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**COMMISSIONERS**  
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2008 DEC 22 P 4: 20  
AZ CORP COMMISSION  
DOCKET CONTROL

IN THE MATTER OF THE FILING BY TUCSON )  
ELECTRIC POWER COMPANY TO AMEND )  
DECISION NO. 62103. )

DOCKET NO. E-01933A-05-0650

IN THE MATTER OF THE APPLICATION OF )  
TUCSON ELECTRIC POWER COMPANY FOR )  
THE ESTABLISHMENT OF JUST AND )  
REASONABLE RATES AND CHARGES )  
DESIGNED TO REALIZE A REASONABLE )  
RATE OF RETURN ON THE FAIR VALUE OF )  
ITS OPERATIONS THROUGHOUT THE STATE )  
OF ARIZONA. )

DOCKET NO. E-01933A-07-0402

**NOTICE OF FILING  
DIRECT ACCESS RULES AND  
REGULATIONS AND TARIFF**

Pursuant to Decision No. 70628 (December 1, 2008), Tucson Electric Power Company ("TEP"), through undersigned counsel, hereby files its Direct Access Rules and Regulations, and Returning Customer Direct Access Charge ("RCDAC") Tariff. The TEP Proposed Rate Settlement Agreement ("Agreement") was approved by Decision No. 70628 and required TEP to file a RCDAC Tariff within 90 days of the effective date of the Decision.

RESPECTFULLY SUBMITTED this 22<sup>nd</sup> day of December 2008.

Arizona Corporation Commission  
**DOCKETED**

DEC 22 2008

DOCKETED BY *MM*

TUCSON ELECTRIC POWER COMPANY

By *Michelle Livengood*

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Michelle Livengood  
Tucson Electric Power Company

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10 Original and 15 copies of the foregoing  
11 filed this 22<sup>nd</sup> day of December 2008 with:

12 Docket Control  
13 Arizona Corporation Commission  
14 1200 West Washington Street  
15 Phoenix, Arizona 85007

16 Copy of the foregoing hand-delivered/mailed  
17 this 22<sup>nd</sup> day of December 2008 to:

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Copy of the foregoing emailed this 22<sup>nd</sup>  
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**DIRECT ACCESS RULES  
AND REGULATIONS**



## Tucson Electric Power Company Direct Access Rules and Regulations

A UniSource Energy Company

### DIRECT ACCESS SERVICE

#### TERMS AND CONDITIONS FOR DIRECT ACCESS SERVICE

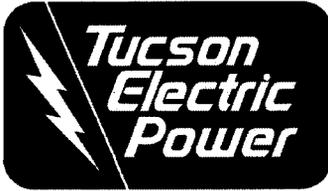
The following terms and conditions apply to Tucson Electric Power Company ("TEP"), Electric Service Providers ("ESPs") and their agents that participate in Direct Access under the Arizona Corporation Commission's ("ACC") rules for retail electric competition (A.A.C. R14-2-1601, *et seq.*, referred to herein as the "Rules"). "Direct Access Customer" refers to any TEP retail Customer electing to procure its electricity and any other ACC-authorized Competitive Services directly from ESPs as defined in the Rules. ESPs who serve Direct Access Customer accounts shall possess a Certificate of Convenience and Necessity, issued by the ACC pursuant to A.A.C. R14-2-1604; enter into an ESP Service Acquisition Agreement with TEP; and an agreement with a TEP-approved and/or Arizona Independent Scheduling Administrator Association ("AISA") approved Scheduling Coordinator; be registered to do business in the State of Arizona; and meet any other applicable certification requirements established by State law and by the appropriate regulatory agencies.

#### A. Definitions:

All definitions in TEP's Rules and Regulations apply to these Rules and Regulations for Direct Access Service. The following additional definitions apply to TEP's Rules and Regulations for Direct Access Service.

1. Electric Service Provider ("ESP"): A company supplying marketing or brokering at retail any competitive services, as defined in the Rules pursuant to a Certificate of Convenience and Necessity.
2. Electric Service Provider ("ESP") Service Acquisition Agreement: A contract between an ESP and TEP to deliver power to retail end users or between an ESP and a Scheduling Coordinator to schedule transmission service.
3. Interval Metering: The purchase, installation and maintenance of electricity metering equipment capable of measuring and recording minimum data requirements, including hourly interval data required for Direct Access settlement processes.
4. Meter-Reading Service Provider ("MRSP"): An entity providing all functions related to the collection and storage of consumption data, and that reads meters, performs validation, editing, and estimation on raw meter data to create bill-ready meter data; translates bill-ready data to an approved format; posts this data to a server for retrieval by billing agents; manages the server; exchanges data with market participants, and stores meter data for problem resolution.
5. Meter Service Provider ("MSP"): An entity providing all functions related to measuring electricity consumption.
6. Rules: Approved ACC Competition Rules.
7. Scheduling Coordinator ("SC"): An entity that provides schedules for power transactions over transmission or distribution systems to the party responsible for the operation and control of the transmission grid, such as a Control Area Operator, Arizona Independent Scheduling Administrator or Independent System Operator.

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Title:	Senior Vice President and General Counsel	Effective:	December 1, 2008
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8. **Standard Offer Service:** Bundled service offered by TEP to all Customers in TEP's service territory at regulated rates, including metering, meter reading, billing and collection services, demand-side management services including but not limited to time-of-use, and consumer information services. All components of Standard Offer Service shall be deemed noncompetitive as long as those components are provided in a bundled transaction pursuant to R14-2-1606(A) of the ACC-approved Competition Rules.

**B. General Service Provisions**

1. **Regarding Service Establishments and Reestablishment Charges:** TEP will waive service establishment and reestablishment charges for Customers switching from Direct Access to Standard Offer Service, except for the Returning Customer Direct Access Charge ("RCDAC") as described in the RCDAC Rider 3.
2. **Regarding the Company providing written statements of actual consumption:** The Company will charge a fee consistent with its ACC-approved Pricing Plans and/or these Rules and Regulations for providing consumption, interval or other data to the Customer or its agent, such as an ESP. All other provisions regarding written statements of actual consumption in TEP's Rules and Regulations still apply to Direct Access Service.
3. Where the Customer has opted for Direct Access service, the Customer's ESP or its agent shall be responsible for installing the meter.
4. Where the Customer has opted for Direct Access service, the Customer's ESP or its agent will be responsible for installing the meter.
5. The Company shall not be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from Failure of equipment owned and/or installed by the ESP, its agent, or the Customer.

**C. Customer Selections**

All TEP retail electric Customers shall obtain electric generation and ACC authorized energy services under one of two options:

1. **Standard Offer Service ("Bundled Service"):** With this election, retail Customers will receive all services, including metering, meter reading, billing, collection and other consumer information services, on a bundled basis at regulated rates authorized by the ACC. Any Customer that has not chosen Direct Access, and who is eligible for Direct Access, shall remain on Standard Offer Service. Direct Access Customers may also choose to return to Standard Offer Service after having elected Direct Access.

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2. **Competitive Service ("Direct Access"):** This service election allows Customers eligible for Direct Access to purchase electric generation and other Competitive Services. Direct Access Customers with single premise demands greater than 20 kW will be required to have in place Interval Metering, as defined below, at no expense to TEP. Pursuant to the Rules, and any restrictions herein, the ESP serving these Customers will have options available for choosing to offer Meter Services, Meter Reading Services and/or Billing Services on their own behalf (or through a qualified third party) or to have TEP provide those services, as specified within. Meter service options are described in the Sections on Metering Services and Meter Service Options and Obligations in this Article. Billing options are described in the Sections on Billing Service Options and Obligations in this Article and the ESP Service Acquisition Agreement.

**D. General Obligations of TEP**

**1. Non-Discrimination**

TEP shall discharge its responsibilities under the Rules in a non-discriminatory manner as to Customers and providers of all Competitive Services. Unless otherwise authorized by the ACC, the Federal Energy Regulatory Commission ("FERC") or applicable affiliate transactions rules, TEP shall not:

- a. Represent that its affiliates or Customers of its affiliates will receive any different treatment with regard to the provision of TEP services than other, non-affiliated service providers as a result of affiliation with TEP; or
- b. Provide its affiliates, or Customers of its affiliates, any preference based on the affiliation including but not limited to terms and conditions of service, information, pricing or timing over non-affiliated suppliers or their Customers in the provision of TEP services.

**2. Transmission and Distribution Service**

- a. Subject to State law and the terms of the ACC's Rules and Regulations, this Article, the ESP Service Acquisition Agreement, applicable Pricing Plans and applicable ACC and FERC rules, and provided the ESP and Customer likewise comply therewith, TEP will offer transmission and distribution services on a non-discriminatory basis under applicable Pricing Plans, schedules and contracts for delivery of electric generation to Direct Access Customers.

