segments - After Tax Amounts | | | | |
| UNS Electric Net Income | 7.0 | 4.6 | NM | 2.4 |
| UNS Gas Net Income | (0.7) | (1.0) | NM | 0.3 |
| Other Non-Reportable Segments and Consolidating Adj. | (0.5) | (7.6) | NM | 7.1 |
| Total Other Income and Consolidating Adjustments | 5.8 | (4.0) | NM | 9.8 |
| Change in UNS Electric, UNS Gas and Other | | | | 9.8 |
| 3rd Quarter 2011 UniSource Energy Net Income | | | | \$59.7 |

UNISOURCE ENERGY YEAR-TO-DATE EARNINGS VARIANCE EXPLANATION

| YTD Sept. 30, 2010 UniSource Energy Net Income | | | | \$101.7 |
|--|---------------|---------------|-----------------|-----------------|
| TEP | YTD Sept 30, | | Change | |
| | 2011 | 2010 | Pre-Tax | After Tax |
| -millions of dollars- | | | | |
| Retail Margin Revenues | \$432.5 | \$433.2 | (\$0.7) | (\$0.4) |
| L-T Wholesale Margin Revenues | 11.7 | 20.3 | (8.6) | (5.3) |
| Transmission Revenues | 12.3 | 15.6 | (3.3) | (2.0) |
| TEP Utility Gross Margin (Non-GAAP) | 456.5 | 469.1 | (\$12.6) | (\$7.8) |
| El Paso Settlement | 7.4 | 0.0 | 7.4 | 4.6 |
| Loss related to the settlement of a dispute over transactions with the California Power Exchange (CPX) | 0.0 | (3.0) | 3.0 | 1.9 |
| Base O&M | (172.6) | (162.4) | (10.2) | (6.3) |
| Depreciation | (78.1) | (74.1) | (4.0) | (2.5) |
| Amortization | (25.3) | (24.0) | (1.3) | (0.8) |
| Operating synergies related to Springerville Units 3&4 | 18.2 | 18.1 | 0.1 | 0.1 |
| Other Income | (0.2) | 2.1 | (2.3) | (1.4) |
| Total Interest Expense | (65.7) | (63.7) | (2.0) | (1.2) |
| Other Line Item Changes | (4.3) | (5.6) | 1.3 | 0.8 |
| Income Tax Expense | (52.1) | (58.4) | NM | 6.3 |
| TEP Net Income (GAAP) | \$83.8 | \$98.1 | NM | (\$14.3) |
| Change in TEP Net Income | | | | (14.3) |
| Other Business Segments - After Tax Amounts | | | | |
| UNS Electric Net Income (1) | 14.4 | 12.1 | NM | 2.3 |
| UNS Gas Net Income | 5.8 | 5.3 | NM | 0.5 |
| Other Non-Reportable Segments and Consolidating Adj. | (2.2) | (13.8) | NM | 11.6 |
| Total Other Income and Consolidating Adjustments | 18.0 | 3.6 | NM | 14.4 |
| Change in UNS Electric, UNS Gas and Other | | | | 14.4 |
| YTD Sept. 30, 2011 UniSource Energy Net Income | | | | \$101.8 |

(1) UNS Electric's results in the first nine months of 2010 includes a pre-tax gain of approximately \$3 million related to the settlement of a dispute over transactions with the CPX.

