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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

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AZ CORP COMMISSION

JIM IRVIN  
Commissioner - Chairman  
RENZ D. JENNINGS  
Commissioner  
CARL J. KUNASEK  
Commissioner

DOCKETED BY *Juel*

IN THE MATTER OF TUCSON ELECTRIC ) DOCKET NO. E-01933A-97-0772  
POWER COMPANY'S UNBUNDLED SERVICE )  
TARIFFS PURSUANT TO A.A.C. R14-2-1606. ) NOTICE OF FILING  
)

Pursuant to A.A.C. R14-2-1606 under the Retail Electric Competition Rules ("Rules"), Tucson Electric Power Company ("TEP") hereby files with the Arizona Corporation Commission ("Commission") its Unbundled Service tariffs.

UNBUNDLED SERVICE TARIFFS

Pursuant to A.A.C. R14-2-1606.C, TEP's Unbundled Service Tariffs include the following:  
(1) Distribution Services; (2) Meter and meter reading services; (3) Billing and collection services; (4) TEP's FERC Open Access Transmission Tariff including Ancillary Services (attached hereto and incorporated by reference); and (5) Other ancillary services necessary for safe and reliable system operation (i.e., distribution-related must-run generation). Also included is a charge for providing customer data as required by the Rules. TEP unbundled current rates by utilizing its filing in Docket No. U-1933-95-317. TEP adjusted the filing to reflect the 1996 Settlement Agreement that was approved by the Commission in Decision No. 59594 ("Decision"). Finally, TEP is evaluating green pricing options and intends to file a green pricing tariff in the near future.

STANDARD OFFER TARIFF

Pursuant to A.A.C. R14-2-1606.B.1, TEP at this time requests that its Standard Offer Bundled Service be considered the rates and services in existence as of December 31, 1997.

\* \* \* \* \*

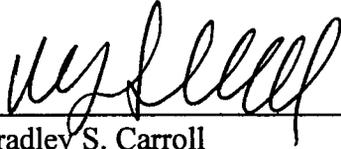
These tariffs represent TEP's best effort in attempting to comply with the Rules despite the lack of specificity therein and the lack of direction from the working group process. However, as many of the Affected Utilities under the Rules have requested a three month extension of time to file

1 their respective tariffs, in order for Affected Utilities to be treated equally in a competitive  
2 environment, TEP requests that the Commission stay the review and approval process until such  
3 time that *all* Affected Utilities have complied with A.A.C. R14-2-1606. Consequently, TEP reserves  
4 the right to modify its tariffs accordingly.

5 On the basis of the foregoing, TEP requests that the Commission approve the attached rates  
6 for service in accordance with A.A.C. R14-2-1606.G.

7 RESPECTFULLY SUBMITTED this 30th day of December, 1997.

8 TUCSON ELECTRIC POWER COMPANY

9  
10 By: 

11 \_\_\_\_\_  
12 Bradley S. Carroll  
13 Counsel, Regulatory Affairs  
14 Legal Department - DB203  
15 220 West Sixth Street - P.O. Box 711  
16 Tucson, Arizona 85702

17 **Original and ten copies of the foregoing sent via**  
18 **Federal Express this 30th day of December, 1997, to:**

19 Docket Control  
20 ARIZONA CORPORATION COMMISSION  
21 1200 West Washington Street  
22 Phoenix, Arizona 85007

23 **Copy of the foregoing sent via Federal**  
24 **Express this 30th day of December, 1997, to:**

25 Jerry L. Rudibaugh, Chief Hearing Officer  
26 Hearing Division  
27 ARIZONA CORPORATION COMMISSION  
28 1200 West Washington Street  
29 Phoenix, Arizona 85007

30 David P. Jankofsky, Assistant Director  
Utilities Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, Arizona 85007

Paul Bullis, Chief Counsel  
Legal Division  
ARIZONA CORPORATION COMMISSION  
3 1200 West Washington Street  
4 Phoenix, Arizona 85007

5 **Copy of the foregoing sent via U.S. Mail**  
6 **this 31st day of December, 1997, to:**

7 Greg Patterson, Director  
8 Residential Utility Consumer Office  
9 2828 N. Central Ave., Suite 1200  
Phoenix, Arizona 85004

10  
11  
12 By: Sandy Waters  
13 Sandy Waters  
14 Legal Secretary  
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**TUCSON ELECTRIC POWER COMPANY**

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Energy Services

District: Entire Electric Service Area

Tariff No. \_\_\_\_\_

Sheet No. 1 of 5

Revision No. \_\_\_\_\_

Effective: \_\_\_\_\_

**DISTRIBUTION SERVICE-SCHEDULE NO. 900**

**AVAILABILITY**

In all territory served by Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served.

**APPLICABILITY**

Consistent with the Company's other schedules for residential, general service, large lighting and power, private street and area lighting, and services to public authorities.

**CHARACTER OF SERVICE**

Consistent with the Company's other schedules for residential, general service, large lighting and power, private street and area lighting, and services to public authorities.

**PRICES**

A monthly net bill at the following rates based on unbundled services provided to customer plus any adjustments incorporated in this rate schedule:

***Residential (01,70)***

*Distribution Service*

Distribution-Related Local Production	\$0.00509	Per kWh
Distribution Primary	\$0.00953	Per kWh
Distribution Secondary	\$0.00431	Per kWh
Distribution-Related Local Fuel	<u>\$0.00220</u>	Per kWh
	\$0.02113	

*System Benefits Charge*

Demand Side Management	\$0.00057	Per kWh
Uncollectible Accounts	\$0.00026	Per kWh
Customer Information and Lifeline Discount	<u>\$0.00096</u>	Per kWh
	\$0.00179	

*Customer Charge*

Customer Service Drop	\$1.930	Per Month
Customer Accounting	\$2.837	Per Month
Customer Meter	<u>\$0.922</u>	Per Month
	\$5.689	

**TUCSON ELECTRIC POWER COMPANY**

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Energy Services

District: Entire Electric Service Area

Tariff No. \_\_\_\_\_

Sheet No. 2 of 5

Revision No. \_\_\_\_\_

Effective: \_\_\_\_\_

**General Service (10,76)**

	<u>Secondary</u>	<u>Primary</u>	
<i>Distribution Service</i>			
Distribution-Related Local Production	\$0.00556	\$0.00546	Per kWh
Distribution Primary	\$0.01078	\$0.01057	Per kWh
Distribution Secondary	\$0.00487	N/A	Per kWh
Distribution-Related Local Fuel	<u>\$0.00221</u>	<u>\$0.00218</u>	Per kWh
	\$0.02342	\$0.01821	
<i>System Benefits Charge</i>			
Demand Side Management	\$0.00048	\$0.00047	Per kWh
Uncollectible Accounts	\$0.00022	\$0.00021	Per kWh
Customer Information and Lifeline Discount	<u>\$0.00080</u>	<u>\$0.00079</u>	Per kWh
	\$0.00150	\$0.00147	
<i>Customer Charge</i>			
Customer Service Drop	\$1.950	\$1.950	Per Month
Customer Accounting	\$2.867	\$2.867	Per Month
Customer Meter	<u>\$2.202</u>	<u>\$2.202</u>	Per Month
	\$7.019	\$7.019	

**Mobile Home Park (11)**

	<u>Secondary</u>	<u>Primary</u>	
<i>Distribution Service</i>			
Distribution-Related Local Production	\$0.00478	\$0.00469	Per kWh
Distribution Primary	\$0.01081	\$0.01060	Per kWh
Distribution Secondary	\$0.00489	N/A	Per kWh
Distribution-Related Local Fuel	<u>\$0.00219</u>	<u>\$0.00216</u>	Per kWh
	\$0.02267	\$0.01745	
<i>System Benefits Charge</i>			
Demand Side Management	\$0.00047	\$0.00047	Per kWh
Uncollectible Accounts	\$0.00021	\$0.00021	Per kWh
Customer Information and Lifeline Discount	<u>\$0.00080</u>	<u>\$0.00078</u>	Per kWh
	\$0.00148	\$0.00146	
<i>Customer Charge</i>			
Customer Service Drop	\$1.951	\$1.951	Per Month
Customer Accounting	\$2.868	\$2.868	Per Month
Customer Meter	<u>\$5.874</u>	<u>\$5.874</u>	Per Month
	\$10.693	\$10.693	

**TUCSON ELECTRIC POWER COMPANY**

Tucson, Arizona

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Tariff No. \_\_\_\_\_

Sheet No. 3 of 5

Revision No. \_\_\_\_\_

Effective: \_\_\_\_\_

**Interruptible Agricultural Pumping (31)**

*Distribution Service*

Distribution-Related Local Production	\$0.00502	Per kWh
Distribution Primary	\$0.00788	Per kWh
Distribution Secondary	\$0.00356	Per kWh
Distribution-Related Local Fuel	<u>\$0.00221</u>	Per kWh
	\$0.01867	

*System Benefits Charge*

Demand Side Management	\$0.00047	Per kWh
Uncollectible Accounts	\$0.00021	Per kWh
Customer Information and Lifeline Discount	<u>\$0.00080</u>	Per kWh
	\$0.00148	

*Customer Charge*

Customer Service Drop	\$1.971	Per Month
Customer Accounting	\$2.897	Per Month
Customer Meter	<u>\$5.934</u>	Per Month
	\$10.802	

**Large General Service (13,85)**

	<u>Secondary</u>	<u>Primary</u>	
<i>Distribution Service</i>			
Demand Charge (Distribution-Related Local Production)	\$1.66750	\$1.66750	Per kW-Month
Distribution Primary	\$0.00664	\$0.00651	Per kWh
Distribution Secondary	\$0.00300	N/A	Per kWh
Distribution-Related Local Fuel	<u>\$0.00220</u>	<u>\$0.00216</u>	Per kWh
	\$0.01184	\$0.00867	
<i>System Benefits Charge</i>			
Demand Side Management	\$0.00047	\$0.00047	Per kWh
Uncollectible Accounts	\$0.00021	\$0.00021	Per kWh
Customer Information and Lifeline Discount	<u>\$0.00080</u>	<u>\$0.00078</u>	Per kWh
	\$0.00148	\$0.00146	
<i>Customer Charge</i>			
Customer Service Drop	\$1.763	\$1.763	Per Month
Customer Accounting	\$2.591	\$2.591	Per Month
Customer Meter	<u>\$10.781</u>	<u>\$10.781</u>	Per Month
	\$15.135	\$15.135	

**Note:**

LGS Customers shall be billed for a minimum of two hundred kW-month.