**3. System Benefits Charge ("SBC")**

- a. System Benefits Charges are those charges approved by the Commission for recovery of low-income, demand-side management, environmental, renewable, and other approved costs from Customers that elect Direct Access Service.
- b. As a condition for receiving Direct Access Service, these Customers will be responsible to pay their portion of System Benefits Charges authorized by the Rules in A.A.C. R14-2-1608 and as may be subsequently approved by the ACC.

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E. General Obligations of ESPs

1. Timeliness, Due Diligence and Security Requirements

- a. ESPs shall exercise due diligence in meeting their obligations and deadlines under the Rules to facilitate Customer choice. ESPs shall make all payments owed to TEP in a timely manner (pursuant to the ACC's requirements, the Rules, the ESP Service Acquisition Agreement the ESP enters into with TEP, and TEP's Pricing Plans and schedules) and subject to applicable payment dispute provisions described below.
- b. TEP shall exercise due diligence in meeting its obligations and deadlines under the Rules to facilitate Customer choice. TEP shall make all payments owed to the ESP in a timely manner (pursuant to the ACC's requirements, Rules, the ESP Service Acquisition Agreement the ESP enters into with TEP, and TEP's Pricing Plans and schedules) and subject to applicable payment dispute provisions described below.
- c. ESPs shall adhere to all credit, deposit and security requirements specified in the ESP Service Acquisition Agreement and TEP's Pricing Plans and schedules.

2. Arrangements with ESP Customers

ESPs shall be solely responsible for having appropriate contractual or other arrangements with their Customers necessary to implement Direct Access consistent with all applicable laws, ACC requirements, the Rules and this Article. TEP shall not be responsible for monitoring, reviewing or enforcing such contracts or arrangements.

3. Responsibility for Electric Purchases

ESPs will be responsible for the purchase of their Direct Access Customers' electric generation needs and the delivery of such purchases to designated receipt points as set forth on schedules given to the Scheduling Coordinators ("SCs").

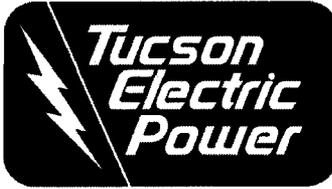
4. TEP Not Liable for ESP Services

To the extent the Customer elects to take other services from an ESP, TEP has no obligation to the Customer with respect to the services provided by the ESP.

5. Load Aggregation for Procuring Electric Generation/Split Loads

- a. ESPs may aggregate individually metered electric loads for procuring competitive electric generation only. Load aggregation shall not be used to compute TEP charges or for Pricing Plan applicability.
- b. Customers requesting Direct Access Services may not partition the electric loads of a service point among electric service options or providers. The entire load of a service point must be provided by only one (1) ESP. This provision shall not restrict the use of separate parties for metering and billing services.

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### 6. Interval Metering

- a. Interval Metering is required for all Customers that elect Direct Access and have maximum single premise demands in excess of 20 kW or 100,000 kWh annually. Interval Metering is optional for those Customers with demands of 20 kW or 100,000 kWh annually or less.
- b. For new Customers without prior demand data, TEP shall estimate the demand at the time the Customer establishes a distribution service account with TEP. TEP shall determine, based on its estimates of the Customer's demand, whether the Customer meets the requirements for Interval Metering. With the Customer's written consent, TEP shall provide the Customer's ESP with the data upon which the demand estimate was made.

### 7. Metering Requirements

Minimum meter data requirements consist of data required to bill TEP distribution Pricing Plans, including 15-minute interval data required for billing demands. TEP shall have access to meter data necessary for regulatory or rate-setting purposes as specified in TEP's protocol regarding meter-data requirements.

### 8. Statistical Load Profiles

- a. Pursuant to R14-2-1604 (B)(3), TEP will offer statistical load profiles in place of Interval Metering, for qualifying Customers, to estimate hourly consumption for settlement and scheduling purposes.
9. Pursuant to R14-2-1612(K)(6), TEP will offer statistical load profiles in place of Interval Metering for predictable loads, as defined by TEP's Pricing Plans for unmetered loads, to estimate hourly consumption for settlement and scheduling purposes.

### 9. Fees and Other Charges

- a. Direct Access Customers shall pay all applicable fees, surcharges, impositions, assessments and taxes on the sale of energy or the provisions of other services as authorized by law, ACC rules, rulings or decisions.
- b. The ESP and TEP will each be respectively responsible for paying such fees to the taxing or regulatory agency to the extent it is their obligation to do so.
- c. Both the ESP and TEP will be responsible for providing the authorized billing agent the information necessary to bill these charges to the Customer.

### 10. Liability In Connection With ESP Services

- a. In this section, "damages" shall include all losses, harm, costs and detriment, direct, indirect and consequential, suffered by the Customer or third parties.

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- b. Except as otherwise required by law, TEP shall not be liable for any damages caused by TEP's conduct in compliance with, or as permitted by, TEP's Rules and Regulations, the ESP Service Acquisition Agreement, the Rules, and associated legal and regulatory requirements related to Direct Access service, or as otherwise set forth in TEP's Rules and Regulations.
- c. TEP shall not be liable for any damages caused to the Customer by any ESP, including failure to comply with TEP's Rules and Regulations and Pricing Plans, the ESP Service Acquisition Agreement, the Rules and associated legal and regulatory requirements related to Direct Access service.
- d. TEP shall not be liable for any damages caused by the ESP's failure to perform any commitment to the Customer.
- e. An ESP is not a TEP agent for any purpose. TEP shall not be liable for any damages resulting from acts, omissions, or representations made by an ESP in connection with soliciting Customers for Direct Access or rendering Competitive Services.
- f. Under no circumstances shall TEP be liable to the Customer, ESP (including any entity retained by it to provide competitive services to the Customer) or third parties for lost revenues or profits, indirect or consequential damages or punitive or exemplary damages in connection with Direct Access Services. Under no circumstances shall the ESP (including any entity retained by it to provide competitive services to the Customer) be liable to TEP for lost revenues or profits, indirect or consequential damages or punitive exemplary damages in connection with Direct Access Services. This provision shall not limit remedies otherwise available to Customers under TEP's Pricing Plans, Rules and Regulations.

### F. Customer Inquiries and Data Accessibility

#### 1. Customer Inquiries

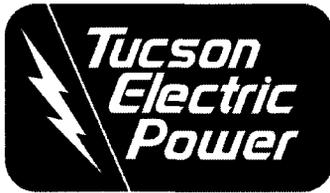
For Customers requesting information on Direct Access, TEP shall make available the following information:

- a. Notification and informational materials to consumers about competition and consumer choices.
- b. A list of ESPs that have been issued a Certificate of Convenience and Necessity to offer Competitive Services within TEP's service territory. TEP will provide the list maintained by the ACC, but TEP is under no obligation to assure the accuracy of this list. Reference to any particular ESP or group of ESPs on the list shall not be considered an endorsement or other form of recommendation by TEP.

#### 2. Access to Customer Usage Data

For TEP Customers on Standard Offer Service, TEP shall provide Customer specific usage data to ESPs that have an ESP Service Acquisition Agreement in place with TEP, or to the Customer, subject to the following provisions:

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- a. ESPs may request Customer usage data prior to submission of a Direct Access Service Request ("DASR") by obtaining and submitting to TEP the Customer's written authorization. TEP may charge fees for Customer usage data at rates approved by the ACC.
  - b. Upon receipt of a Request DASR, if TEP has been the most recent provider of energy for the Customer, TEP will provide the most recent twelve (12) months of Customer usage data or the amount of data available for that Customer if there is less than twelve (12) months of usage.
3. Customer Inquiries Concerning Billing-Related Issues
- a. Customer inquiries concerning TEP charges or services shall be directed to TEP.
  - b. Customer inquiries concerning ESP charges or services shall be directed to the ESP.
4. Customer Inquiries Related to Emergency Situations and Outages
- a. TEP shall be responsible for responding to all Standard Offer Service or, in the case of Direct Access Customers, distribution service emergency system conditions, outages and safety situation inquiries related to TEP's distribution system. Customers contacting an ESP with such inquiries are to be referred directly to TEP for resolution. ESPs performing consolidated billing must show TEP's telephone number on their bills for use in emergencies.
  - b. TEP may shed or curtail Customer load as provided by its ACC-approved Pricing Plans, Rules and Regulations.