UNISOURCE ENERGY AND TEP O&M

| UniSource Energy O&M Components | 3rd Quarter | | YTD Sept. 30, | |
|--|-----------------------|---------------|-----------------------|----------------|
| | 2011 | 2010 | 2011 | 2010 |
| | -millions of dollars- | | -millions of dollars- | |
| TEP Base O&M (Non-GAAP) | \$54.4 | \$52.6 | \$172.6 | \$162.4 |
| UNS Gas Base O&M | 5.4 | 6.0 | 17.7 | 17.9 |
| UNS Electric Base O&M | 5.0 | 5.3 | 14.9 | 15.6 |
| Consolidating Adjustments & Other | (2.5) | (2.2) | (7.2) | (6.6) |
| UniSource Energy Base O&M (Non-GAAP) | \$62.3 | \$61.7 | \$198.0 | \$189.3 |
| Reimbursed O&M Related to Springerville Units 3 and 4 | 16.2 | 14.0 | 48.5 | 40.5 |
| O&M Related to Customer-funded Renewable Energy and DSM Programs | 12.3 | 13.2 | 35.4 | 29.2 |
| UniSource Energy O&M (GAAP) | \$90.8 | \$88.9 | \$281.9 | \$259.0 |
| | | | | |
| TEP O&M Components | 3rd Quarter | | YTD Sept. 30, | |
| | 2011 | 2010 | 2011 | 2010 |
| | -millions of dollars- | | -millions of dollars- | |
| TEP Base O&M (Non-GAAP) | \$54.4 | \$52.6 | \$172.6 | \$162.4 |
| O&M Recorded in Other Expense | (1.4) | (1.6) | (5.2) | (4.9) |
| Reimbursed O&M Related to Springerville Units 3 and 4 | 16.2 | 14.0 | 48.5 | 40.5 |
| O&M Related to Customer-funded Renewable Energy and DSM Programs | 10.6 | 9.7 | 30.5 | 21.7 |
| TEP O&M (GAAP) | \$79.8 | \$74.7 | \$246.4 | \$219.7 |

TEP - OPERATING STATISTICS

| | Three Months Ended Sept. 30, | | | | Nine Months Ended Sept. 30, | | | |
|--------------------------------------|------------------------------|------------------|-----------------|--------------|-----------------------------|------------------|---------------|-------------|
| | 2011 | 2010 | Incr (Decr) | % Change | 2011 | 2010 | Incr (Decr) | % Change |
| AVG. ELECTRIC CUSTOMERS | | | | | | | | |
| Residential | 366,640 | 365,583 | 1,057 | 0.3% | 366,415 | 365,632 | 783 | 0.2% |
| Commercial | 36,121 | 35,880 | 241 | 0.7% | 36,020 | 35,852 | 168 | 0.5% |
| Industrial | 637 | 631 | 6 | 1.0% | 635 | 632 | 3 | 0.5% |