**TUCSON ELECTRIC POWER COMPANY**

Tucson, Arizona

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District: Entire Electric Service Area

Tariff No. \_\_\_\_\_

Sheet No. 4 of 5

Revision No. \_\_\_\_\_

Effective: \_\_\_\_\_

**Large Lighting & Power (14,90)**

*Distribution Service*

Demand Charge (Distribution-Related

Local Production)

\$2.34072 Per kW-Month

Distribution Primary

N/A Per kWh

Distribution Secondary

N/A Per kWh

Distribution-Related Local Fuel

\$0.00210 Per kWh

*System Benefits Charge*

Demand Side Management

\$0.00045 Per kWh

Uncollectible Accounts

\$0.00021 Per kWh

Customer Information and Lifeline Discount

\$0.00076 Per kWh

\$0.00142

*Customer Charge*

Customer Service Drop

N/A Per Month

Customer Accounting

\$101.384 Per Month

Customer Meter

\$556.283 Per Month

\$657.667

**Private Street and Area Lighting (41,50,51)**

*Distribution Service*

Distribution-Related Local Production

\$0.00300 Per kWh

Distribution Primary

\$0.00619 Per kWh

Distribution Secondary

\$0.00280 Per kWh

Distribution-Related Local Fuel

\$0.00219 Per kWh

\$0.01418

*System Benefits Charge*

Demand Side Management

\$0.00049 Per kWh

Uncollectible Accounts

\$0.00022 Per kWh

Customer Information and Lifeline Discount

\$0.00082 Per kWh

\$0.00153

*Customer Charge*

Customer Service Drop

\$1.971 Per Month

Customer Accounting

\$0.735 Per Month

Customer Meter

N/A Per Month

\$2.706

**Notes:**

*Actual charges shall be based on the wattage and/or type of lighting used.*

*Charges above do not include capital items assigned to lighting (e.g., poles, fixtures, lamps) and carrying costs thereof. Customer is responsible for direct assignment costs in event customer takes service from another Electric Service Provider.*

**TUCSON ELECTRIC POWER COMPANY**

Tucson, Arizona

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Tariff No. \_\_\_\_\_

Sheet No. 5 of 5

Revision No. \_\_\_\_\_

Effective: \_\_\_\_\_

**Public Authorities (40,43)**

	<u>Secondary</u>	<u>Primary</u>	
<i>Distribution Service</i>			
Distribution-Related Local Production	\$0.00455	\$0.00422	Per kWh
Distribution Primary	\$0.00654	\$0.00539	Per kWh
Distribution Secondary	\$0.00296	N/A	Per kWh
Distribution-Related Local Fuel	<u>\$0.00219</u>	<u>\$0.00216</u>	Per kWh
	\$0.01624	\$0.01177	
<i>System Benefits Charge</i>			
Demand Side Management	\$0.00044	\$0.00043	Per kWh
Uncollectible Accounts	\$0.00020	\$0.00020	Per kWh
Customer Information and Lifeline Discount	<u>\$0.00074</u>	<u>\$0.00073</u>	Per kWh
	\$0.00138	\$0.00136	
<i>Customer Charge</i>			
Customer Service Drop	\$1.971	\$1.971	Per Month
Customer Accounting	\$2.897	\$2.897	Per Month
Customer Meter	<u>\$5.934</u>	<u>\$83.442</u>	Per Month
	\$10.802	\$88.310	

**Notes:**

*Primary Service - 14 kV*

*Secondary Service - 120/240 V*

*N/A - Not Applicable*

**CUSTOMER DATA FEE**

Upon authorization by the customer, the Company shall release in a timely and useful manner that customer's demand and energy data for the most recent 12 month period to a customer-specified Electric Service Provider. A fee of \$10.00 per account will be charged.

**COMPETITION TRANSITION CHARGE**

To be determined in future Arizona Corporation Commission proceedings.

**TAX CLAUSE**

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

**ATTACHMENT I**

**Index Of Network Integration Transmission Service Customers**

<u>Customer</u>	<u>Date of Service Agreement</u>
Navajo Tribal Utility Authority	6/25/97

**ATTACHMENT H**

**Annual Transmission Revenue Requirement  
For Network Integration Transmission Service**

1. The Annual Transmission Revenue Requirement for purposes of the Network Integration EHV Transmission Service (345kV and above) shall be \$38,552,000.
2. The Annual Transmission Revenue Requirement for purposes of the Network Integration Non-EHV Transmission Service (69kV - 138kV) shall be \$15,927,091.
3. The amounts in (1) and (2) shall be effective until amended by TEP or modified by the Commission.

Regulating Margin and Operating Reserve. Any resources used by the Transmission Customer to meet its proportional share of Regulating Margin and Operating Reserve, whether the Transmission Customer's Network Resources or a third party's generating resources, shall meet the same requirements as TEP's generating resources used to meet the Regulating Margin and Operating Reserve requirements, including but not limited to, automatic generation control capability, ramp rate, and governor response, and are subject to random testing, and if applicable, a monthly start-up test.

14. ASSIGNMENT

This NOA shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns, but shall not be assigned by either Party, except to successors to all or substantially all of the electric properties and assets of such Party, without the written consent of the other.

15. NOTICE

Any notice or request made to or by either Party regarding this NOA shall be made to the representative of the other Party as indicated in the NSA.

The Tariff and the NSA are incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this NOA to be executed by their respective authorized officials.

Tucson Electric Power Company:

By: \_\_\_\_\_  
Name Title Date

Transmission Customer:

By: \_\_\_\_\_  
Name Title Date

TEP, the Transmission Customer may request a meter test by calling the designated customer account representative of TEP and shall pay for the cost of the requested test if the meter has been tested within the previous twelve (12) months. The Parties present at the meter test shall estimate the amount of capacity and energy error during the meter test. The meter owner shall immediately repair, adjust, or replace any meter or associated equipment found to be defective or inaccurate.

- d. TEP shall adjust the recorded data to compensate for the effect of an inaccurate meter. Such adjustment shall be made for a maximum period of thirty (30) days prior to the date of the test or to the period during which such inaccuracy may be determined to have existed, whichever period is shorter. No adjustment prior to the beginning of the next preceding month shall be made except by agreement of the Parties. Should any meter fail to register, TEP shall estimate, from the best information available, the demand created, energy flow, and var flows during the period of the failure. TEP shall, as soon as possible, correct the Transmission Customer's bills affected by the inaccurate meter. That correction, when made, shall constitute full adjustment of any claim arising out of the inaccurate meter for the period of the correction.

12. COMMUNICATIONS

- a. The Transmission Customer shall, at its own expense, install and maintain communication links with TEP for scheduling and real-time data.
- b. A Transmission Customer contributing to Regulating Margin and Operating Reserve requirements or securing the requirements from a third party shall, at its own expense, install and maintain telemetry equipment communicating between the generating resource and TEP.

13. REQUIREMENTS TO CONTRIBUTE TO SYSTEM REGULATION AND OPERATING RESERVE

The Transmission Customer shall operate its generating resources in a manner similar to that of TEP, including following voltage schedules, free governor response, meeting power factor requirements at the point of interconnection with the TEP system, and such other criteria as may be developed by TEP or the Network Operating Committee. The Transmission Customer shall pay the cost of modification of TEP's computer hardware and software to accommodate TEP's real-time data requirements and the Transmission Customer's contribution to

- c. Annual Forecast -- By December 1 of each year, the Transmission Customer shall update its load and resource forecast for the following year pursuant to Section 31.6 of the Tariff by providing TEP with a non-binding typical weekday and typical weekend forecast in a format specified by TEP.
- d. Monthly Forecast -- Five (5) Workdays before the end of the month, the Transmission Customer shall update the forecast for the following month specifying purchase, generation, maximum demand, total monthly energy, and System Protection Service from TEP or third party.
- e. The Transmission Customer shall telemeter to TEP real-time information including but not limited to watts, vars, generator status, breaker status, voltages and other system information as may be reasonably required by TEP.
- f. The Transmission Customer shall provide generating resource characteristics to TEP as necessary to implement redispatch and constraint and reserve management.

11. METERING

- a. The Transmission Customer shall have the right to install and maintain revenue meters and communication equipment compatible with TEP's metering reading system. Revenue quality metering shall be installed at the high voltage bus at the point of interconnection between the Transmission Customer's facility and TEP's system. The meters shall measure and record both real power (watts) and reactive power (vars) flow and line losses, if applicable, in both directions. Meters not installed at the high voltage bus or at the point of interconnection shall be adjusted for line losses, recorded by meters that compensate for transformation loss or increased by 2% per transformation.
- b. TEP shall read or retrieve meter data on the first Workday after the end of each billing cycle or such other date as may be required to carry out the provision of this Tariff. TEP shall process the meter data and determine energy imbalances, accounting, and billing using such meter data.
- c. The meter owner shall test revenue meters for power deliveries made at 46-kV and above at least once a year and within ten (10) Workdays after a request by the other Party. The other Party will be afforded the opportunity to be present during the meter test. For meters owned by

TEP's Control Area, greater than 10 MW, shall also be communicated by voice.

The Transmission Customer shall notify TEP of intended imports into the Control Area for the next normal Workday(s) by voice no later than 11:00 a.m. Mountain Standard Time. No later than 11:00 a.m. Mountain Standard Time of each normal Workday, the Transmission Customer shall finalize import preschedules by voice and transmit all the preschedules and forecasts over a data link in a format specified by TEP. The Transmission Customer shall update the preschedules and forecasts before midnight. The Transmission Customer's preschedules and forecasts shall include, as applicable:

- each import into or export out of the Control Area;
- each power purchase and sale from within the Control Area;
- losses;
- generation from each Network Resource;
- Network Load at each point designated in Section 6.2 of the NSA;
- Regulating Margin;
- Spinning or Non-Spinning Reserve from each Network Resource;
- Spinning and Non-Spinning Reserve purchased from TEP or each third party;
- the Transmission Customer's MSSC;
- available capacity from each Network Resource;
- Transmission Service associated with each preschedule and forecast;
- incremental and decremental cost data for Network Resources; and
- other information, as required by TEP.

mitigation measures to minimize operational impacts on each other's systems.

- c. Each Party recognizes that a Party's proposed new interconnection or modification of an existing interconnection between that Party's system and the system of a third party, may cause adverse anticipated effects on the system of the other party. The Party making such interconnection or modification shall minimize, or otherwise compensate for, adverse operational effects to the other Party's system.

9. SYSTEM CONDITIONS

The Parties recognize that operating and technical problems may arise in the control of the frequency and in the flow of real and reactive power over the interconnected transmission system. The Network Operating committee may adopt operating rules and procedures as necessary to assure that, as completely as practical, the delivery and receipt of real and reactive power and energy hereunder shall be accomplished in a manner that causes the least interference with such interconnected system operation.

A Transmission customer interconnecting with TEP's Transmission System is obligated to follow the same practices and procedures for interconnection and operation that TEP uses for its own load and resources.

Where the Transmission Customer purchases Ancillary Services from third parties, the Transmission Customer shall have the responsibility to secure contractual arrangements with such third parties that are consistent with the Tariff, this NOA, and any applicable rules and procedures of the Network Operating Committee.

10. DATA, INFORMATION, AND REPORTS

- a. The Transmission Customer shall, upon request, provide TEP with such reports and information concerning its network operation as are reasonably necessary to enable TEP to operate its Transmission System reliably.
- b. Scheduling -- Hourly transactions from outside of TEP's Control Area, in whole megawatts, are prescheduled by voice and sent by data link to TEP. Hourly transactions, and forecasts of generation and load from within TEP's Control Area, in whole megawatts, are prescheduled by data link. Schedules can be changed in this same manner no later than twenty (20) minutes before the schedules go into effect, provided that changes to schedules within

the required action and the Transmission Customer shall comply immediately.