G. **ESP Service Establishment**

An ESP providing competitive generation shall satisfy the following requirements before the ESP can offer Direct Access services in TEP's distribution service territory:

1. Obtain a Certificate of Convenience and Necessity from the ACC which authorizes the ESP to offer Competitive Services to Direct Access Customers within TEP's distribution service territory.
2. Enter into an ESP Service Acquisition Agreement with TEP.
3. Provide proof of a service agreement with a certified Scheduling Coordinator.
4. Register to do business in the State of Arizona and obtain all other licenses and registrations needed as a legal predicate to the ESP's ability to offer Competitive Services to Direct Access Customers in TEP's distribution service territory.
5. Satisfy TEP's creditworthiness requirements as specified in the ESP Service Acquisition Agreement, TEP Billing and Credit Protocol, and TEP's Rules and Regulations if the ESP will offer ESP Consolidated Billing.

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6. Satisfy any applicable ACC electronic data exchange requirements including:
  - a. The ESP and/or its designated agents must successfully complete all necessary electronic interfaces between the ESP and TEP to exchange DASRs and general communications.
  - b. The ESP or its agent must successfully complete all electronic interfaces between the ESP and TEP to exchange meter reading and usage data. This will include communication to and from MRSP servers for sharing of meter reading and usage data.
  - c. The ESP must have the capability to exchange data with TEP electronically. Alternative arrangements may be acceptable if mutual agreement is reached between TEP and the ESP.
  - d. TEP will require the ESP and its agents to exchange data with TEP using Electronic Data Interchange ("EDI") formats as established by the ACC.
  - e. For the TEP Consolidated Billing or ESP Consolidated Billing options, compliance testing for EDI transactions will be required. Both the ESP and its agent must demonstrate the ability to perform the EDI data exchange functions required by the ACC and the ESP Service Acquisition Agreement. Any change of the billing agent will require a revalidation of the applicable compliance testing. Provided the ESP is acting diligently and in good faith, its failure to complete such compliance testing shall not affect its ability to offer electric generation to Direct Access Customers. Dual TEP/ESP Billing will be performed until the compliance testing is completed.
  
7. Have its Meter Reading Service Providers ("MRSPs") satisfy compliance testing to ensure that billing can be completed successfully. Any change of the MRSP will require a revalidation of the applicable compliance testing, which means that, as long as TEP's records show that the MRSP has successfully completed compliance testing for all services they propose to provide to the ESP, TEP will approve the MRSP. TEP reserves the right to charge the ESP for obtaining or estimating reads at ACC-approved rates until such time as the MRSP has completed successful compliance testing as outlined in Section 1.17.c of this Article.

### H. Direct Access Service Request

1. A Direct Access Service Request ("DASR") is submitted pursuant to the terms and conditions of the ESP Service Acquisition Agreement and this section, and shall also be used to define the Competitive Services that the ESP will provide the Customer.
2. ESPs shall have a CC&N from the ACC; have entered into an ESP Service Acquisition Agreement with TEP, if required; established creditworthiness with TEP; and have successfully completed EDI compliance testing before submitting DASRs.

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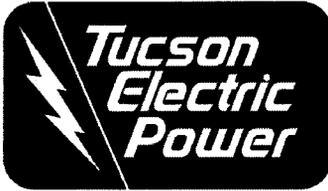


## Tucson Electric Power Company Direct Access Rules and Regulations

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3. The Customer's authorized ESP must submit a completed DASR to TEP before the Customer can be switched from Standard Offer Service or Competitive Service provided by another ESP. The DASR process described herein shall be used for Customer Direct Access elections, updates, cancellations, Customer-initiated returns to TEP Standard Offer Service, or requests for physical disconnection of service and ESP or Customer-initiated termination of an ESP/Customer service agreement.
  
4. A separate DASR must be submitted for each service delivery point. Each of the five (5) DASR operation types [Request ("RQ"), Termination of Service Agreement ("TS"), Physical Disconnect ("PD"), Cancel ("CL") and Update/Change ("UC")] has specific field requirements that must be fully completed before the DASR is submitted to TEP. A DASR that does not contain the required field information or is otherwise incomplete may be rejected. In accordance with the provisions of the applicable Service Acquisition Agreement, TEP may deny the ESP or Customer request for service if the information provided in the DASR is false, incomplete, or inaccurate in any material respect. ESPs filing RQ DASRs are thereby representing that they have their Customer's written authorization for such transaction. ESPs filing all other DASRs are thereby representing that they have their Customer's authorization for such transaction.
  
5. TEP requires that DASRs be submitted electronically using TEP approved methodology.
  
6. DASRs will be handled on a first-come, first-served basis. Each request shall be time and date-stamped when received by TEP.
  
7. Once the DASR is submitted, TEP will provide an acknowledgment of its receipt to the ESP or Customer within the following timeframes:
  - a. TEP will acknowledge receiving Request ("RQ"), Termination of Service Agreement ("TS"), Cancel ("CL") and Update/Change ("UC") DASRs within two (2) working days of the time and date stamp. TEP will exercise best efforts, within three (3) working days to provide the ESP with a DASR status notification informing them whether the DASR has been accepted, rejected or placed in a pending status awaiting further information. If accepted, the effective switch date determined in accordance with Sections G.8, G.9, and G.12 of this Article, will be confirmed in the response to the ESP and the former ESP, if applicable. If a DASR is rejected, TEP shall provide the reasons for the rejection. If a DASR is held pending further information, it shall be rejected if the DASR is not completed with the required information within thirty (30) working days, or by a mutually agreed upon date, following the status notification.
  
  - b. When a Customer requests its electric services to be disconnected, the ESP is responsible for submitting a Physical Disconnect ("PD") DASR to TEP, regardless of who controls the meter, on behalf of the Customer.
    - (1) When the control of the meter resides with TEP, TEP shall perform the physical disconnect of the service. The "PD" DASR must be received by TEP at least three (3) working days prior to the requested disconnect date. TEP will acknowledge the "PD" DASR within the two (2) working days of the time and date stamp.

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- (2) When the control of the meter resides with the ESP, the ESP is responsible for performing the physical disconnect. The ESP shall notify TEP by DASR of the date of the physical disconnect. Disconnect reads must be posted to the MRSP or ESP server within five (5) working days following the disconnection.
8. Pursuant to A.A.C. R14-2-203(D)(4), DASRs for Customers that do not require a meter change must be received by TEP at least fifteen (15) calendar days prior to the next scheduled meter read date. The actual meter read date will be the effective switch date. DASRs received less than fifteen (15) calendar days prior to the next scheduled meter read date will be scheduled for switch to Direct Access on the following month's read date.
  9. Accepted DASRs that require a meter exchange will have an effective change date to Direct Access with the meter exchange date. Notification of meter install dates shall be coordinated between the ESPs, MSPs and TEP's Meter Services Department.
  10. If more than one (1) RQ DASR is received for a service delivery point within a billing cycle, only the first valid DASR received shall be processed in that period. All subsequent DASRs shall be rejected.
  11. Upon acceptance of an RQ DASR, a maximum of twelve (12) months of Customer usage data, or the available usage for that Customer switching from Standard Offer, shall be provided to the ESP. If there is an existing ESP currently serving that Customer, that ESP shall be responsible for submitting the Customer usage data to the new ESP. In both cases, the Customer usage data will be submitted to the appropriate ESP no later than five (5) working days before the scheduled switch date. ESPs filing DASRs will thereby be representing that they have written authorization from the Customer to receive the Customer usage information.
  12. Customers returning to TEP Standard Offer Service shall follow the same process timing as is used to establish Direct Access Service.
  13. ESPs requesting to return a Direct Access Customer to TEP Standard Offer shall submit a Termination of Service DASR and shall be responsible for the continued provision of the Customer's electric supply service, metering, and billing services until the effective change date.
  14. Customers requesting to return to TEP Standard Offer Service must contact their ESP. The ESP shall be responsible for submitting the appropriate DASR on behalf of the Customer.
  15. TEP may assess the direct access Customer a charge for processing DASRs at a fee approved by the ACC. All ACC-approved charges are payable to TEP within fifteen (15) business days after the invoice date. All charges received after this date may be assessed applicable late fees pursuant to Article 15.
  16. A Customer moving to new premises may retain or start Direct Access immediately. The Customer must first contact TEP to establish a service account. The Customer will be provided the necessary information that will enable its ESP to submit a DASR. The same timing requirements apply as set forth in Section G.8 and G.9 of this Article. Customer eligibility requirements set forth in the ACC Rules will apply during the phase-in period.