| Mining | 3 | 3 | - | 0.0% | 2 | 2 | - | 0.0% |
| Other | 62 | 62 | - | 0.0% | 62 | 62 | - | 0.0% |
| Total | 403,463 | 402,159 | 1,304 | 0.3% | 403,134 | 402,180 | 954 | 0.2% |
| RETAIL SALES - MWH | | | | | | | | |
| Residential | 1,416,344 | 1,444,461 | (28,117) | -1.9% | 3,108,461 | 3,109,007 | (546) | 0.0% |
| Commercial | 597,992 | 612,303 | (14,311) | -2.3% | 1,516,838 | 1,515,901 | 937 | 0.1% |
| Industrial | 632,092 | 629,849 | 2,243 | 0.4% | 1,653,608 | 1,639,500 | 14,108 | 0.9% |
| Mining | 274,029 | 274,420 | (391) | -0.1% | 810,934 | 806,571 | 4,363 | 0.5% |
| Other | 65,335 | 65,199 | 136 | 0.2% | 182,251 | 178,068 | 4,183 | 2.3% |
| Total | 2,985,792 | 3,026,232 | (40,440) | -1.3% | 7,272,092 | 7,249,047 | 23,045 | 0.3% |
| RETAIL USAGE - KWH/CUSTOMER | | | | | | | | |
| Residential | 3,863 | 3,951 | (88) | -2.2% | 8,483 | 8,503 | (20) | -0.2% |
| Commercial | 16,555 | 17,065 | (510) | -3.0% | 42,111 | 42,282 | (171) | -0.4% |
| Industrial | 992,295 | 998,176 | (5,881) | -0.6% | 2,604,107 | 2,594,146 | 9,961 | 0.4% |
| Mining | 91,343,000 | 91,473,333 | (130,333) | -0.1% | 405,467,000 | 403,285,500 | 2,181,500 | 0.5% |
| Other | 1,053,790 | 1,051,597 | 2,193 | 0.2% | 2,939,532 | 2,872,065 | 67,467 | 2.3% |
| Total | 7,400 | 7,525 | (125) | -1.7% | 18,039 | 18,024 | 15 | 0.1% |
| WEATHER - COOLING DEGREE DAYS | | | | | | | | |
| Actual | 1,090 | 1,096 | (6) | -0.5% | 1,480 | 1,491 | (11) | -0.7% |
| 10-Year Average | 990 | 978 | | | 1,434 | 1,433 | | |
| % Change Actual vs. 10-Year Avg. | 10.1% | 12.1% | | | 3.2% | 4.0% | | |
| ENERGY MARKET INDICATORS | | | | | | | | |
| Avg. Wholesale Power Prices | | | | | | | | |
| Palo Verde Index - \$/MWh | | | | | | | | |
| On Peak | \$42.64 | \$38.65 | \$3.99 | 10.3% | \$37.21 | \$38.88 | (\$1.67) | -4.3% |
| Off Peak | \$25.57 | \$26.67 | (\$1.10) | -4.1% | \$20.62 | \$28.36 | (\$7.74) | -27.3% |
| Avg. Natural Gas Prices | | | | | | | | |
| Permian Index - \$/MMBtu | \$4.09 | \$3.94 | \$0.15 | 3.8% | \$4.04 | \$4.33 | (\$0.29) | -6.7% |