- b. The Transmission Customer shall, at its own expense, provide, operate, and maintain in service high-speed, digital underfrequency load-shedding equipment. The Transmission Customer's equipment shall be:
  1. compatible and coordinated with TEP's Load Shedding equipment; and
  2. set for the amount of load to be shed.

In the event TEP modifies its load-shedding system practices, the Transmission Customer shall, at its expense, make changes to the Transmission Customer's equipment and setting of such equipment, as required. The Transmission Customer shall test and inspect the load-shedding equipment within ninety (90) days of taking Network Integration Transmission Service under the Tariff and at least once each year thereafter and provide a written report to TEP. TEP may request a test of the load-shedding equipment with reasonable notice.

8. RECOGNITION OF FLOW OF POWER AND ENERGY

- a. The Parties recognize that:
  1. TEP's Transmission System is, and will be, directly or indirectly interconnected with transmission systems owned or operated by others;
  2. the flow of power and energy between such systems will be controlled by the physical and electrical characteristics of the facilities involved and the manner in which they are operated; and
  3. part of the power and energy being delivered under this NOA may flow through such other systems rather than through the facilities of TEP.

The Network Operating Committee shall, from time to time as necessary, provide recommendations to assure maximum delivery of power and energy at the points of receipt and delivery and at such additional or alternate points of receipt and delivery as may be established by the Parties.

- b. Each Party will at all times cooperate with other interconnected systems in establishing arrangements or

year and update the information at least thirty (30) days in advance of the date specified for the forecasted maintenance outage. Such information shall include, but not be limited to, the expected time each Network Resource will be separated from the system and the time at which the unit is available for:

1. parallel operation,
  2. loading, and
  3. if applicable, to be put on automatic generation control.
- b. The Transmission Customer shall obtain:
1. concurrence from TEP, at least 72 hours before beginning any scheduled maintenance of its facilities; and
  2. clearance from TEP when the Transmission Customer is ready to begin maintenance on a Network Resource, transmission line, or substation (operated at 46-kV and above). The Transmission Customer shall immediately notify TEP at the time when any unscheduled or forced outages occur and when such unscheduled or forced outages end. The Transmission Customer shall notify and coordinate with TEP prior to reparalleling the Network Resource, transmission line, or substation.

7. LOAD SHEDDING

- a. The Parties shall implement Load Shedding programs to maintain the reliability and integrity of the Control Area, as provided in Section 34 of the Tariff. Load Shedding shall include:
1. automatic Load Shedding;
  2. manual Load Shedding; or
  3. rotating Interruption of customer load.

TEP will order Load Shedding to maintain the relative sizes of load served, unless otherwise required by circumstances beyond the control of TEP or the Transmission Customer. Automatic Load Shedding devices will operate without notice. When manual Load Shedding or rotating Interruptions are necessary, TEP shall notify the Transmission Customer's dispatchers or schedulers of

In order to facilitate the use of Operating Reserve, the Transmission Customer shall have available unloaded reserved firm transmission capacity at least equal to that Operating Reserve amount. Such transmission may be loaded with interruptible energy so that, upon Interruption of the energy, Transmission Service is available to replace such energy from the Operating Reserve.

The Transmission Customer shall restore Operating Reserve to the required level within sixty (60) minutes of the event necessitating the loading of the reserve.

- c. To achieve efficiency for the entire Control Area and avoid providing redundant Operating Reserve, TEP will coordinate with a Transmission Customer that wishes to share its MSSC-driven Operating Reserve requirement. A Transmission Customer electing to share the requirement shall preschedule its MSSC by data link to TEP no later than 11:00 a.m. Mountain Standard Time on Workdays.

#### 5. REDISPATCH TO MANAGE TRANSMISSION SYSTEM CONSTRAINTS

If TEP determines that redispatching Network Resources (including reductions in off-system purchases) to relieve an existing or potential transmission system constraint or to avoid an Impairment is the most effective way to ensure the reliable operation of the Transmission System, TEP will redispatch TEP's and the Transmission Customer's resources on a least-cost basis to the extent practical, without regard to the ownership of such resources. The Network Operating Committee shall adopt rules and procedures governing redispatch to manage transmission system constraints. The Transmission Customer is obligated to respond immediately to requests for redispatch from TEP's energy control center.

The Transmission Customer may audit particular redispatch events, at its own expense, during normal business hours following reasonable notice to TEP.

#### 6. MAINTENANCE OF FACILITIES

- a. The Network Operating Committee shall establish procedures to coordinate the maintenance schedules of the generating resources and transmission and substation facilities, to the greatest extent practical, to ensure sufficient transmission resources are available to maintain system reliability and reliability of service. By October 1 of each year, the Transmission Customer shall provide to TEP the maintenance schedules and planned outages of each Network Resource for the next

4. OPERATING RESERVE

- a. The Transmission Customer shall meet its proportional share of Operating reserve by either:
1. purchasing Operating Reserve pursuant to schedules 5 or 6; or
  2. meeting or arranging to have a third party meet the Operating Reserve requirement.

A Transmission Customer that meets its proportional share of Operating reserve by alternative (2) above shall also meet the requirements of Section 13 below. The Operating Reserve requirement is as specified by the WSCC and implemented by TEP. Inasmuch as TEP is obligated to meet the WSCC's requirements, as they may be modified from time-to-time, the Transmission Customer recognizes and agrees that its proportional share of the Operating Reserve requirement may change to reflect WSCC modifications.

- b. The current Operating Reserve requirement shall be the greater of:
1. 5% of the Load Responsibility served by hydro generation, and 7% of the Load Responsibility served by thermal generation; or
  2. the generating capacity of the Transmission Customer's single largest resource which, if lost due to forced outage of a generation or transmission facility, would result in the MSSC for that Transmission Customer.

The Transmission Customer may elect to share a MSSC-driven Operating Reserve requirement as discussed in Subsection (c) below. At least half of the Transmission Customer's Operating Reserve requirement shall be met by Spinning Reserve. The Transmission Customer shall have additional Spinning or Non-Spinning Reserve equal to the Transmission Customer's purchases of interruptible energy less its sales of interruptible energy to any third parties, plus an additional amount of operating reserve equal to the Transmission Customer's firm capacity sales less its firm capacity purchases from third parties.

Responsibility, Regulating Margin, Most Severe Single Contingency ("MSSC"), Non-Spinning Reserves, Operating Reserves, and Spinning Reserves are used in this NOA, the WSCC definitions of those terms apply. This NOA will be revised as necessary to incorporate changes to TEP's Control Area requirements.

2. NETWORK OPERATING COMMITTEE

- a. Membership - The Network Operating Committee shall be composed of representatives from the Transmission Customers (or their Designated Agents) taking service under the Tariff and TEP or its Designated Agent.
- b. Responsibilities - The Network Operating Committee shall:
  - 1. adopt rules and procedures consistent with this NOA and the Tariff governing operating and technical requirements necessary for implementing the Tariff;
  - 2. review Network Resources and Network Loads on an annual basis in order to assess the adequacy of the transmission network; and
  - 3. develop TEP's operating policies, procedures, and guidelines for network interconnection and operation.

3. LOAD FOLLOWING

The Transmission Customer shall meet its proportional share of the Control Area Regulating Margin by either:

- a. purchasing Regulation and Frequency Response Service from TEP pursuant to Schedule 3 of the Tariff; or
- b. contributing or arranging to have a third party contribute generating resources to meet the Regulating Margin requirement for the current year as follows:

Regulating Margin Requirement	=	Transmission Customer's previous year Maximum demand + previous year Control Area maximum demand
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A Transmission Customer that meets its proportional share of the Control Area Regulating Margin by alternative (b) above shall also meet the requirements of Section 13 below.

**ATTACHMENT G**

**Network Operating Agreement**

1. PURPOSE OF AGREEMENT

By this Agreement, Tucson Electric Power Company ("TEP") and \_\_\_\_\_ ("Transmission Customer") agree that the provisions of this Network Operating Agreement ("NOA") and the Service Agreement for Network Integration Transmission Service ("NSA") govern TEP's provision of Network Integration Transmission Service to the Transmission Customer in accordance with TEP's Open Access Transmission Service Tariff ("Tariff"), as it may be amended from time-to-time. In the event of a conflict between the NOA and the Tariff, the specific terms and conditions of the Tariff shall govern. This NOA requires the Parties to: (i) operate and maintain equipment necessary for incorporating the Transmission Customer within TEP's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment); (ii) transfer data (including, but not limited to, operational characteristics of Network Resources, generation schedules for Network Resources, interchange schedules, unit outputs for redispatch required under Section 9 of the Tariff, voltage schedules, loss factors and other real time data) between the Transmission Customer and TEP's control center; (iii) implement software required for scheduling and constraint dispatching; (iv) exchange data on forecasted loads and resources necessary for planning and operation; and (v) address any other technical and operational considerations required for implementation of the Tariff, including scheduling protocols.

The Transmission Customer shall: (i) operate as a control area under applicable guidelines of the North American Electric Reliability Council ("NERC") and the Western Systems Coordinating Council ("WSCC"); or (ii) satisfy its control area requirements, including all ancillary services, by contracting with TEP; or (iii) satisfy its control area requirements, including all ancillary services, by contracting with another entity which can satisfy those requirements in a manner that is consistent with Good Utility Practice and satisfies NERC and WSCC standards. The Transmission Customer shall plan, construct, operate and maintain its facilities and system in accordance with Good Utility Practice, which shall include, but not be limited to, all applicable guidelines of NERC and WSCC, as they may be modified from time-to-time, and any generally accepted practices in the region that are consistently adhered to by TEP.

Unless specified herein, capitalized terms shall refer to terms defined in the Tariff. When the terms Load

Tucson Electric Power Company  
Open Access Transmission Tariff

Revised Sheet No. 131 (7/14/97)

IN WITNESS WHEREOF, the Parties have caused this NSA to be executed by their respective authorized officials.

**Tucson Electric Power Company:**

By: \_\_\_\_\_  
Name Title Date

**Transmission Customer:**

By: \_\_\_\_\_  
Name Title Date

7.5 Operating Reserves - Spinning Reserve Service:  
YES \_\_\_\_\_ NO \_\_\_\_\_

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7.6 Operating Reserve - Supplemental Reserve Service:  
YES \_\_\_\_\_ NO \_\_\_\_\_

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8.0 Any notice or request, other than requests to schedule specific transactions, made to or by either Party regarding this NSA shall be made to the representative of the other Party as indicated below:

**Tucson Electric Power Company:**

**Transmission Customer:**

Tucson Electric Power Company  
P. O. Box 711  
Tucson, Arizona 85702  
Attn: *Transmission Coordinator*  
Telephone: (520) 745-7193  
Facsimile: (520) 571-4036

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

9.0 This Tariff is incorporated herein and made a part hereof and all initially capitalized terms shall have the meanings ascribed to them in the Tariff. The terms and conditions set forth in Part I, Common Service Provisions and Part III, Network Integration Transmission Service, of the Tariff are incorporated into this NSA and shall govern the services provided under this NSA.

10.0 Payments for Network Integration Transmission Service provided to the Transmission Customer by TEP under this NSA shall be sent to the name and address indicated on the bill provided to the Transmission Customer.