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- 17. Billing option and metering option changes are requested through a "UC" DASR and cannot be changed more than once per billing cycle.
- 18. TEP shall not hold the ESP responsible for any Customer unpaid billing charges prior to the Customer's switch to Direct Access. Unpaid billing charges shall not delay the processing of DASRs and shall remain the Customer's responsibility to pay TEP. TEP Article 16 applies in the event of Customer non-payment, which includes the possible disconnection of distribution services. TEP shall not accept any DASRs submitted for Customers who have been terminated for nonpayment and have not yet been reinstated. Disconnection by TEP of a delinquent Customer shall not make TEP liable to the ESP or third parties for the Customer's disconnection.
- 19. TEP will not offer a levelized billing plan to Direct Access Customers. Customers who have a levelized billing plan at the time of their switch to Direct Access will be removed from such plan, and must pay any accumulated charges in full. TEP will refund any accumulated credit to the Customer after generation of the final Standard Offer bill.

## I. Billing Service Options and Obligations

### 1. Billing Options

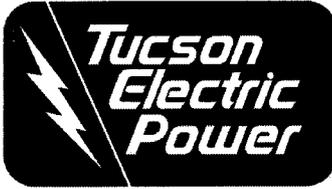
Subject to availability, and pursuant to the terms in the ESP Service Acquisition Agreement and TEP's Billing and Credit Protocol, this Article, and applicable Pricing Plans and the restrictions therein, ESPs may select among the following billing options:

- a. TEP Consolidated Billing
- b. ESP Consolidated Billing
- c. Dual TEP/ESP Billing

### 2. TEP Consolidated Billing

- a. The Customer's authorized ESP sends its bill-ready data to TEP, or TEP calculates ESP charges, and TEP sends a consolidated bill containing both TEP and ESP charges to the Customer.
- b. TEP's Obligations
  - (1) If the ESP elects to send bill-ready data, TEP shall include ESP charges and send the bill either by mail or electronic means to the Customer. TEP is not responsible for computing or determining the accuracy of the ESP charges on the bill. TEP is not required to estimate ESP charges if the expected bill-ready data is not received, nor is TEP required to delay TEP billing. Billing rendered on behalf of the ESP by TEP shall comply with A.A.C. R14-2-1613.

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- (2) TEP may elect to calculate ESP charges. If TEP elects to do so, and if the ESP elects to have TEP calculate the ESP charges, TEP shall update the Customer's records to reflect ESP charges to the Customer based upon the pre-defined ESP Pricing Plan or charges agreed upon between the ESP and the Customer for the ESP's services. TEP will calculate both TEP and ESP charges, include all charges on the bill, and send the bill either by mail or electronic means to the Customer.
- (3) TEP bills shall include a total of ESP charges and applicable taxes, assessments and fees billed, the ESP's telephone number, and the Customer's rate schedule number or service offer. Any billing-related details of ESP charges may be provided as specified in the applicable Pricing Plan approved by the ACC. These items shall be printed with the TEP bill or electronically transmitted to the Customer.
- (4) TEP shall process Customer payments. The ESP shall receive payment for its charges as specified in this Article at Section H.7, Payment and Collection Terms.

### c. ESP's Obligations

- (1) Once a billing election is in place as specified in the ESP Service Acquisition Agreement, the ESP may offer TEP Consolidated Billing services to Direct Access Customers.
- (2) The ESP shall submit the necessary billing information to facilitate billing services under this billing option by service point, according to TEP's meter reading schedule, and pursuant to the applicable Pricing Plan. Timing of billing submittals is provided for in Section H.2.d below.

### d. Timing Requirements

- (1) Bills under this option will be rendered once a month. Nothing contained in this Article shall limit TEP's ability to render bills more frequently consistent with TEP's existing practices. However, if TEP renders bills more frequently than once a month, ESP charges need only to be calculated based on monthly billing periods.
- (2) Except as provided in Section H.2.d.1, TEP shall require that all ESP and TEP charges be based on the same billing period data.
- (3) ESP charges for normal monthly Customer billing and any adjustments for prior months' metering or billing errors must be received by TEP in EDI "810" (bill-ready data) format no later than 3:00 p.m. on the last working day of TEP's bill processing window. If billing charges have not been received from the ESP by this date, the last day of the TEP bill-processing window, TEP will render the bill for TEP charges only, without ESP charges. The ESP must wait until the next billing cycle, unless there is a mutual agreement for TEP to send an interim bill. If TEP renders the bill for TEP charges only, TEP will include a note on the bill stating that ESP charges will be forthcoming. An interim bill issued pursuant to this Section may also include a message that TEP charges were previously billed.

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- (4) ESP charges for a Physical Disconnect Final Bill must be received by 3:00 p.m. on the fifth working day following the actual disconnect date. If final billing charges have not been received from the ESP by this date, TEP will render the Customer's final bill for TEP charges only, without the ESP's final charges. If TEP renders the bill for TEP charges only, TEP will include a note on the bill stating that ESP charges will be forthcoming. The ESP must then produce a separate final bill for their charges, unless otherwise agreed upon by TEP and the ESP.

### 3. ESP Consolidated Billing

- a. TEP calculates and sends its bill-ready data to the ESP. The ESP in turn sends a consolidated bill to its Customer. The ESP shall be obligated to provide the Customer detailed TEP charges to the extent that the ESP receives such detail from TEP. The ESP is not responsible for the accuracy of TEP charges.
- b. TEP's Obligations
  - (1) TEP shall calculate all TEP charges once per month and provide these to the ESP to be included on the ESP consolidated bill or as otherwise specified.
  - (2) TEP shall provide the ESP sufficient detail of TEP charges, including any adjustments for prior months' metering and billing error, by EDI 810 format. TEP charges that are not transmitted to the ESP by 3:00 p.m. on the last working day of TEP's bill processing window need not be included in the ESP's bill. If TEP's billing charges have not been received by such date, the ESP may render the bill without TEP charges unless there is a mutual agreement to have the ESP send an interim bill to the Customer including TEP charges. If the ESP does not include such late-received charges, the ESP shall bill the charges in the next available billing cycle after receipt of the billing data from TEP. The ESP will include a message on the bill stating that TEP charges are forthcoming.
  - (3) For a Physical Disconnect Final Bill, TEP will provide the ESP with TEP's final bill charges by 3:00 p.m. on the fifth working day following the actual disconnect date. If TEP's billing charges have not been received by such date, the ESP may render the bill without TEP charges. TEP will then render a separate bill for the UDC charges, unless a mutual agreement is made between TEP and the ESP to have a final bill produced and sent to the Customer for the TEP final charges. The ESP shall include a message on the bill stating that TEP charges are forthcoming.
  - (4) TEP charges shall be calculated based on existing TEP billing cycles regardless of which party provides the meter reading. TEP charges shall be conveyed to the ESP electronically or by other means acceptable to both the ESP and TEP.
- c. ESP Obligations
  - (1) Once an ESP Service Acquisition Agreement is entered into, including an appropriate billing election, creditworthiness has been established, and all other applicable prerequisites are met, the ESP may offer consolidated billing services to Direct Access Customers they serve.

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- (2) The ESP bill shall include any billing-related details of TEP charges. The TEP charges may be printed with the ESP bill or electronically transmitted. Billing rendered on behalf of TEP by the ESP shall comply with A.A.C. R14-2-1612.
- (3) Other than including the billing data provided by TEP on the Customer's bill, the ESP has no obligations regarding the accuracy of TEP charges calculated by TEP or for disputes related to these charges. Disputed charges shall be handled according to ACC procedures.
- (4) The ESP shall process Customer payments and handle collection responsibilities. Under this billing option, the ESP must pay all TEP charges due to TEP and not disputed by the Customer pursuant to Section H.7.b.1 of this Article.
- (5) Subject to the limitations of this Section and with the written consent of the Customer, the ESP may offer Customers customized billing cycles or payment plans which permit the Customer to pay the ESP for TEP charges in different amounts than TEP charges to the ESP for any given billing period. Such plans shall not, however, affect in any manner the obligation of the ESP to pay TEP charges as billed by TEP. Should the Customer select an optional payment plan, all TEP charges must be billed in accordance with A.A.C. R14-210(G).

d. **Timing Requirements**

ESPs may render bills more or less frequently than once a month. However, TEP shall continue to bill the ESP each billing cycle period for the amounts due by the Customer for that billing month.

4. **Dual TEP/ESP Billing**

- a. TEP and the ESP each separately bill the Customer directly for services provided by them. The billing method is the sole responsibility of TEP and ESP.
- b. TEP and the ESP shall process only the Customer payments relating to their respective charges.