TEP - RETAIL AND WHOLESALE MARGIN REVENUES

| | Three Months Ended Sept. 30, | | | | Nine Months Ended Sept. 30, | | | |
|---|------------------------------|----------------|----------------|---------------|-----------------------------|----------------|----------------|---------------|
| | 2011 | 2010 | Incr (Decr) | % Change | 2011 | 2010 | Incr (Decr) | % Change |
| RETAIL REVENUES - \$ MILLIONS | | | | | | | | |
| Margin Revenues: | | | | | | | | |
| Residential | \$94.3 | \$96.8 | (2.5) | -2.6% | \$202.6 | 203.4 | (0.8) | -0.4% |
| Commercial | 50.0 | 51.1 | (1.1) | -2.2% | 123.5 | 123.4 | 0.1 | 0.1% |
| Industrial | 28.7 | 28.8 | (0.1) | -0.3% | 73.2 | 74.1 | (0.9) | -1.2% |
| Mining | 8.3 | 8.1 | 0.2 | 2.5% | 23.9 | 23.2 | 0.7 | 3.0% |
| Other | 3.4 | 3.4 | - | 0.0% | 9.3 | 9.1 | 0.2 | 2.2% |
| Total | \$184.7 | \$188.2 | (\$3.5) | -1.9% | \$432.5 | \$433.2 | (\$0.7) | -0.2% |
| DSM / REST | 12.0 | 11.8 | 0.2 | 1.7% | 36.1 | 29.8 | 6.3 | 21.1% |
| Fuel Revenues: | | | | | | | | |
| Recovered from Customers | 112.2 | 100.3 | 11.9 | 11.9% | 245.7 | 222.3 | 23.4 | 10.5% |
| Total Retail Revenues | \$308.9 | \$300.3 | \$8.6 | 2.9% | \$714.3 | \$685.3 | \$29.0 | 4.2% |
| RETAIL REVENUES - CENTS / KWH | | | | | | | | |
| Margin Revenues: | | | | | | | | |
| Residential | 6.66 | 6.70 | (0.04) | -0.6% | 6.52 | 6.54 | (0.02) | -0.3% |
| Commercial | 8.36 | 8.35 | 0.01 | 0.1% | 8.14 | 8.14 | 0.00 | 0.0% |
| Industrial | 4.54 | 4.57 | (0.03) | -0.7% | 4.43 | 4.52 | (0.09) | -2.0% |
| Mining | 3.03 | 2.95 | 0.08 | 2.7% | 2.95 | 2.88 | 0.07 | 2.4% |
| Other | 5.20 | 5.21 | (0.01) | -0.2% | 5.10 | 5.11 | (0.01) | -0.2% |
| Total | 6.19 | 6.22 | (0.03) | -0.5% | 5.95 | 5.98 | (0.03) | -0.5% |
| DSM / REST | 0.40 | 0.39 | 0.01 | 2.6% | 0.50 | 0.41 | 0.09 | 22.0% |
| Fuel Revenues: | | | | | | | | |
| Recovered from Customers | 3.76 | 3.31 | 0.45 | 13.6% | 3.38 | 3.07 | 0.31 | 10.1% |
| Total Retail Revenues | 10.35 | 9.92 | 0.43 | 4.3% | 9.83 | 9.46 | 0.37 | 3.9% |
| LONG-TERM WHOLESALE MARGIN - \$ MILLIONS | | | | | | | | |
| Long-term Wholesale Revenues | \$8.9 | \$13.8 | (4.9) | -35.5% | \$32.8 | \$41.7 | (8.9) | -21.3% |
| Fuel and Purchased Power Expense | 8.3 | 8.2 | 0.1 | 1.2% | 21.1 | 21.4 | (0.3) | -1.4% |
| Net | \$0.6 | \$5.6 | (5.0) | -89.3% | \$11.7 | \$20.3 | (8.6) | -42.4% |