6.3 Points of interconnection between the Transmission Customer's facilities and TEP's Transmission System:

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6.4 The Transmission Customer's initial Load Ratio Share:

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7.0 TEP agrees to provide and the Transmission Customer agrees to take and pay for other services as indicated below:

7.1 Scheduling, System Control and Dispatch Service:

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7.2 Reactive Supply and Voltage Control from Generation Sources Service:

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7.3 Regulation and Frequency Response Service:  
YES \_\_\_\_\_ NO \_\_\_\_\_

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7.4 Energy Imbalance Service:  
YES \_\_\_\_\_ NO \_\_\_\_\_

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**ATTACHMENT F**

**Service Agreement For  
Network Integration Transmission Service**

- 1.0 This Service Agreement ("NSA"), dated as of \_\_\_\_\_, is entered into by and between Tucson Electric Power Company ("TEP"), an Arizona corporation, and \_\_\_\_\_ ("Transmission Customer").
- 2.0 Based upon its submitted Completed Application, \_\_\_\_\_ has been determined by TEP to be a Transmission Customer under Part III of this Tariff.
- 3.0 The Transmission Customer has provided to TEP an Application deposit in the amount of \$ \_\_\_\_\_.
- 4.0 The Transmission Customer has executed a Network Operating Agreement with TEP.
- 5.0 Service under this NSA shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this NSA shall terminate on such date as mutually agreed upon by the parties.
- 6.0 TEP agrees to provide and the Transmission Customer agrees to take and pay for Network Integration Transmission Service in accordance with the provisions of Part III of this Tariff, this NSA, and the Network Operating Agreement, as they may be amended from time to time. Initially the Transmission Customer makes the following designations:

6.1 Network Resources:

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6.2 Network Loads:

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<u>Customer</u>	<u>Date of Service Agreement</u>
Western Power Services, Inc.	02/11/97
Electric Clearinghouse, Inc.	02/21/97
Illinova Energy Partners	03/20/97
AIG Trading Corporation	03/21/97
Arizona Public Service Co.	04/04/97
Salt River Project	04/14/97
Dehli Energy Services, Inc.	04/16/97
Texas-New Mexico Power Company	04/22/97
The Cincinnati Gas & Electric Company, PSI Energy, Inc. and Cinergy Services, Inc.	05/02/97
Equitable Power Services Co.	05/02/97
e prime, Inc.	05/27/97
NorAm Energy Services, Inc.	06/04/97
Vitol Gas & Electric LLC	06/23/97
El Paso Electric Co.	07/03/97
WESCO	07/07/97

**ATTACHMENT E**

**Index Of Point-to-Point Transmission Service Customers**

<u>Customer</u>	<u>Date of Service Agreement</u>
PacifiCorp	12/26/96
Tucson Electric Power Company, Contracts & Wholesale Marketing	12/26/96
PacifiCorp	03/24/97
Enron Power Marketing, Inc.	04/17/97
Electric Clearinghouse, Inc.	04/28/97
PacifiCorp	04/28/97
Tucson Electric Power Company, Contracts & Wholesale Marketing	04/29/97
Enron Power Marketing, Inc.	05/07/97
Enron Power Marketing, Inc.	05/07/97
Enron Power Marketing, Inc.	05/09/97
Enron Power Marketing, Inc.	05/09/97
Enron Power Marketing, Inc.	05/13/97
Enron Power Marketing, Inc.	05/16/97
Enron Power Marketing, Inc.	05/15/97
Enron Power Marketing, Inc.	05/16/97
Enron Power Marketing, Inc.	05/19/97
Enron Power Marketing, Inc.	05/20/97
Enron Power Marketing, Inc.	05/21/97
Enron Power Marketing, Inc.	05/22/97
Enron Power Marketing, Inc.	05/23/97
Enron Power Marketing, Inc.	05/27/97
Enron Power Marketing, Inc.	05/28/97
Enron Power Marketing, Inc.	05/29/97
Enron Power Marketing, Inc.	06/09/97
Enron Power Marketing, Inc.	06/16/97
Electric Clearinghouse, Inc.	06/17/97
Enron Power Marketing, Inc.	06/23/97
Enron Power Marketing, Inc.	06/27/97
Public Service Company of New Mexico	02/06/97
Tucson Electric Power Company, Contracts & Wholesale Marketing	02/07/97
Aquila Power Corporation	02/11/97
Enron Power Marketing, Inc.	02/11/97
PacifiCorp	02/11/97
PanEnergy Trading & Market Services, L.L.C.	02/11/97
Southern Energy Trading and Marketing, Inc.	02/11/97

**ATTACHMENT D**

**Methodology for Completing a System Impact Study**

TEP will assess the capability of TEP's Transmission System to provide the service requested using the criteria and process for this assessment as detailed in the Determination of Available Transfer Capability within the Western Interconnection as adopted by SWRTA. In determining the level of capacity available for new Transmission Service requests, TEP may exclude, from capacity to be made available for new Transmission Service requests, that capacity needed to meet current and reasonably forecasted load of Native Load Customers and Network Customers, existing Firm Point-to-Point Transmission Service Customers, previously pending Applications for Firm Point-to-Point Transmission Service and existing contractual obligations.

**ATTACHMENT C**

**Methodology To Assess Available Transmission Capability**

TEP will assess the capability of TEP's Transmission System to provide the service requested using the criteria and process for this assessment as detailed in the Determination of Available Transfer Capability within the Western Interconnection as adopted by SWRTA. In determining the level of capacity available for new Transmission Service requests, TEP may exclude, from capacity to be made available for new Transmission Service requests, that capacity needed to meet current and reasonably forecasted load of Native Load Customers and Network Customers, existing Firm Point-to-Point Transmission Service Customers, previously pending Applications for Firm Point-to-Point Transmission Service and existing contractual obligations.

Transmission Customer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized officials.

Tucson Electric Power Company:

By: \_\_\_\_\_  
Name Title Date

Transmission Customer:

By: \_\_\_\_\_  
Name Title Date

**ATTACHMENT B**

**Form Of Service Agreement For Non-Firm Point-To-Point  
Transmission Service**

- 1.0 This Service Agreement ("Agreement"), dated as of \_\_\_\_\_, is entered into, by and between Tucson Electric Power Company ("TEP"), an Arizona corporation, and \_\_\_\_\_ (Transmission Customer).
- 2.0 The Transmission Customer has been determined by TEP to be a Transmission Customer under Part II of the Tariff and has filed a Completed Application for Non-Firm Point-To-Point Transmission Service in accordance with Section 18.2 of the Tariff.
- 3.0 Service under this Agreement shall be provided by TEP upon request by an authorized representative of the Transmission Customer.
- 4.0 The Transmission Customer agrees to supply information TEP deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.
- 5.0 TEP agrees to provide and the Transmission Customer agrees to take and pay for Non-Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Agreement.
- 6.0 Any notice or request made to or by either Party regarding this Agreement shall be made to the representative of the other Party as indicated below.

**Tucson Electric Power Company:**

220 West Sixth Street  
P.O. Box 711  
Tucson, Arizona 85702  
Attention: *Transmission Coordinator*  
Telephone: (520) 745-7193  
Facsimile: (520) 571-4036

8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charge: \_\_\_\_\_

\_\_\_\_\_

8.2 System Impact and/or Facilities Study Charge(s): \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

8.3 Direct Assignment Facilities Charge: \_\_\_\_\_

\_\_\_\_\_

8.4 Ancillary Services Charges: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Specifications For Long-Term Firm Point-to-Point  
Transmission Service

1.0 Term of Transaction: \_\_\_\_\_

Start Date: \_\_\_\_\_

Termination Date: \_\_\_\_\_

2.0 Description of capacity and energy to be transmitted by TEP including the electric Control Area in which the transaction originates.

\_\_\_\_\_

3.0 Point(s) of Receipt: \_\_\_\_\_

Delivering Party: \_\_\_\_\_

4.0 Point(s) of Delivery: \_\_\_\_\_

Receiving Party: \_\_\_\_\_

5.0 Maximum amount of capacity and energy to be transmitted (Reserved Capacity): \_\_\_\_\_

6.0 Designation of Party(ies) subject to reciprocal service obligation: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

7.0 Name(s) of any Intervening Systems providing Transmission Service: \_\_\_\_\_

\_\_\_\_\_

Transmission Customer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized officials.

Tucson Electric Power Company:

By: \_\_\_\_\_  
Name Title Date

Transmission Customer:

By: \_\_\_\_\_  
Name Title Date

**ATTACHMENT A**

**Form Of Service Agreement For  
Firm Point-to-Point Transmission Service**

- 1.0 This Service Agreement ("Agreement"), dated as of \_\_\_\_\_, is entered into, by and between Tucson Electric Power Company ("TEP"), an Arizona corporation, and \_\_\_\_\_ ("Transmission Customer").
- 2.0 The Transmission Customer has been determined by TEP to have a Completed Application for Firm Point-to-Point Transmission Service under the Tariff.
- 3.0 The Transmission Customer has provided to TEP an Application deposit in accordance with the provisions of Section 17.3 of the Tariff.
- 4.0 Service under this Agreement shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this Agreement shall terminate on such date as mutually agreed upon by the parties.
- 5.0 TEP agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-to-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Agreement.
- 6.0 Any notice or request made to or by either Party regarding this Agreement shall be made to the representative of the other Party as indicated below.

**Tucson Electric Power Company:**

220 West Sixth Street  
P.O. Box 711  
Tucson, Arizona 85702  
Attention: *Transmission Coordinator*  
Telephone: (520) 745-7193  
Facsimile: (520) 571-4036

details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, TEP must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

3) **Daily delivery:**

- a) **On-peak:** \$0.035/kW of Reserved Capacity per day.
- b) **Off-peak:** \$0.025/kW of Reserved Capacity per day.

4) **Hourly delivery:**

- a) **On-peak:** \$2.183/MW of Reserved Capacity per hour.
- b) **Off-peak:** \$1.039/MW of Reserved Capacity per hour.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in Section (2) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

5) **Hourly delivery:** The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed \$2.183/MWh. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in Section (3) above times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in Section (2) above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

6) **Discounts:** Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by TEP must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated,

week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in Section (2) above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

6) **Discounts:** Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by TEP must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, TEP must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

**Non-EHV Transmission Service**

**69kV - 138kV**

The Transmission Customer shall compensate TEP for Non-Firm, Non-EHV Point-to-Point Transmission Service up to the sum of the applicable charges set forth below:

- 1) **Monthly delivery:** \$0.757/kW of Reserved Capacity per month.
- 2) **Weekly delivery:** \$0.175/kW of Reserved Capacity per week.