5. **Billing Information and Inserts**

- a. All TEP Customers, including Direct Access Customers, shall receive mandated legal, safety and other notices equally in accordance with A.A.C. R14-2-204 (B). If the ESP is providing consolidated billing, TEP shall make available one (1) copy of these notices per Customer to the ESP for distribution to Customers or, at the ESP's request, in electronic format to the ESP for production and communication to electronically billed Customers. If TEP is providing consolidated billing services, TEP shall continue to mail these notices in the billing envelope and may use the billing envelope as it does in current practices for providing such information.
- b. Under TEP Consolidated Billing, ESP bill inserts may be included pursuant to the applicable TEP Pricing Plan.

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### 6. Billing Adjustments for Meter and Billing Error

#### a. Meter and Billing Error

- (1) The MSP or MRSP (including the ESP or TEP if providing such services), whichever discovers it first, shall resolve any meter errors and must notify the ESP and TEP, as applicable, so any billing adjustments can be made. Additionally, the MSP or MRSP, whichever discovers the error or errors first, must notify all other affected parties, including the appropriate Scheduling Coordinator.
- (2) A billing error is the incorrect billing of the Customer's electrical usage. If the MSP, MRSP, ESP or TEP becomes aware of a potential billing error, the party discovering the billing error shall contact the ESP and TEP, as applicable, to investigate the error. If it is determined that there is in fact a billing error, the ESP and TEP will make any necessary adjustments, and the ESP will notify all other affected parties in a timely manner.
- (3) TEP Consolidated Billing
  - (a) TEP shall be responsible for notifying the Customer and adjusting the bill for TEP charges to the extent those charges were affected by the meter or billing error.
  - (b) The ESP shall be responsible for any recalculation of the ESP charges if the ESP is providing bill-ready data. Following the receipt of the recalculated charges from the ESP, the charges or credits will be applied to the Customer's next normal monthly bill, unless there is mutual agreement to have TEP send an interim bill to the Customer including the ESP's charges.
  - (c) TEP shall be responsible for any recalculation related to the ESP charges if TEP is calculating the ESP charges.
- (4) ESP Consolidated Billing
  - (a) The ESP shall be responsible for notifying the Customer and adjusting the bill for ESP charges to the extent those charges were affected by the meter or billing error. The Customer shall be solely responsible for obtaining refunds of ESP electric generation overcharges attributable to a fast meter from its current and prior ESPs, as appropriate.
  - (b) TEP shall transmit adjusted TEP charges and any refunds for overcharges to the ESP with the Customer's next normal monthly bill. The ESP shall apply the charges to the Customer's next normal monthly bill, unless there is a mutual agreement to have the ESP send an interim bill to the Customer including TEP's charges.
- (5) Dual TEP/ESP Billing
 

TEP and ESP shall be separately responsible for notifying the Customer and adjusting its respective bill for their charges.

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### 7. Payment and Collection Terms

#### a. TEP Consolidated Billing

- (1) TEP shall remit payments to the ESP for the total ESP charges collected from the Customer within three (3) working days after the Customer's payment is received. TEP is not required to pay amounts owed to the ESP for ESP charges billed but not received by TEP.
- (2) The Customer is obligated to pay TEP for all undisputed TEP and ESP charges consistent with existing Pricing Plans and other contractual arrangements for service between the ESP and the Customer.
- (3) The ESP is responsible for all collections related to the ESP services on the Customer's bill, including, but not limited to, security deposits and late charges unless otherwise agreed upon in the customized billing service agreement between ESP and TEP.

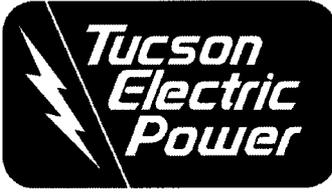
#### b. ESP Consolidated Billing

- (1) The ESP shall pay amounts owed to TEP for undisputed TEP charges whether or not the Customer has paid the ESP. Payment is due in full from the ESP within fifteen (15) business days after the date TEP's charges are rendered to the ESP. The ESP shall pay all undisputed TEP charges due TEP regardless of whether the Customer has paid the ESP. All charges received after fifteen (15) business days may be assessed applicable late fees pursuant to Article 15. If an ESP fails to pay these charges prior to the next billing cycle, TEP may revert the billing option for that ESP's Customers to Dual Billing pursuant to Section H.10.d. If an ESP is late in paying charges a deposit or additional deposit as provided for in Section H.11 of this Article may be required.
- (2) TEP shall be responsible for any follow-up inquiries with the ESP if there is question concerning the payment amount.
- (3) TEP has no payment obligations to the ESP for Customer payments under ESP Consolidated Billing services.

#### c. Dual TEP/ESP Billing

TEP and ESP are separately responsible for collection of Customer payment for their respective charges.

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### 8. Late or Partial Payments and Unpaid Bills

#### a. TEP Consolidated Billing

- (1) TEP shall not be responsible for ESP's Customer collections, collecting the unpaid balance of ESP charges from Customers, sending notices informing Customers of unpaid ESP balances, or taking any action to recover the unpaid amounts owed the ESP. The ESP shall assume any collection obligations and/or late charge assessments for late or unpaid balances related to ESP charges under this billing option.
- (2) All Customer payments shall be applied first to unpaid balances identified as TEP charges until such balances are paid in full, then applied to ESP charges. A Customer may dispute charges as provided by A.A.C. R14-2-212 and this Article, but a Customer will not otherwise have the right to direct partial payments between TEP and the ESP.
- (3) ACC rules shall apply to late or non-payment of all TEP Customer charges. Undisputed TEP delinquent balances owed on a Customer account shall be considered late and subject to TEP late payment procedures by TEP.

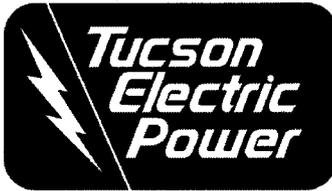
#### b. Dual TEP/ESP Billing

TEP and the ESP are responsible for collecting their respective unpaid balances, sending notices to Customers informing them of the unpaid balance, and taking appropriate actions to recover their respective unpaid balances. Customer disputes with ESP charges must be directed to the ESP and Customer disputes with TEP charges must be directed to TEP.

### 9. Service Disconnects and Reconnects

- a. In accordance with ACC rules, TEP has the right to disconnect electric service to the Customer for a variety of reasons, including, but not limited to, the non-payment of TEP final bills or any past due charges by the Customer, or evidence of safety violations, energy theft, or fraud, by the Customer. TEP will perform the disconnect for non-payment regardless of the ESP. The following provides for service disconnects and reconnects.
  - (1) TEP shall notify the Customer and the Customer's ESP of TEP's intent to disconnect electric service for the non-payment of TEP charges prior to disconnecting electric service to the Customer. TEP shall further notify the ESP at the time the Customer has been disconnected. To the extent authorized by the ACC, a service charge may be imposed on the Customer if a field call is performed to disconnect electric service.
  - (2) TEP shall reconnect electric service for an ACC-authorized service fee when the criteria for reconnection have been met to TEP's satisfaction. TEP shall notify the ESP of a Customer's reconnection.

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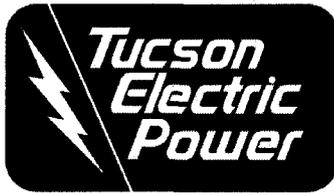
- (3) TEP shall not disconnect electric service to the Customer for the non-payment of ESP charges by the Customer. In the event of non-payment of ESP charges by the Customer, the ESP may submit a DASR requesting termination of the service agreement and request return to TEP Standard Offer Service. TEP will then advise the Customer that they will be placed on TEP Standard Offer Service unless a DASR is received from another ESP on their behalf.

### 10. Involuntary Service Changes

#### a. Service Changes

- (1) A Customer may have its service of electricity, billing, or metering from an ESP changed to another provider, including TEP, involuntarily in the following circumstances:
- (a) The ACC has decertified the ESP or the ESP otherwise receives an ACC order that prohibits the ESP from serving the Customer.
  - (b) The ESP, including its agents, has materially failed to meet its obligations under the terms of the ESP's ESP Service Acquisition Agreement with TEP (including applicable Pricing Plans and schedules) so as to constitute an Event of Default under the terms of the ESP Service Acquisition Agreement, and TEP exercises its contractual right to terminate the ESP Service Acquisition Agreement.
  - (c) The ESP has materially failed to meet its obligations under the terms of the ESP Service Acquisition Agreement (including applicable Pricing Plans and schedules) so as to constitute an Event of Default and TEP exercises a contractual right to change billing options.
  - (d) The ESP ceases to perform by failing to provide schedules through a Scheduling Coordinator wherever such schedules are required, or the ESP fails to have a Service Acquisition Agreement in place with a Scheduling Coordinator.
  - (e) The Customer fails to meet its Direct Access requirements and obligations under the ACC rules and TEP's Pricing Plans and schedules.