UNS ELECTRIC - OPERATING STATISTICS

| | Three Months Ended Sept. 30, | | | | Nine Months Ended Sept. 30, | | | |
|--------------------------------------|------------------------------|----------------|-----------------|---------------|-----------------------------|------------------|---------------|---------------|
| | 2011 | 2010 | Incr (Decr) | % Change | 2011 | 2010 | Incr (Decr) | % Change |
| AVG. ELECTRIC CUSTOMERS | | | | | | | | |
| Residential | 80,607 | 80,215 | 392 | 0.5% | 80,570 | 80,149 | 421 | 0.5% |
| Commercial | 10,391 | 10,349 | 42 | 0.4% | 10,381 | 10,346 | 35 | 0.3% |
| Industrial | 22 | 23 | (1) | -4.3% | 22 | 24 | (2) | -8.3% |
| Mining | 2 | 2 | - | 0.0% | 2 | 1 | 1 | N/M |
| Other | 249 | 266 | (17) | -6.4% | 249 | 266 | (17) | -6.4% |
| Total | 91,271 | 90,855 | 416 | 0.5% | 91,224 | 90,786 | 438 | 0.5% |
| RETAIL SALES - MWH | | | | | | | | |
| Residential | 298,564 | 301,191 | (2,627) | -0.9% | 651,995 | 652,457 | (462) | -0.1% |
| Commercial | 172,877 | 181,275 | (8,398) | -4.6% | 462,731 | 469,860 | (7,129) | -1.5% |
| Industrial | 61,555 | 62,090 | (535) | -0.9% | 167,446 | 165,471 | 1,975 | 1.2% |
| Mining | 49,801 | 51,115 | (1,314) | -2.6% | 172,473 | 149,254 | 23,219 | 15.6% |
| Other | 335 | 480 | (145) | -30.2% | 1,183 | 1,520 | (337) | -22.2% |
| Total | 583,132 | 596,151 | (13,019) | -2.2% | 1,455,828 | 1,438,562 | 17,266 | 1.2% |
| RETAIL USAGE - KWH/CUSTOMER | | | | | | | | |
| Residential | 3,704 | 3,755 | (51) | -1.4% | 8,092 | 8,141 | (49) | -0.6% |
| Commercial | 16,637 | 17,516 | (879) | -5.0% | 44,575 | 45,415 | (840) | -1.8% |
| Industrial | 2,797,955 | 2,699,565 | 98,390 | 3.6% | 7,611,182 | 6,894,625 | 716,557 | 10.4% |
| Mining | 24,900,500 | 25,557,500 | (657,000) | -2.6% | 86,236,500 | 149,254,000 | (63,017,500) | -42.2% |
| Other | 1,345 | 1,805 | (460) | -25.5% | 4,751 | 5,714 | (963) | -16.9% |
| Total | 6,389 | 6,562 | (173) | -2.6% | 15,959 | 15,846 | 113 | 0.7% |
| RETAIL REVENUES - MILLIONS | | | | | | | | |
| Margin Revenues: | | | | | | | | |
| Residential | \$11.1 | \$8.4 | 2.7 | 32.1% | \$24.4 | \$21.0 | 3.4 | 16.2% |
| Commercial | 7.7 | 7.3 | 0.4 | 5.5% | 22.0 | 20.3 | 1.7 | 8.4% |
| Industrial | 2.3 | 2.2 | 0.1 | 4.5% | 6.6 | 6.3 | 0.3 | 4.8% |
| Mining | 1.7 | 1.3 | 0.4 | 30.8% | 4.9 | 3.8 | 1.1 | 28.9% |
| Other | 0.1 | 0.1 | - | 0.0% | 0.3 | 0.4 | (0.1) | -25.0% |
| Total Margin Revenues | \$22.9 | \$19.3 | \$3.6 | 18.7% | \$58.2 | \$51.8 | \$6.4 | 12.4% |
| DSM / REST | 1.6 | 3.2 | (1.6) | -50.0% | 4.5 | 6.8 | (2.3) | -33.8% |
| Fuel Revenues: | | | | | | | | |
| Recovered from Customers | 30.0 | 37.2 | (7.2) | -19.4% | 79.2 | 80.8 | (1.6) | -2.0% |
| Total Retail Revenues | \$54.5 | \$59.7 | (\$5.2) | -8.7% | \$141.9 | \$139.4 | \$2.5 | 1.8% |
| WEATHER - COOLING DEGREE DAYS | | | | | | | | |
| Actual | 5,766 | 5,758 | 8 | 0.1% | 8,513 | 8,235 | 278 | 3.4% |
| 10-Year Average | 5,469 | 5,433 | | | 8,434 | 8,462 | | |
| % Change Actual vs. 10-Year Avg. | 5.4% | 6.0% | | | 0.9% | -2.7% | | |