**SCHEDULE 8**

**Non-Firm Point-to-Point**

**EHV Transmission Service**

**345kV and Above**

The Transmission Customer shall compensate TEP for Non-Firm Point-to-Point EHV Transmission Service up to the sum of the applicable charges set forth below:

- 1) **Monthly delivery:** \$2.259/kW of Reserved Capacity per month.
- 2) **Weekly delivery:** \$0.521/kW of Reserved Capacity per week.
- 3) **Daily delivery:**
  - a) **On-peak:** \$0.104/kW of Reserved Capacity per day.
  - b) **Off-peak:** \$0.074/kW of Reserved Capacity per day.
- 4) **Hourly delivery:**
  - a) **On-peak:** \$6.517/MW of Reserved Capacity per hour.
  - b) **Off-peak:** \$3.103/MW of Reserved Capacity per hour.
- 5) **Hourly delivery:** The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed \$6.517/MWh. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the on-peak rate specified in Section (3) above times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any

specified in Section (3) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

5) **Discounts:** Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by TEP must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, TEP must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, TEP must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

**Non-EHV Transmission Service**

**69kV - 138kV**

The Transmission Customer shall compensate TEP each month for Reserved Capacity at the sum of the applicable charges set forth below:

- 1) **Yearly delivery:** one-twelfth (1/12) of the demand charge of \$9.080/kW of Reserved Capacity per year.
- 2) **Monthly delivery:** \$0.757/kW of Reserved Capacity per month.
- 3) **Weekly delivery:** \$0.175/kW of Reserved Capacity per week.
- 4) **Daily delivery:**
  - a) **On-peak:** \$0.035/kW of Reserved Capacity per day.
  - b) **Off-peak:** \$0.025/kW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate

**SCHEDULE 7**

**Long-Term Firm and Short-Term Firm Point-to-Point**

**EHV Transmission Service**

**345kV and Above**

The Transmission Customer shall compensate TEP each month for Reserved Capacity at the sum of the applicable charges set forth below:

- 1) **Yearly delivery:** one-twelfth (1/12) of the demand charge of \$27.111/kW of Reserved Capacity per year.
- 2) **Monthly delivery:** \$2.259/kW of Reserved Capacity per month.
- 3) **Weekly delivery:** \$0.521/kW of Reserved Capacity per week.
- 4) **Daily delivery:**
  - a) **On-peak:** \$0.104/kW of Reserved Capacity per day.
  - b) **Off-peak:** \$0.074/kW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in Section (3) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

5) **Discounts:** Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by TEP must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's

responsibility for Network Integration Transmission Service. The billing determinants for this service shall be reduced by any portion of the 3.50 percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself.

Supplemental Reserve Service will be provided at a rate not to exceed:

- |   |                  |
|---|------------------|
| 1) <b>Monthly:</b>                          | \$1.984 kW/month |
| 2) <b>Weekly:</b>                           | \$0.458 kW/week  |
| 3) <b>Daily:</b>                            | \$0.092 kW/day   |
| 4) <b>Hourly:</b>                           | \$0.006 kW/hour  |
| 5) <b>Customer Purchase<br/>Obligation:</b> | 3.50%.           |

## SCHEDULE 6

### Operating Reserve - Supplemental Reserve Service

Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load. TEP must offer this service when the Transmission Service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from TEP or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. The amount of and charges for Supplemental Reserve Service are set forth below. To the extent the Control Area operator performs this service for TEP, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to TEP by that Control Area operator. Supplemental Reserves are available in an amount equal to 3.50% of generation located in TEP's control area over and above the Spinning Reserves.

A transmission customer purchasing Supplemental Reserve Service will be required to purchase an amount of reserved capacity equal to 3.50 percent of the Transmission Customer's reserved capacity for point-to-point transmission service or 3.50 percent of the Transmission Customer's network load

purchase obligations that a transmission Customer obtains from third parties or supplies itself.

Spinning Reserve Service will be provided at a rate not to exceed:

- |    |  |                   |
|----|--|-------------------|
| 1) | <b>Monthly:</b>                          | \$12.085 kW/month |
| 2) | <b>Weekly:</b>                           | \$ 2.789 kW/week  |
| 3) | <b>Daily:</b>                            | \$ 0.558 kW/day   |
| 4) | <b>Hourly:</b>                           | \$ 0.035 kW/hour  |
| 5) | <b>Customer Purchase<br/>Obligation:</b> | 3.50%.            |

## SCHEDULE 5

### Operating Reserve - Spinning Reserve Service

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output. TEP must offer this service when the Transmission Service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from TEP or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. The amount of and charges for Spinning Reserve Service are set forth below. To the extent the Control Area operator performs this service for TEP, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to TEP by that Control Area operator. Spinning reserves are available in an amount equal to 3.50% of the control area load.

A transmission customer purchasing Spinning Reserve Service will be required to purchase an amount of reserved capacity equal to 3.50 percent of the Transmission Customer's reserved capacity for point-to-point transmission service or 3.50 percent of the Transmission Customer's network load responsibility for Network Integration Transmission Service. The billing determinants for this service shall be reduced by any portion of the 3.50 percent

adhered to by TEP, the Transmission Customer will compensate TEP for such service. Energy imbalances outside the deviation band will be subject to charges to be specified by TEP. The charges for Energy Imbalance Service are set forth below. TEP will pay a rate of 90 percent of TEP's decremental cost for positive imbalances outside deviation band. Transmission Customer will pay a rate not to exceed \$100.00/MWh for negative imbalances outside deviation band.

SCHEDULE 4

**Energy Imbalance Service**

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. TEP must offer this service when the Transmission Service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from TEP or make alternative comparable arrangements to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for TEP, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to TEP by that Control Area operator.

TEP shall establish a deviation band of +/- 1.5% (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s). Parties should attempt to eliminate energy imbalances within the limits of the deviation band within thirty (30) days or within such other reasonable period of time as is generally accepted in the region and consistently adhered to by TEP. If an energy imbalance is not corrected within thirty (30) days or a reasonable period of time that is generally accepted in the region and consistently

A transmission customer purchasing Regulation and Frequency Response Service will be required to purchase an amount of reserved capacity equal to 1.29 percent of the Transmission Customer's reserved capacity for point-to-point transmission service or 1.29 percent of the Transmission Customer's network load responsibility for Network Integration Transmission Service. The billing determinants for this service shall be reduced by any portion of the 1.29 percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself.

Regulation and Frequency Response Service will be provided at a rate not to exceed:

- |   |                   |
|---|-------------------|
| 1) <b>Monthly:</b>                          | \$12.085 kW/month |
| 2) <b>Weekly:</b>                           | \$ 2.789 kW/week  |
| 3) <b>Daily:</b>                            | \$ 0.558 kW/day   |
| 4) <b>Hourly:</b>                           | \$ 0.035 kW/hour  |
| 5) <b>Customer Purchase<br/>Obligation:</b> | 1.29%.            |

### SCHEDULE 3

#### Regulation and Frequency Response Service

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with TEP (or the Control Area operator that performs this function for TEP). TEP must offer this service when the Transmission Service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from TEP or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation. The amount of and charges for Regulation and Frequency Response Service are set forth below. To the extent the Control Area operator performs this service for TEP, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to TEP by that Control Area operator.

to TEP by the Control Area operator. Reactive Supply and Voltage Control will be provided at a rate not to exceed:

- 1) **Monthly:** \$0.161 kW/month
- 2) **Weekly:** \$0.037 kW/week
- 3) **Daily:** \$0.007 kW/day
- 4) **Hourly:** \$0.464 MW/hour.

## SCHEDULE 2

### Reactive Supply and Voltage Control from Generation Sources Service

In order to maintain transmission voltages on TEP's transmission facilities within acceptable limits, generation facilities under the control of the Control Area Operator are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation Sources Service must be provided for each transaction on TEP's transmission facilities. The amount of Reactive Supply and Voltage Control from Generation Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by TEP.

Reactive Supply and Voltage Control from Generation Sources Service is to be provided directly by TEP or indirectly by TEP making arrangements with the Control Area operator that performs this service for TEP's Transmission System. The Transmission Customer must purchase this service from TEP or the Control Area operator. The charges for such service will be based on the rates set forth below. To the extent the Control Area operator performs this service for TEP, charges to the Transmission Customer are to reflect only a pass-through of the costs charged

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- 1) **Monthly:** \$0.041 kW/month
- 2) **Weekly:** \$0.010 kW/week
- 3) **Daily:** \$0.002 kW/day
- 4) **Hourly:** \$0.119 MW/hour.

**SCHEDULE 1**

**Scheduling, System Control and Dispatch Service**

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for Transmission Service are located. Scheduling, System Control and Dispatch Service is to be provided directly by TEP (if TEP is the Control Area operator) or indirectly by TEP making arrangements with the Control Area operator that performs this service for TEP's Transmission System. The Transmission Customer must purchase this service from TEP or the Control Area operator. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below. To the extent the Control Area operator performs this service for TEP, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to TEP by that Control Area operator. Scheduling, System Control and Dispatch Service for TEP's Transmission System will be provided at a rate not to exceed:

contracting with TEP, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies NERC and the WSCC requirements. TEP shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment G.

**35.3 Network Operating Committee:** A Network Operating Committee (Committee) shall be established to coordinate operating criteria for the Parties' respective responsibilities under the Network Operating Agreement. Each Network Customer shall be entitled to have at least one representative on the Committee. The Committee shall meet from time to time as need requires, but no less than once each calendar year.

provide for the Parties to (i) operate and maintain equipment necessary for integrating the Network Customer within TEP's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between TEP and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside TEP's Transmission System, interchange schedules, unit outputs for redispatch required under Section 33, voltage schedules, loss factors and other real time data), (iii) use software programs required for data links and constraint dispatching, (iv) exchange data on forecasted loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of Part III of the Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the North American Electric Reliability Council ("NERC") and the Western Systems Coordinating Council ("WSCC"), (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by

between the Network Customer and TEP pursuant to Section 33. To the extent that TEP incurs an obligation to the Network Customer for redispatch costs in accordance with Section 33, such amounts shall be credited against the Network Customer's bill for the applicable month.

**34.5 Stranded Cost Recovery:** TEP may seek to recover stranded costs from the Network Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, TEP must separately file any proposal to recover stranded costs under Section 205 of the Federal Power Act.

### **35 Operating Arrangements**

**35.1 Operation under The Network Operating Agreement:** The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the Network Operating Agreement.

**35.2 Network Operating Agreement:** The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part III of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall

### **34 Rates and Charges**

The Network Customer shall pay TEP for any Direct Assignment Facilities, Ancillary Services, and applicable study costs, consistent with Commission policy, along with the following:

**34.1 Monthly Demand Charge:** The Network Customer shall pay a monthly Demand Charge, which shall be determined by multiplying its Load Ratio Share times one twelfth (1/12) of TEP's Annual Transmission Revenue Requirement specified in Attachment H.

**34.2 Determination of Network Customer's Monthly Network Load:** The Network Customer's monthly Network Load is its hourly load (including its designated Network Load not physically interconnected with TEP under Section 31.3) coincident with TEP's Monthly Transmission System Peak.

**34.3 Determination of Transmission Provider's Monthly Transmission System Load:** TEP's monthly Transmission System load is TEP's Monthly Transmission System Peak minus the coincident peak usage of all Firm Point-To-Point Transmission Service customers pursuant to Part II of this Tariff plus the Reserved Capacity of all Firm Point-To-Point Transmission Service customers.

**34.4 Redispatch Charge:** The Network Customer shall pay a Load Ratio Share of any redispatch costs allocated

substations and facilities, and in cases where the continuance of Network Integration Transmission Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on TEP's Transmission System or on any other system(s) directly or indirectly interconnected with TEP's Transmission System, TEP, consistent with Good Utility Practice, also may Curtail Network Integration Transmission Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. TEP will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Network Integration Transmission Service will be not unduly discriminatory relative to TEP's use of the Transmission System on behalf of its Native Load Customers. TEP shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

Parties shall Curtail such schedules in accordance with the Network Operating Agreement.