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**b. Change of Service Election in Exigent Circumstances**

In the event TEP finds that an ESP or the Customer has materially failed to meet its obligations under this Article or the ESP Service Acquisition Agreement such that TEP elects to invoke its remedies under this Section H.10 (other than termination of ESP Consolidated Billing under Section H.10.a.1.c) and the failure constitutes an emergency (defined as posing a substantial threat to the reliability of the electric system or to public health and safety), or the failure relates to ESP's sale of unscheduled energy, TEP may initiate a change in the Customer's service election, or terminate an ESP's ability to offer certain services under Direct Access. In such case, TEP shall initiate the change or termination by preparing a DASR, but the change or termination may be made immediately notwithstanding the applicable DASR processing times set forth in this Article. TEP shall provide such notice and opportunity to cure the problem as is reasonable under the circumstances, if any is reasonable. Additionally, TEP shall notify the ACC of the circumstances that required the change or the termination and the resulting action taken by TEP. The ESP and/or Customer shall have the right to seek an order from the ACC restoring the Customer's service election and/or the ESP's ability to offer services. Unless expressly ordered by the ACC, the provisions of this section shall not disconnect electric service provided to the Customer other than as provided in Section G.7.b.2 of this Article.

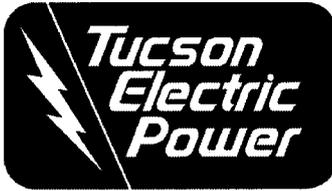
**c. Change in Service Election Absent Exigent Circumstances**

(1) In the event TEP finds that an ESP has materially failed to meet its obligations under this Article or the ESP Service Acquisition Agreement such that TEP seeks to invoke its remedies under this Section H.10 (other than termination of ESP Consolidated Billing under Section H.10.a.1.c), and the failure does not constitute an emergency (as defined in Section 7.10.2.1) or involve an ESP's unauthorized energy use, TEP shall notify the ESP and the ACC of such finding in writing stating the following:

- (a) The nature of the alleged failure;
- (b) The actions necessary to cure the failure; and
- (c) The name, address and telephone number of a contact person at TEP authorized to discuss resolution of the failure.

(2) The ESP shall have thirty (30) calendar days from receipt of such notice to cure the alleged failure or reach an agreement with TEP regarding the alleged failure. If the failure is not cured and no agreement is reached between TEP and the ESP following this thirty (30) day period, TEP may initiate the DASR process set forth in this Article to accomplish its remedy and shall notify the Customers of such remedy. Unless expressly ordered by the ACC, the provisions of this section shall not disconnect electric service provided to the Customer other than as provided in Section G.7.b.2 of this Article.

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d. Termination of ESP Consolidated Billing

- (1) ESP Consolidated Billing may be terminated under the circumstances set forth in this Section H.10.d. This Section H.10.d sets forth the notice and opportunity to cure provisions applicable to defaults that permit a remedy of terminating ESP Consolidated Billing under this Article (which is incorporated by reference in the ESP Service Acquisition Agreement)
- (2) TEP may terminate ESP Consolidated Billing under the following circumstances:
  - (a) If TEP finds that the information provided by the ESP in the ESP Service Acquisition Agreement is materially false, incomplete or inaccurate; the ESP attempts to avoid payment of ACC-authorized TEP charges; or the ESP files for bankruptcy, fails to have an involuntary bankruptcy proceeding filed against the ESP dismissed within sixty (60) calendar days, admits insolvency, makes a general assignment for the benefit of creditors, is unable to pay its debts as they mature, or has a trustee or receiver appointed over all or a substantial portion of its assets, TEP shall notify affected Customers that ESP Consolidated Billing services will be terminated, and TEP may switch affected Customers to Dual Billing as promptly as possible.
  - (b) If the ESP fails to pay TEP (or dispute payment pursuant to the procedures set forth in this Article) the full amount of all TEP charges and fees by the applicable due date, TEP shall notify the ESP of the past due amount within two (2) working days of the applicable past due date. If the ESP incurs late charges on more than three (3) occasions or fails to pay overdue amounts including late charges within five (5) working days of the receipt of notice by TEP, TEP may notify the ESP's Customers and the ESP that ESP Consolidated Billing services will be terminated, and that Customers shall be switched to Dual Billing.
  - (c) If the ESP fails to comply within thirty (30) calendar days of the receipt of notice from TEP of any additional credit, security or deposit requirements set forth in Sections F.6 and H.11 of this Article, TEP may notify the ESP that ESP Consolidated Billing services will be terminated, and that Customers shall be switched to Dual Billing.
- (3) Upon termination of ESP Consolidated Billing pursuant to this Section H.10.d, TEP may deliver a separate bill for all TEP charges that were not previously billed by the ESP.
- (4) TEP may reinstate the ESP's eligibility to engage in ESP Consolidated Billing upon a reasonable showing by the ESP that the problems causing the revocation of ESP Consolidated Billing have been cured, including payment of any late charges, reestablishing credit requirements in compliance with Sections F.6 and H.11, and payment to TEP of all costs associated with changing ESP Customers' billing elections to and from dual billing.
- (5) In the event TEP terminates ESP Consolidated Billing, TEP will return any security posted by the ESP pursuant to the ESP Service Acquisition Agreement.

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- e. Upon termination of ESP Direct Access services pursuant to this Section H.10, the provision of the affected service(s) shall be assumed by another eligible ESP from which the Customer elects to obtain the affected service(s). Absent an election by the Customer, TEP shall provide such services, until such time that the Customer makes an election.
- f. TEP shall not use involuntary service changes in an anticompetitive or discriminatory manner.

### 11. ESP Security Deposits

- a. TEP may, at its discretion, require cash security deposits from any ESP that has on more than one occasion failed to timely pay TEP charges or ACC-approved Direct Access charges, such as DASR fees, meter or billing error or service fees, and other fees applicable to an ESP through this Article and TEP's other Pricing Plans and schedules.
- b. The amount of the security deposit required shall not exceed two and one-half (2.5) times the estimated maximum monthly bill to the ESP for such charges, and a separate security deposit may be required for separate categories of ESP or Direct Access charges.
- c. Security deposits required pursuant to this Section H.11 shall be in the form of a cash deposit or other acceptable means of security accruing interest as specified in TEP's Article 3. TEP shall issue the ESP a nonnegotiable receipt for the amount of the deposit.
- d. TEP may refuse to accept DASRs from, or provide other TEP services to, an ESP that fails to comply with ten (10) business days to a demand that the ESP establish a security deposit pursuant to this Section H.11.

### J. Meter Services

- 1. Under Direct Access, ESPs may offer certain metering services for Direct Access implementation, including meter ownership, (MSP) and (MRSP) services.
- 2. TEP has the right to offer the following meter services:
  - a. Metering and Meter Reading for Residential Load-Profiled Customers.
  - b. All competitive Metering or Meter Reading services as authorized pursuant to Rule R14-2-1615.
  - c. Other services as authorized by the ACC.
- 3. TEP reserves the right to perform meter disconnects, regardless of meter ownership, in cases of non-payment for TEP charges.

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4. An ESP may sub-contract Metering or Meter Reading Services to a qualified third party. If the ESP sub-contracts any of the components of these services to a third party, the ESP shall, for the purposes of this Article, remain responsible for the services.
  
5. ESPs providing Metering or Meter Reading Services to Direct Access Customers either on their own or through a third party assume full responsibility for meeting the applicable meter and communication standards, as well as assuming responsibility for the safe installation and operation of the meter and any personal injuries and damage caused to Customer or TEP property by the meter or its installation. This liability will lie with the ESP regardless of whether the ESP or its subcontractors perform the work.
  