UNS GAS - OPERATING STATISTICS

| | Three Months Ended Sept. 30, | | | | Nine Months Ended Sept. 30, | | | |
|---|------------------------------|----------------|----------------|---------------|-----------------------------|----------------|----------------|--------------|
| | 2011 | 2010 | Incr (Decr) | % Change | 2011 | 2010 | Incr (Decr) | % Change |
| AVG. GAS CUSTOMERS | | | | | | | | |
| Residential | 133,799 | 132,768 | 1,031 | 0.8% | 134,078 | 133,206 | 872 | 0.7% |
| Commercial | 11,159 | 11,080 | 79 | 0.7% | 11,230 | 11,248 | (18) | -0.2% |
| Industrial | 22 | 22 | - | 0.0% | 22 | 23 | (1) | -4.3% |
| Other | 1,123 | 1,095 | 28 | 2.6% | 1,116 | 1,092 | 24 | 2.2% |
| Total | 146,103 | 144,965 | 1,138 | 0.8% | 146,446 | 145,569 | 877 | 0.6% |
| RETAIL SALES - THOUSANDS OF THERMS | | | | | | | | |
| Residential | 5,114 | 5,096 | 18 | 0.4% | 48,095 | 49,649 | (1,554) | -3.1% |
| Commercial | 4,038 | 3,915 | 123 | 3.1% | 20,883 | 20,936 | (53) | -0.3% |
| Industrial | 419 | 305 | 114 | 37.2% | 1,655 | 1,357 | 298 | 22.0% |
| Other | 302 | 352 | (50) | -14.2% | 4,265 | 4,465 | (200) | -4.5% |
| Total | 9,872 | 9,668 | 204 | 2.1% | 74,898 | 76,407 | (1,509) | -2.0% |
| RETAIL USAGE - THERMS/CUSTOMER | | | | | | | | |
| Residential | 38 | 38 | - | 0.0% | 359 | 373 | (14) | -3.8% |
| Commercial | 362 | 353 | 9 | 2.5% | 1,860 | 1,861 | (1) | -0.1% |
| Industrial | 19,047 | 13,881 | 5,166 | 37.2% | 75,227 | 59,000 | 16,227 | 27.5% |
| Other | 269 | 321 | (52) | -16.2% | 3,822 | 4,089 | (267) | -6.5% |
| Total | 68 | 67 | 1 | 1.5% | 511 | 525 | (14) | -2.7% |
| RETAIL REVENUES - MILLIONS | | | | | | | | |
| Margin Revenues: | | | | | | | | |
| Residential | \$5.7 | \$5.6 | 0.1 | 1.8% | \$27.4 | \$27.3 | 0.1 | 0.4% |
| Commercial | 1.6 | 1.6 | - | 0.0% | 7.4 | 7.1 | 0.3 | 4.2% |
| Other | 0.2 | 0.2 | - | 0.0% | 1.4 | 1.4 | - | 0.0% |
| Total Margin Revenues | \$7.5 | \$7.4 | \$0.1 | 1.4% | \$36.2 | \$35.8 | \$0.4 | 1.1% |
| DSM Revenues | 0.2 | 0.3 | (0.1) | -33.3% | 0.8 | 0.7 | 0.1 | 14.3% |
| Transport/NSP Revenues | 3.6 | 4.8 | (1.2) | -25.0% | 12.6 | 13.2 | (0.6) | -4.5% |
| Fuel Revenues: | | | | | | | | |
| Recovered from Customers | 6.6 | 6.2 | 0.4 | 6.5% | 51.5 | 51.2 | 0.3 | 0.6% |
| Total Gas Revenues | \$17.9 | \$18.7 | (\$0.8) | -4.3% | \$101.1 | \$100.9 | \$0.2 | 0.2% |
| WEATHER - HEATING DEGREE DAYS | | | | | | | | |
| Actual | 242 | 224 | 18 | 8.0% | 15,713 | 13,621 | 2,092 | 15.4% |
| 10-Year Average | 330 | 333 | | | 12,730 | 12,741 | | |
| % Change Actual vs. 10-Year Avg. | -26.7% | -32.7% | | | 23.4% | 6.9% | | |

BASIC AND DILUTED SHARES OUTSTANDING

| | Three Months Ended Sept. 30, | | Nine Months Ended Sept. 30, | |
|---|---------------------------------|-----------------|--------------------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | -Thousands of Dollars- | | -Thousands of Dollars- | |
| Numerator: | | | | |
| Net Income | \$59,712 | \$55,665 | \$101,787 | \$101,732 |
| Income from Assumed Conversion of Convertible Senior Notes | 1,097 | 1,097 | 3,292 | 3,292 |
| Adjusted Numerator | \$60,809 | \$56,762 | \$105,079 | \$105,024 |
| | -Thousands of Shares- | | -Thousands of Shares- | |
| Denominator: | | | | |
| Weighted-average Shares of Common Stock Outstanding: | | | | |
| Common Shares Issued | 36,867 | 36,308 | 36,739 | 36,107 |
| Fully Vested Deferred Stock Units | 136 | 132 | 127 | 120 |
| Participating Securities | 50 | 93 | 64 | 94 |
| Total Weighted-average Shares of Common Stock Outstanding - Basic | 37,053 | 36,533 | 36,930 | 36,321 |
| Effect of Dilutive Securities: | | | | |
| Convertible Senior Notes | 4,295 | 4,192 | 4,268 | 4,166 |
| Options and Stock Issuable Under Employee Benefit Plans and the Directors' Plans | 429 | 416 | 379 | 436 |
| Total Shares - Diluted | 41,777 | 41,141 | 41,577 | 40,923 |

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

| | Three Months Ended Sept. 30, | | Nine Months Ended Sept. 30, | |
|--|---------------------------------|------|--------------------------------|------|
| | 2011 | 2010 | 2011 | 2010 |
| | -Thousands of Shares | | -Thousands of Shares- | |
| Stock Options Excluded from the Diluted EPS Computation | 147 | 218 | 158 | 227 |