**33.5 Allocation of Curtailments:** TEP shall, on a non-discriminatory basis, Curtail the transaction(s) that effectively relieve the constraint. However, to the extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by TEP and Network Customer in proportion to their respective Load Ratio Shares. TEP shall not direct the Network Customer to Curtail schedules to an extent greater than TEP would Curtail TEP's schedules under similar circumstances.

**33.6 Load Shedding:** To the extent that a system contingency exists on TEP's Transmission System and TEP determines that it is necessary for TEP and the Network Customer to shed load, the Parties shall shed load in accordance with previously established procedures under the Network Operating Agreement.

**33.7 System Reliability:** Notwithstanding any other provisions of this Tariff, TEP reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Network Integration Transmission Service without liability on TEP's part for the purpose of making necessary adjustments to, changes in, or repairs on its lines,

actions, consistent with Good Utility Practice, that are reasonably necessary to maintain the reliability of TEP's system. To the extent TEP determines that the reliability of the Transmission System can be maintained by redispatching resources, TEP will initiate procedures pursuant to the Network Operating Agreement to redispatch all Network Resources and TEP's own resources on a least-cost basis without regard to the ownership of such resources. Any redispatch under this section may not unduly discriminate between TEP's use of the Transmission System on behalf of its Native Load Customers and any Network Customer's use of the Transmission System to serve its designated Network Load.

**33.3 Cost Responsibility for Relieving Transmission**

**Constraints:** Whenever TEP implements least-cost redispatch procedures in response to a transmission constraint, TEP and Network Customers will each bear a proportionate share of the total redispatch cost based on their respective Load Ratio Shares.

**33.4 Curtailments of Scheduled Deliveries:** If a transmission constraint on TEP's Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and TEP determines that it is necessary to Curtail scheduled deliveries, the

equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Eligible Customer shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn.

**33 Load Shedding and Curtailments**

**33.1 Procedures:** Prior to the Service Commencement Date, TEP and the Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Network Operating Agreement with the objective of responding to contingencies on the Transmission System. The Parties will implement such programs during any period when TEP determines that a system contingency exists and such procedures are necessary to alleviate such contingency. TEP will notify all affected Network Customers in a timely manner of any scheduled Curtailment.

**33.2 Transmission Constraints:** During any period when TEP determines that a transmission constraint exists on the Transmission System, and such constraint may impair the reliability of TEP's system, TEP will take whatever

reimburse TEP for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to TEP within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, TEP will use due diligence to complete the required Facilities Study within a sixty (60) day period. If TEP is unable to complete the Facilities Study in the allotted time period, TEP shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades, and (iii) the time required to complete such construction and initiate the requested service. The Eligible Customer shall provide TEP with a letter of credit or other reasonable form of security acceptable to TEP

completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. TEP shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement, or the Application shall be deemed terminated and withdrawn.

**32.4 Facilities Study Procedures:** If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, and if the Eligible Customer is a SWRTA member, then TEP and the Eligible Customer shall follow the procedures for facilities studies set forth in Sections 4.3.6 - 4.3.11 of the SWRTA Bylaws. If the Eligible Customer is not a SWRTA member, then TEP, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to

- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for TEP to accommodate the service requests, the costs of that study shall be pro-rated among the Eligible Customers.
- (iii) For System Impact Studies that TEP conducts on its own behalf, TEP shall record the cost of the System Impact Studies pursuant to Section 8.

**32.3 System Impact Study Procedures:** Upon receipt of an executed System Impact Study Agreement, TEP will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify any system constraints and redispatch options, additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. In the event that TEP is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer. TEP will use the same due diligence in

which the Eligible Customer shall agree to reimburse TEP for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to TEP within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest.

**32.2 System Impact Study Agreement and Cost Reimbursement:**

- (i) The System Impact Study Agreement will clearly specify TEP's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, TEP shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.

**31.6 Annual Load and Resource Information Updates:** The Network Customer shall provide TEP with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Network Integration Transmission Service under Part III of the Tariff. The Network Customer also shall provide TEP with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting TEP's ability to provide reliable service.

**32 Additional Study Procedures For Network Integration  
Transmission Service Requests**

**32.1 Notice of Need for System Impact Study:** After receiving a request for service, TEP shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of TEP's methodology for completing a System Impact Study is provided in Attachment D. If TEP determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. In such cases, TEP shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to

Network Load, or (2) excluding that entire load from its Network Load and purchasing Point-To-Point Transmission Service under Part II of the Tariff. To the extent that the Network Customer gives notice of its intent to add a new Network Load as part of its Network Load pursuant to this section the request must be made through a modification of service pursuant to a new Application.

**31.4 New Interconnection Points:** To the extent the Network Customer desires to add a new Delivery Point or interconnection point between TEP's Transmission System and a Network Load, the Network Customer shall provide TEP with as much advance notice as reasonably practicable.

**31.5 Changes in Service Requests:** Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Network Integration Transmission Service (e.g. the addition of a new Network Resource or designation of a new Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by TEP and charged to the Network Customer as reflected in the Service Agreement. However, TEP must treat any requested change in Network Integration Transmission Service in a non-discriminatory manner.

**31.2 New Network Loads Connected With the Transmission**

**Provider:** The Network Customer shall provide TEP with as much advance notice as reasonably practicable of the designation of new Network Load that will be added to its Transmission System. A designation of new Network Load must be made through a modification of service pursuant to a new Application. TEP will use due diligence to install any transmission facilities required to interconnect a new Network Load designated by the Network Customer. The costs of new facilities required to interconnect a new Network Load shall be determined in accordance with the procedures provided in Section 32.4 and shall be charged to the Network Customer in accordance with Commission policies.

**31.3 Network Load Not Physically Interconnected with the**

**Transmission Provider:** This section applies to both initial designation pursuant to Section 31.1 and the subsequent addition of new Network Load not physically interconnected with TEP. To the extent that the Network Customer desires to obtain transmission service for a load outside TEP's Transmission System, the Network Customer shall have the option of (1) electing to include the entire load as Network Load for all purposes under Part III of the Tariff and designating Network Resources in connection with such additional

**30.9 Network Customer-Owned Transmission Facilities:** The Network Customer that owns existing transmission facilities that are integrated with TEP's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration the Network Customer must demonstrate that its transmission facilities are integrated into the plans or operations of TEP to serve its power and transmission customers. For facilities constructed by the Network Customer subsequent to the Service Commencement Date under Part III of the Tariff, the Network Customer shall receive credit where such facilities are jointly planned and installed in coordination with TEP. Calculation of the credit shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

**31 Designation of Network Load**

**31.1 Network Load:** The Network Customer must designate the individual Network Loads on whose behalf TEP will provide Network Integration Transmission Service. The Network Loads shall be specified in the Service Agreement.

interconnected with TEP's Transmission System. TEP will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

**30.7 Limitation on Designation of Network Resources:** The Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff.

**30.8 Use of Interface Capacity by the Network Customer:** There is no limitation upon a Network Customer's use of TEP's Transmission System at any particular interface to integrate the Network Customer's Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of TEP's total interface capacity with other transmission systems may not exceed the Network Customer's Load.

discriminatory basis between all Network Customers, and  
TEP.

**30.6 Transmission Arrangements for Network Resources Not  
Physically Interconnected With the Transmission**

**Provider:** The Network Customer shall be responsible  
for any arrangements necessary to deliver capacity and  
energy from a Network Resource not physically

must be made by a request for modification of service pursuant to an Application under Section 29.

**30.3 Termination of Network Resources:** The Network Customer may terminate the designation of all or part of a generating resource as a Network Resource at any time but should provide notification to TEP as soon as reasonably practicable.

**30.4 Operation of Network Resources:** The Network Customer shall not operate its designated Network Resources located in the Network Customer's or TEP's Control Area such that the output of those facilities exceeds its designated Network Load, plus non-firm sales delivered pursuant to Part II of the Tariff, plus losses. This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of TEP to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System.

**30.5 Network Customer Redispatch Obligation:** As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to redispatch its Network Resources as requested by TEP pursuant to Section 33.2. To the extent practical, the redispatch of resources pursuant to this section shall be on a least cost, non-

shall be solely responsible for constructing or installing all facilities on the Network Customer's side of each such delivery point or interconnection.

**29.5 Filing of Service Agreement:** TEP will file Service Agreements with the Commission in compliance with applicable Commission regulations.

**30 Network Resources**

**30.1 Designation of Network Resources:** Network Resources shall include all generation owned, purchased or leased by the Network Customer designated to serve Network Load under the Tariff. Network Resources may not include resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis. Any owned or purchased resources that were serving the Network Customer's loads under firm agreements entered into on or before the Service Commencement Date shall initially be designated as Network Resources until the Network Customer terminates the designation of such resources.

**30.2 Designation of New Network Resources:** The Network Customer may designate a new Network Resource by providing TEP with as much advance notice as practicable. A designation of a new Network Resource

section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. TEP shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

**29.3 Technical Arrangements to be Completed Prior to**

**Commencement of Service:** Network Integration

Transmission Service shall not commence until TEP and the Network Customer, or a third party, have completed installation of all equipment specified under the Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the Transmission System. TEP shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.

**29.4 Network Customer Facilities:** The provision of Network

Integration Transmission Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and energy from TEP's Transmission System to the Network Customer. The Network Customer

- Operating restrictions needed for reliability
- Operating guides employed by system operators
- Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
- Location of Network Resources described in subsection (v) above
- 10 year projection of system expansions or upgrades
- Transmission System maps that include any proposed expansions or upgrades
- Thermal ratings of Eligible Customer's Control Area ties with other Control Areas; and

(vii) Service Commencement Date and the term of the requested Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one year.

Unless the Parties agree to a different time frame, TEP must acknowledge the request within ten (10) days of receipt. The acknowledgement must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, TEP shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, TEP will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, TEP shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this

- (iv) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10 year load forecast provided in response to (iii) above;
  
- (v) A description of Network Resources (current and 10-year projection), which shall include, for each Network Resource:
  - Unit size and amount of capacity from that unit to be designated as Network Resource
  - VAR capability (both leading and lagging) of all generators
  - Operating restrictions
    - Any periods of restricted operations throughout the year
    - Maintenance schedules
    - Minimum loading level of unit
    - Normal operating level of unit
    - Any must-run unit designations required for system reliability or contract reasons
  - Approximate variable generating cost (\$/MWH) for redispatch computations
  - Arrangements governing sale and delivery of power to third parties from generating facilities located in TEP's Control Area, where only a portion of unit output is designated as a Network Resource
  - Description of purchased power designated as a Network Resource including source of supply, Control Area location, transmission arrangements and delivery point(s) to TEP's Transmission System;
  
- (vi) Description of Eligible Customer's transmission system:
  - Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by TEP

Transmission Service will be assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. Applications should be submitted by entering the information listed below on TEP's OASIS. Prior to implementation of TEP's OASIS, a Completed Application may be submitted by (i) transmitting the required information to TEP by facsimile (520-571-4036), or (ii) providing the information by telephone over TEP's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application. A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the party requesting service;
- (ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each TEP substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;

for any Third-Party Sale which requires use of TEP's Transmission System.