6. Meter Specifications
  - a. The Director of Utilities Division of the ACC has determined the following specifications and standards shall apply to competitive metering where applicable:
  
  - b. Metering standards (American National Standards Institute):
 

ANSI C12.1	Code for Electricity Metering
ANSI C12.6	Marketing & Arrangement of Terminals for Phase Shifting Devices used in Metering
ANSI C12.7	Watt-hour Meter Socket
ANSI C12.10	Electromechanical Watt-hour Meters
ANSI C12.13	Electronic TOU Registers for Electricity Meters
ANSI C12.18	Type 2 Optical Port
ANSI C12.20	0.2% & 0.5% Accuracy Class Meters
ANSI C37.90	Surge Withstand Test
ANSI 57.13	Instrument Transformers (All CTs & PTs)
ANSI Z1.4	Sampling Procedures and Tables for Inspection
ANSI Z1.9	Sampling Procedures and Tables for Inspection
  
  - c. EEI Electricity Metering Handbook
  
  - d. Electric Utilities Service Equipment Requirements Committee ("EUSERC")

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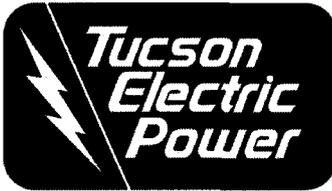


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- e. National Electric Code ("NEC") & Local Requirements
  - f. TEP Electric Service Requirements Handbook
  - g. National Electrical Safety Code
  - h. ESPs or their contractors providing competitive metering services shall also comply with such other specifications or standards determined to be applicable or appropriate by the ACC's Director of Utilities Division.
7. Meter Conformity
- a. All Direct Access meters shall have a visual kWh display and must have a physical interface to enable on-site interrogation of all stored meter data. All meters installed must support the Customer's TEP Pricing Plan.
  - b. If TEP is providing MRSP functions for the ESP, meters must be compatible with TEP's meter reading system.
  - c. No meter or associated metering equipment shall be set or allowed to remain in service if it is determined that the meter or its associated equipment did not meet TEP's existing approved specifications, as set forth in TEP's Electric Service Requirements Manual in place at the time of installation.
8. Meter Testing
- a. If a manufacturer's sealed meter has not previously been set and the meter was tested within the last twelve (12) months, the meter shall be deemed in compliance with ACC standards without additional testing.
  - b. Any meter removed from service shall receive a calibration test prior to reinstallation.
  - c. Records on calibration shall be maintained by the MSP and provided to the requesting parties within three (3) working days of such a request for such records. The latest calibration record shall be kept as long as the meter is in service.
9. Meter Test Requests
- a. Pursuant to A.A.C. R14-209 (F), either party may request that the other party perform a meter test, in which instance the requesting party is entitled to witness the test if it so chooses.
  - b. The requesting party shall be notified of the test date and written test results from the testing party. If the meter is found to be within ACC-approved standards, the requesting party shall reimburse the other party for all costs incurred in the process of testing the meter (per ACC-approved Pricing Plans).

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- c. The MSP shall take reasonable measures to detect meter error. The MSP shall notify TEP as soon as it becomes aware of any meter that is not operating in compliance with ACC performance specifications. The MSP shall make any repairs or changes required to correct the error and notify TEP's Meter Services Department.

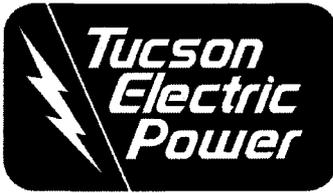
### 10. Meter Identification

- a. The ESP or its agent shall install a Universal Meter Identifier ("UMI") as prescribed in the ACC Competition Rules. This UMI sticker must be readily visible from the front of the meter.
- b. When an ESP installs either its own meter or a Customer owned meter, the ring or lock ring must be secured with an orange seal that is imprinted with the name of the load serving ESP's name or logo or their agent.

### 11. Installation of Metering Equipment

- a. All metering equipment shall be installed according to all applicable ACC requirements and TEP's Electric Service Requirements Manual, Rules and Regulations.
- b. An ESP or its agent must be authorized by TEP to remove a TEP-owned meter or PTs and CTs. Once authorized, when the ESP or its agent intends to remove a TEP meter with or without CTs and PTs and install a new meter with or without CTs and PTs in its place, the ESP or its agent must first notify TEP's Meter Services Department.
- c. The ESP or its agent shall inform TEP's Meter Services Department of all meter activity, such as meter installations, exchanges, CT and PT exchanges within the time frames specified above. Additionally, the ESP must provide TEP with the most recent meter calibration test data. If final meter reads are not provided to TEP, are inaccurate, or otherwise result in TEP not being able to render accurate final bills to Customers pursuant to ACC Rules and Regulations, the ESP shall be responsible for any unbilled, disputed, or unrecoverable amounts and applicable late charges. If TEP is acting as the MRSP for an ESP, and final meter reads are not provided to the ESP, are inaccurate, or otherwise result in the ESP not being able to render accurate final bills to Customers pursuant to ACC Rules and Regulations, TEP shall be responsible for any unbilled, disputed, or unrecoverable amounts and applicable late charges.
- d. The ESP or its agent shall return the existing meter with any removed PTs and CTs to TEP at one of TEP's designated locations throughout TEP's service territory within fifteen (15) working days after its removal, or be charged the cost of the meter and metering equipment and/or any other charges per the applicable ACC-approved Pricing Plan. The ESP or its agent shall be responsible for damage to the meter and/or metering equipment occurring during shipment. TEP shall return the existing ESP meter with any removed PTs and CTs owned by the ESP or its agent to the ESP at one of the ESP's designated locations throughout TEP's service territory within fifteen (15) working days after its removal, or be charged the cost of the meter and metering equipment and/or any other charges per the applicable ACC-approved Pricing Plan. TEP shall be responsible for damage to the meter and/or metering equipment occurring during shipment.

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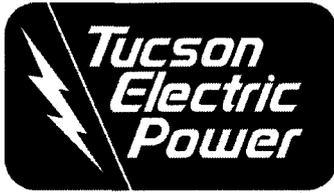
### 12. On-Site Inspections/Site Meets

- a. TEP may perform on-site inspections of meter installations. The ESP shall be notified if the inspections uncover any material non-compliance by the MSP with the approved specifications and standards.
- b. For new construction, TEP shall ensure that the owner/builder has met the construction standards outlined in the TEP Electric Service Requirements Manual, as well as local municipal agency requirements, and any updates, supplements, amendments and other changes that may be made to this manual and requirements. TEP shall perform a pre-installation inspection on all new construction. Local city/county clearances will also be required prior to energizing any new construction.
- c. TEP may require a site meet to exchange or remove an IDR meter which requires an optical device to retrieve interval data; an existing totalized metering installation; a restricted access location for which TEP forbids key access; co-generation, bi-directional or detented metering; or on request of an ESP or MSP. The ESP and TEP's Meter Services Department shall coordinate the time of the site meet. If the ESP or MSP misses two (2) site meets, TEP may cancel the applicable DASR.
- d. TEP may charge for a site meet requested by the ESP or MSP, or if the ESP or MSP fails to arrive within thirty (30) minutes of the appointment time, or if the ESP fails to cancel a site meet at least one (1) working day in advance of the appointment time. The ESP or MSP may charge for a site meet requested by TEP under the same conditions specified herein.

### 13. Meter Service Options and Obligations

- a. Meter Ownership shall be limited to TEP, an ESP, or the Customer. The Customer must obtain the meter through TEP or an ESP. Although a Customer may own the electric meter, maintenance and servicing of the metering equipment shall be limited to TEP, the ESP, or the ESP's agent.
- b. If the ESP or Customer owns the meter, the ESP may purchase the existing CTs and PTs and/or associated metering equipment from TEP. If the ESP chooses not to purchase the CTs and PTs and/or associated equipment, the ESP will still retain responsibility for maintaining and replacing CTs and PTs and/or associated equipment.
- c. The following provisions apply to the ownership of CTs and PTs:
  - (1) For distribution voltages up to 25kv, the ESP or TEP shall own the CTs and PTs. For transmission primary voltages (over 25kv), the CTs and PTs shall be owned by TEP. ESP-owned CTs & PTs must meet TEP specifications. No CTs and PTs or associated metering equipment shall be set or allowed to remain in service if it is determined that the CTs and PTs or its associated equipment did not meet TEP's approved specifications, as set forth in TEP's Electric Service Requirements Manual, in place at the time of installation.

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- d. All CT-rated meter installations shall utilize safety test switches, and all self-contained commercial metering shall utilize safety-test blocks as provided in the TEP Electric Service Requirements Manual. During meter exchanges, the ESP or its agent's employees who are certified to perform the related MSP activities may install, replace or operate TEP test switches and operate TEP-sealed Customer-owned test blocks.
- e. Direct Access premises with multiple service entrance sections will be considered separately for metering purposes. Existing totalizing installations will be discontinued upon a Customer's entrance into Direct Access.

### 14. Installation Options

- a. The ESP may choose from the following list of options for meter installation:
  - (1) ESP owned/ESP installed metering
  - (2) ESP owned/TEP installed metering
  - (3) Customer owned/ESP installed metering
  - (4) Customer owned/TEP installed metering
  - (5) TEP owned/TEP installed metering
- b. ESP or their agents must be certified by the ACC in order to offer MSP services. The policies and procedures described in this Section assume that the MSP service provider and his meter installers have ACC certification. ESPs may elect to offer metering services by:
  - (1) Becoming a certified Metering Service Provider.
  - (2) Subcontracting with a third party that is a certified MSP.
  - (3) Subcontracting with TEP under the circumstances described in Section 1.2 of this Article.