**29 Initiating Service**

**29.1 Condition Precedent for Receiving Service:** Subject to the terms and conditions of Part III of the Tariff, TEP will provide Network Integration Transmission Service to any Eligible Customer, provided that (i) the Eligible Customer completes an Application for service as provided under Part III of the Tariff, (ii) the Eligible Customer and TEP complete the technical arrangements set forth in Sections 29.3 and 29.4, (iii) the Eligible Customer executes a Service Agreement pursuant to Attachment F for service under Part III of the Tariff or requests in writing that TEP file a proposed unexecuted Service Agreement with the Commission, and (iv) the Eligible Customer executes a Network Operating Agreement with TEP pursuant to Attachment G.

**29.2 Application Procedures:** An Eligible Customer requesting service under Part III of the Tariff must submit an Application, with a deposit approximating the charge for one month of service, to TEP as far as possible in advance of the month in which service is to commence. Unless subject to the procedures in Section 2, Completed Applications for Network Integration

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FERC Effective Date 8/18/97

Integration Transmission Service shall use Point-To-  
Point Transmission Service under Part II of the Tariff

Resources to service its Network Loads on a basis that is comparable to TEP's use of the Transmission System to reliably serve its Native Load Customers.

**28.4 Secondary Service:** The Network Customer may use TEP's Transmission System to deliver energy to its Network Loads from resources that have not been designated as Network Resources. Such energy shall be transmitted, on an as-available basis, at no additional charge. Deliveries from resources other than Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under Part II of the Tariff.

**28.5 Real Power Losses:** Real Power Losses are associated with all transmission service. TEP is not obligated to provide Real Power Losses. The Network Customer is responsible for replacing losses associated with all transmission service as calculated by TEP. The applicable Real Power Loss factor is 3.30% for EHV Transmission Service (345kV and above) and 1% for Non-EHV Transmission Service (69kV - 138kV) and for transmission service utilizing both EHV and Non-EHV facilities, the transmission loss factor is 4.3%.

**28.6 Restrictions on Use of Service:** The Network Customer shall not use Network Integration Transmission Service for (i) sales of capacity and energy to non-designated loads, or (ii) direct or indirect provision of transmission service by the Network Customer to third parties. All Network Customers taking Network

Integration Transmission Service must obtain or provide Ancillary Services pursuant to Section 3.

**28.2 Transmission Provider Responsibilities:** TEP will plan, construct, operate and maintain its Transmission System in accordance with Good Utility Practice in order to provide the Network Customer with Network Integration Transmission Service over TEP's Transmission System. TEP, on behalf of its Native Load Customers, shall be required to designate resources and loads in the same manner as any Network Customer under Part III of this Tariff. This information must be consistent with the information used by TEP to calculate available transmission capability. TEP shall include the Network Customer's Network Load in its Transmission System planning and shall, consistent with Good Utility Practice, endeavor to construct and place into service sufficient transmission capacity to deliver the Network Customer's Network Resources to serve its Network Load on a basis comparable to TEP's delivery of its own generating and purchased resources to its Native Load Customers.

**28.3 Network Integration Transmission Service:** TEP will provide firm transmission service over its Transmission System to the Network Customer for the delivery of capacity and energy from its designated Network

### **III. NETWORK INTEGRATION TRANSMISSION SERVICE**

#### **Preamble**

TEP will provide Network Integration Transmission Service pursuant to the applicable terms and conditions contained in the Tariff and Service Agreement. Network Integration Transmission Service allows the Network Customer to integrate, economically dispatch and regulate its current and planned Network Resources to serve its Network Load in a manner comparable to that in which TEP utilizes its Transmission System to serve its Native Load Customers. Network Integration Transmission Service also may be used by the Network Customer to deliver economy energy purchases to its Network Load from non-designated resources on an as-available basis without additional charge. Transmission service for sales to non-designated loads will be provided pursuant to the applicable terms and conditions of Part II of the Tariff.

#### **28 Nature of Network Integration Transmission Service**

**28.1 Scope of Service:** Network Integration Transmission Service is a transmission service that allows Network Customers to efficiently and economically utilize their Network Resources (as well as other non-designated generation resources) to serve their Network Load located in TEP's Control Area and any additional load that may be designated pursuant to Section 31.3 of the Tariff. The Network Customer taking Network

shall account for such use at the applicable Tariff rates, pursuant to Section 8.

**26 Stranded Cost Recovery**

TEP may seek to recover stranded costs from the Transmission Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, TEP must separately file any specific proposed stranded cost charge under Section 205 of the Federal Power Act.

**27 Compensation for New Facilities and Redispatch Costs**

Whenever a System Impact Study performed by TEP in connection with the provision of Firm Point-To-Point Transmission Service identifies the need for new facilities, the Transmission Customer shall be responsible for such costs to the extent consistent with Commission policy. Whenever a System Impact Study performed by TEP identifies capacity constraints that may be relieved more economically by redispatching TEP's resources than by building new facilities or upgrading existing facilities to eliminate such constraints, the Transmission Customer shall be responsible for the redispatch costs to the extent consistent with Commission policy.

**24 Metering and Power Factor Correction at Receipt and Delivery Points(s)**

**24.1 Transmission Customer Obligations:** Unless otherwise agreed, the Transmission Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under Part II of the Tariff and to communicate the information to TEP. Such equipment shall remain the property of the Transmission Customer.

**24.2 Transmission Provider Access to Metering Data:** TEP shall have access to metering data, which may reasonably be required to facilitate measurements and billing under the Service Agreement.

**24.3 Power Factor:** Unless otherwise agreed, the Transmission Customer is required to maintain a power factor within the same range as TEP pursuant to Good Utility Practices. The power factor requirements are specified in the Service Agreement where applicable.

**25 Compensation for Transmission Service**

Rates for Firm and Non-Firm Point-To-Point Transmission Service are provided in the Schedules appended to the Tariff: Firm Point-To-Point Transmission Service (Schedule 7); and Non-Firm Point-To-Point Transmission Service (Schedule 8). TEP shall use Part II of the Tariff to make its Third-Party Sales. TEP

requests a change in service, the reservation priority of service will be determined by TEP pursuant to Section 13.2.

**23.2 Limitations on Assignment or Transfer of Service:** If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, TEP will consent to such change subject to the provisions of the Tariff, provided that the change will not impair the operation and reliability of TEP's generation, transmission, or distribution systems. The Assignee shall compensate TEP for performing any System Impact Study needed to evaluate the capability of the Transmission System to accommodate the proposed change and any additional costs resulting from such change. The Reseller shall remain liable for the performance of all obligations under the Service Agreement, except as specifically agreed to by the Parties through an amendment to the Service Agreement.

**23.3 Information on Assignment or Transfer of Service:** In accordance with Section 4, Resellers may use TEP's OASIS to post transmission capacity available for resale.

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Open Access Transmission Tariff

Assignee will be subject to all terms and conditions of  
this Tariff. If the Assignee

**23 Sale or Assignment of Transmission Service**

**23.1 Procedures for Assignment or Transfer of Service:**

Subject to Commission approval of any necessary filings, a Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the Reseller. Compensation to the Reseller shall not exceed the higher of (i) the original rate paid by the Reseller, (ii) TEP's maximum rate on file at the time of the assignment, or (iii) the Reseller's opportunity cost capped at TEP's cost of expansion. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. A Reseller should notify TEP as soon as possible after any assignment or transfer of service occurs but in any event, notification must be provided prior to any provision of service to the Assignee. The

Service at the Receipt and Delivery Points specified in the relevant Service Agreement in the amount of its original capacity reservation.

- (d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-To-Point Transmission Service under the Tariff. However, all other requirements of Part II of the Tariff (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

**22.2 Modification On a Firm Basis:** Any request by a Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Service Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement.

## 22 Changes in Service Specifications

**22.1 Modifications On a Non-Firm Basis:** The Transmission Customer taking Firm Point-To-Point Transmission Service may request TEP to provide transmission service on a non-firm basis over Receipt and Delivery Points other than those specified in the Service Agreement ("Secondary Receipt and Delivery Points"), in amounts not to exceed its firm capacity reservation, without incurring an additional Non-Firm Point-To-Point Transmission Service charge or executing a new Service Agreement, subject to the following conditions.

- (a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or by TEP on behalf of its Native Load Customers.
- (b) The sum of all Firm and non-firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement under which such services are provided.
- (c) The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission

required by such other electric system pursuant to Good Utility Practice.

**21.2 Coordination of Third-Party System Additions:** In circumstances where the need for transmission facilities or upgrades is identified pursuant to the provisions of Part II of the Tariff, and if such upgrades further require the addition of transmission facilities on other systems, TEP shall have the right to coordinate construction on its own system with the construction required by others. TEP, after consultation with the Transmission Customer and representatives of such other systems, may defer construction of its new transmission facilities, if the new transmission facilities on another system cannot be completed in a timely manner. TEP shall notify the Transmission Customer in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of new facilities. Within sixty (60) days of receiving written notification by TEP of its intent to defer construction pursuant to this section, the Transmission Customer may challenge the decision in accordance with the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.

**20.3 Refund Obligation for Unfinished Facility Additions:**

If TEP and the Transmission Customer mutually agree that no other reasonable alternatives exist and the requested service cannot be provided out of existing capability under the conditions of Part II of the Tariff, the obligation to provide the requested Firm Point-To-Point Transmission Service shall terminate and any deposit made by the Transmission Customer shall be returned with interest pursuant to Commission regulations 35.19a(a)(2)(iii). However, the Transmission Customer shall be responsible for all prudently incurred costs by TEP through the time construction was suspended.

**21 Provisions Relating to Transmission Construction and Services on the Systems of Other Utilities**

**21.1 Responsibility for Third-Party System Additions:** TEP shall not be responsible for making arrangements for any necessary engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. TEP will undertake reasonable efforts to assist the Transmission Customer in obtaining such arrangements, including without limitation, providing any information or data

to the delay, including all information that is in the possession of TEP that is reasonably needed by the Transmission Customer to evaluate any alternatives.

**20.2 Alternatives to the Original Facility Additions:** When the review process of Section 20.1 determines that one or more alternatives exist to the originally planned construction project, TEP shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires to maintain its Completed Application subject to construction of the alternative facilities, it may request TEP to submit a revised Service Agreement for Firm Point-To-Point Transmission Service. If the alternative approach solely involves Non-Firm Point-To-Point Transmission Service, TEP shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for the service. In the event TEP concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.

While TEP agrees to provide the Eligible Customer with its best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding and the Eligible Customer must agree in writing to compensate TEP for all costs incurred pursuant to the provisions of the Tariff. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer's request for service will cease to be a Completed Application and will be deemed terminated and withdrawn.