### 15. ESP's Obligations When Providing Metering Services

- a. If lock rings are used, they shall meet TEP requirements and protocols.
- b. Provide information to TEP on the specifications and other specifics on meters not purchased from or installed by TEP.

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- c. For Customers transferring from Direct Access to Standard Offer service, the ESP shall either allow TEP to remove the Customer's meter, or schedule a joint meet to remove the meter. If the ESP allows TEP to remove meters, the ESP shall coordinate with TEP's Meter Services Department regarding the return of the ESP's meters, which shall be to a location within TEP's service territory. For Customers transferring from Standard Offer to Direct Access Service, TEP shall either allow the ESP to remove the Customer's meter, or schedule a joint meet to remove the meter. If TEP allows the ESP to remove meters, TEP shall coordinate with the ESP or its agent regarding the return of TEP's meters.
  - d. Be responsible for obtaining and providing reads from any meter that it installs from the time it is installed to the time it is removed or until meter reading responsibilities are assumed by another ESP or the Customer returns to Standard Offer service.
  - e. Ensure that ESP and MSP employees working in TEP territory follow ACC and other applicable safety standards.
  - f. In the event that unauthorized energy use is suspected and a safety hazard exists, notify TEP immediately, or within twenty-four (24) hours for non-safety issues, and cooperate with TEP in response thereto.
  - g. ESPs and their agents shall take no action to impede TEP's safe and unrestricted access to a Customer's service entrance.
  - h. Glass over any socket when a meter is removed and a new meter is not installed.
16. ESP's Obligations When Providing MRSP Services
- a. MRSP functions shall be performed by certified MRSPs on the ESP's behalf in accordance with ACC regulations, and shall be the responsibility of the party specified in the DASR. MRSP obligations and responsibilities are as stated in the ACC's Rules and requirements and include:
    - (1) Meter data for Direct Access Customers shall be read, validated, edited, and transferred pursuant to ACC-approved standards.
    - (2) Both TEP and ESP shall have 24-hour/7 days per week access to the MRSP server.
    - (3) Meter read data including reads as well as the validated usage shall be posted to the MRSP server using EDI "867" format. Estimated reads, along with reasons for the estimate, shall be included with the reads on the MRSP server. The EDI format specification includes the estimated read reason codes to be used.
    - (4) The MRSP shall provide TEP with access to meter data at the MRSP server as required, to allow the proper performance of billing and settlement.
    - (5) MRSPs shall read the Customer's meter on the TEP read cycle. MRSP shall provide TEP with meter reading data in a manner that conforms to TEP's billing cycles in accordance with A.A.C. R14-2-209.

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- (6) The MRSP shall provide re-reads or read verifies within ten (10) working days of a request by TEP or the Customer. The requesting party may be charged per the applicable ACC-approved Pricing Plan if the original read was not in error.

### 17. Meter Reading Data Obligations

#### a. Accuracy for All Meters

- (1) Meter clocks shall be maintained according to Arizona time within +/- three (3) minutes of the National Time Standard.
- (2) Meter read date and time shall be accurate.
- (3) All meter reading data shall be validated with the applicable ACC-approved requirements.

#### b. Timeliness for Validated Meter Reading Data

- (1) Pursuant to guidelines established by the Utilities Division Director timeliness requirements for the delivery of data, one hundred percent (100%) of the validated meter reads shall be available by 3:00 p.m. local Arizona time on the third working day after the scheduled read date. If the meter reads are not posted or available or are posted clearly in error by 3:00 p.m. on the third working day after the scheduled read date, the read may be estimated or read by TEP and the ESP shall be charged an ACC-approved fee for this service. For newly installed IDR meters, IDR reads shall include the meter read, the interval data and enough information to calculate the read and total consumption to the exact cut-over date and time.

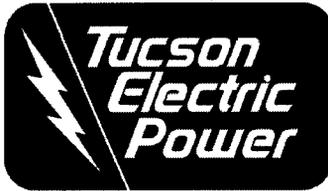
#### c. Proof of Operational Ability

- (1) Prior to performing MRSP services in TEP's distribution service territory, or prior to making any significant change in MRSP service methodology, each MRSP will perform compliance testing to demonstrate its ability to read meters, validate data, edit data, estimate missing data and post validated data in TEP-compatible EDI format to the MRSP server. In addition, upon installation of the initial meter on Direct Access accounts in TEP's distribution service territory, each MRSP shall prove its ability to read its meters and post validated data in TEP-compatible EDI format to the MRSP server. If the MRSP is unsuccessful in its attempts to meet these requirements, all subsequent requests for meter exchanges will be postponed until the MRSP successfully demonstrates its operational ability.

#### d. Retention and Format for Meter Reading Data

- (1) All meter reading data for a Customer shall remain posted on the MRSP server for five (5) working days and will be recoverable for at least three (3) years.
- (2) Meter reading data posted to the MRSP server shall be stored in TEP-compatible EDI format.

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### 18. Non-Conforming Meters, Meter Errors and Meter Reading Errors

- a. Whenever TEP, the ESP or its agents becomes aware of any non-conforming meters, erroneous meter services and/or meter reading services that impact billing, it shall promptly notify the other parties and the Customer in question. Bills found to be in error due to non-conforming meters or errors in meter services or meter reading services will be corrected by the appropriate parties.
- b. In cases of meter failure or non-compliance, the ESP or its agents shall have five (5) working days to correct the non-compliance. If the non-compliance is not remedied within five (5) working days, the following actions may apply:
  - (1) A site meeting may be required when services are being performed. The non-compliant party will be charged an ACC-approved Pricing Plan for the meeting.
  - (2) TEP may repair the defect, and the other party shall be responsible for all related expenses.
  - (3) Upon a demonstrated pattern of non-compliance (with ACC requirements and this Article) and failure to correct the problem in a timely manner, TEP may give written notice to the non-compliant party and to the ACC. After five (5) working days, TEP may suspend processing DASRs from an ESP that uses an MSP or MRSP that is non-compliant until such non-compliance is corrected to TEP's satisfaction.
  - (4) A pattern of non-compliance by an ESP is defined by the following conditions:
    - (a) If more than one percent (1%) of the service points served by an ESP, or five (5) service points, whichever is greater, are found to be non-conforming and are not corrected during the first six (6) months of Direct Access participation by that ESP.
    - (b) More than one-half of one percent (0.5%), or three (3) service points, whichever is greater, are found to be non-conforming and are not corrected during any six (6) consecutive months thereafter.
- c. TEP may refuse to enter into a new ESP Service Acquisition Agreement, or cancel an existing ESP Service Acquisition Agreement pursuant to Section H.10.a.1.b, with any ESP that has a demonstrated pattern of uncorrected non-compliance as established above. This provision shall not apply if the alleged demonstrated pattern of non-compliance or correction thereof is disputed and is pending before any agency or entity with jurisdiction to resolve the dispute.

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**RETURNING CUSTOMER  
DIRECT ACCESS CHARGE  
(RCDAC)**



## Pricing Plan Rider-3 Returning Customer Direct Access Charge (RCDAC)

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### **Application**

The Returning Customers Direct Access Charge ("RCDAC") shall apply to customers, or an aggregated group of customers, of 3 MW or greater who left Standard Offer or special contract service for competitive generation suppliers and desire to return to Standard Offer service. Customers that have been Direct Access customers since the origination of their Tucson Electric Power ("TEP") service that requested Standard Offer service are considered to be returning customers. The RCDAC can only be applied if the customer(s) wants to return to Standard Offer service and the Company did not include their load in planned resource acquisitions. If TEP is provided one year's advance notice of the customer's intent to return to Standard Offer service then they will not be assessed RCDAC. TEP may create a special RCDAC in each individual case and require the customer(s) to enter into a service agreement that specifies the charge, its duration, and how it will be applied and collected. In situations where an aggregated group of customers wish to return, each customer from the group will be charged the same rate for the same duration and an Electric Service Agreement will be required from each customer. All provisions of the customer's current applicable rate schedule will apply in addition to this charge.

### **Rate**

The charge will be identified in the Electric Service Agreement between the Customer and the Company and will be in addition to the Standard Offer service charges. The RCDAC will be based on the cost differential between the applicable Standard Offer rate generation component and the cost of the resources required to enter into RCDAC agreements will be kept separate from the retail power supply costs subject to recovery through the Power Supply Adjustment. The types of costs that will be used to develop the RCDAC are incremental Power Supply, Transmission, Ancillary Services and Metering Services. These costs will be amortized over an appropriate period to allow their timely recovery. In no event, however, will the RCDAC last longer than twelve (12) months for an individual customer.

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