**20 Procedures if the Transmission Provider is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service**

**20.1 Delays in Construction of New Facilities:** If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, TEP shall promptly notify the Transmission Customer. In such circumstances, TEP shall within thirty (30) days of notifying the Transmission Customer of such delays, convene a technical meeting with the Transmission Customer to evaluate the alternatives available to the Transmission Customer. TEP also shall make available to the Transmission Customer studies and work papers related

Firm Point-To-Point Transmission Service, TEP nonetheless shall be obligated to offer and provide the portion of the requested Firm Point-To-Point Transmission Service that can be accommodated without addition of any facilities and through redispatch. However, TEP shall not be obligated to provide the incremental amount of requested Firm Point-To-Point Transmission Service that requires the addition of facilities or upgrades to the Transmission System until such facilities or upgrades have been placed in service.

**19.8 Expedited Procedures for New Facilities:** In lieu of the procedures set forth above, the Eligible Customer shall have the option to expedite the process by requesting TEP to tender at one time, together with the results of required studies, an "Expedited Service Agreement" pursuant to which the Eligible Customer would agree to compensate TEP for all costs incurred pursuant to the terms of the Tariff. In order to exercise this option, the Eligible Customer shall request in writing an expedited Service Agreement covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in providing the requested service.

credit or other form of security or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn.

**19.5 Facilities Study Modifications:** Any change in design arising from inability to site or construct facilities as proposed will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of TEP that significantly affect the final cost of new facilities or upgrades to be charged to the Transmission Customer pursuant to the provisions of Part II of the Tariff.

**19.6 Due Diligence in Completing New Facilities:** TEP shall use due diligence to add necessary facilities or upgrade its Transmission System within a reasonable time. TEP will not upgrade its existing or planned Transmission System in order to provide the requested Firm Point-To-Point Transmission Service if doing so would impair system reliability or otherwise impair or degrade existing firm service.

**19.7 Partial Interim Service:** If TEP determines that it will not have adequate transmission capability to satisfy the full amount of a Completed Application for

interest. Upon receipt of an executed Facilities Study Agreement, TEP will use due diligence to complete the required Facilities Study within a sixty (60) day period. If TEP is unable to complete the Facilities Study in the allotted time period, TEP shall notify the Transmission Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Transmission Customer, (ii) the Transmission Customer's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Part II of the Tariff, and (iii) the time required to complete such construction and initiate the requested service. The Transmission Customer shall provide TEP with a letter of credit or other reasonable form of security acceptable to TEP equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Transmission Customer shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of

completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement pursuant to Section 15.3, or the Application shall be deemed terminated and withdrawn.

**19.4 Facilities Study Procedures:** If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, and if the Eligible Customer is a SWRTA member, then TEP and the Eligible Customer shall follow the procedures for facilities studies set forth in Sections 4.3.6 - 4.3.11 of the SWRTA Bylaws. If the Eligible Customer is not a SWRTA member, then TEP, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse TEP for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to TEP within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with

**19.3 System Impact Study Procedures:** Upon receipt of an executed System Impact Study Agreement, TEP will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify any system constraints and redispatch options, additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. In the event that TEP is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer. TEP will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. TEP shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of

**19.2 System Impact Study Agreement and Cost Reimbursement:**

- (i) The System Impact Study Agreement will clearly specify TEP's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, TEP shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.
- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for TEP to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.
- (iii) For System Impact Studies that TEP conducts on its own behalf, TEP shall record the cost of the System Impact Studies pursuant to Section 20.

**19 Additional Study Procedures For Firm Point-To-Point  
Transmission Service Requests**

**19.1 Notice of Need for System Impact Study:** After receiving a request for service, TEP shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of TEP's methodology for completing a System Impact Study is provided in Attachment D. If TEP determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. In such cases, TEP shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse TEP for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to TEP within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest.

service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than two (2) Workdays before service is to commence, and requests for hourly service shall be submitted no earlier than 11:00 a.m. Mountain Standard Time the day before service is to commence. Requests for service received later than 2:00 p.m. Mountain Standard Time prior to the day service is scheduled to commence will be accommodated if practicable.

**18.4 Determination of Available Transmission Capability:**

Following receipt of a tendered schedule TEP will make a determination on a non-discriminatory basis of available transmission capability pursuant to Section 15.2. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of service (i) thirty (30) minutes for hourly service, (ii) thirty (30) minutes for daily service, (iii) four (4) hours for weekly service, and (iv) two (2) Workdays for monthly service.

- (iii) The Point(s) of Receipt and the Point(s) of Delivery;
- (iv) The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and
- (v) The proposed dates and hours for initiating and terminating transmission service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, TEP also may ask the Transmission Customer to provide the following:

- (vi) The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service; and
- (vii) The electrical location of the ultimate load.

TEP will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG transmission information sharing agreements. TEP shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

### 18.3 Reservation of Non-Firm Point-To-Point Transmission

**Service:** Requests for monthly service shall be submitted no earlier than sixty (60) days before

the event the Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

**18 Procedures for Arranging Non-Firm Point-To-Point  
Transmission Service**

**18.1 Application:** Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a Completed Application to TEP. Applications should be submitted by entering the information listed below on TEP's OASIS. Prior to implementation of TEP's OASIS, a Completed Application may be submitted by (i) transmitting the required information to TEP by facsimile (520-571-4036), or (ii) providing the information by telephone over TEP's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application.

**18.2 Completed Application:** A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;

Agreement or request the filing of an unexecuted service agreement pursuant to Section 15.3, within fifteen (15) days after it is tendered by TEP will be deemed a withdrawal and termination of the Application and any deposit submitted shall be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

- 17.7 Extensions for Commencement of Service:** The Transmission Customer can obtain up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Transmission Service for each year or fraction thereof. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate for its Reserved Capacity concurrent with the new Service Commencement Date. In

Completed Application. Where a System Impact Study is required, the provisions of Section 19 will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service

deposit, with interest. Upon receipt of a new or revised Application that fully complies with the requirements of Part II of the Tariff, the Eligible Customer shall be assigned a new priority consistent with the date of the new or revised Application.

**17.5 Response to a Completed Application:** Following receipt of a Completed Application for Firm Point-To-Point Transmission Service, TEP shall make a determination of available transmission capability as required in Section 15.2. TEP shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application either (i) if it will be able to provide service without performing a System Impact Study or (ii) if such a study is needed to evaluate the impact of the Application pursuant to Section 19.1. Responses by TEP must be made as soon as practicable to all completed applications (including applications by its own merchant function) and the timing of such responses must be made on a non-discriminatory basis.

**17.6 Execution of Service Agreement:** Whenever TEP determines that a System Impact Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the

costs incurred by TEP to the extent such costs have not already been recovered by TEP from the Eligible Customer. TEP will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Section 19. If a Service Agreement for Firm Point-To-Point Transmission Service is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration or termination of the Service Agreement for Firm Point-To-Point Transmission Service. Applicable interest shall be computed in accordance with the Commission's regulations at 18 CFR § 35.19a(a)(2)(iii), and shall be calculated from the day the deposit check is credited to TEP's account.

**17.4 Notice of Deficient Application:** If an Application fails to meet the requirements of the Tariff, TEP shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. TEP will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, TEP shall return the Application, along with any

- (viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on TEP's Transmission System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement.

TEP shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

**17.3 Deposit:** A Completed Application for Firm Point-To-Point Transmission Service also shall include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. If the Application is rejected by TEP because it does not meet the conditions for service as set forth herein, or in the case of requests for service arising in connection with losing bidders in a Request For Proposals (RFP), said deposit shall be returned with interest less any reasonable costs incurred by TEP in connection with the review of the losing bidder's Application. The deposit also will be returned with interest less any reasonable costs incurred by TEP if TEP is unable to complete new facilities needed to provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Firm Point-To-Point Transmission Service, the deposit shall be refunded in full, with interest, less reasonable

telephone line. Each of these methods will provide a time-stamped record for establishing the priority of the Application.

**17.2 Completed Application:** A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. TEP will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to RTG transmission information sharing agreements. TEP shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations;
- (v) A description of the supply characteristics of the capacity and energy to be delivered;
- (vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- (vii) The Service Commencement Date and the term of the requested Transmission Service; and

in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

**17 Procedures for Arranging Firm Point-To-Point Transmission Service**

**17.1 Application:** A request for Firm Point-To-Point Transmission Service for periods of one year or longer must contain a written Application to: Transmission Coordinator, Tucson Electric Power Company, 220 West Sixth Street, P.O. Box 711, Tucson, Arizona 85702, at least sixty (60) days in advance of the calendar month in which service is to commence. TEP will consider requests for such firm service on shorter notice when feasible. Requests for firm service for periods of less than one year shall be subject to expedited procedures that shall be negotiated between the Parties within the time constraints provided in Section 17.5. All Firm Point-To-Point Transmission Service requests should be submitted by entering the information listed below on TEP's OASIS. Prior to implementation of TEP's OASIS, a Completed Application may be submitted by (i) transmitting the required information to TEP by facsimile (520-571-4036), or (ii) providing the information by telephone over TEP's time recorded

- c. The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to TEP prior to the time service under Part II of the Tariff commences;
- d. The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part II of the Tariff, whether or not the Transmission Customer takes service for the full term of its reservation; and
- e. The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Section 15.3.

**16.2 Transmission Customer Responsibility for Third-Party**

**Arrangements:** Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by TEP, notification to TEP identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by TEP pursuant to Part II of the Tariff on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, TEP will undertake reasonable efforts to assist the Transmission Customer

- b. The Transmission Customer meets the creditworthiness criteria set forth in Section 11;

providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.

**15.6 Other Transmission Service Schedules:** Eligible

Customers receiving transmission service under other agreements on file with the Commission may continue to receive transmission service under those agreements until such time as those agreements may be modified by the Commission.

**15.7 Real Power Losses:** Real Power Losses are associated with all transmission service. TEP is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service as calculated by TEP. The applicable Real Power Loss factor is 3.30% for EHV Transmission Service (345kV and above) and 1% for Non-EHV Transmission Service (69kV - 138kV) and for transmission service utilizing both EHV and Non-EHV facilities, the transmission loss factor is 4.3%.

**16 Transmission Customer Responsibilities**

**16.1 Conditions Required of Transmission Customers:** Point-To-Point Transmission Service shall be provided by TEP only if the following conditions are satisfied by the Transmission Customer:

- a. The Transmission Customer has pending a Completed Application for service;

Transmission Customer agreeing to (i) compensate TEP at whatever rate the Commission ultimately determines to be just and reasonable, and (ii) comply with the terms and conditions of the Tariff including posting appropriate security deposits in accordance with the terms of Section 17.3.

**15.4 Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System:** If TEP determines that it cannot accommodate a Completed Application for Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, TEP will use due diligence to expand or modify its Transmission System to provide the requested Firm Transmission Service, provided the Transmission Customer agrees to compensate TEP for such costs pursuant to the terms of Section 27. TEP will conform to Good Utility Practice in determining the need for new facilities and in the design and construction of such facilities. The obligation applies only to those facilities that TEP has the right to expand or modify.

**15.5 Deferral of Service:** TEP may defer providing service until it completes construction of new transmission facilities or upgrades needed to provide Firm Point-To-Point Transmission Service whenever TEP determines that

**15 Service Availability**

**15.1 General Conditions:** TEP will provide Firm and Non-Firm Point-To-Point Transmission Service over, on or across its Transmission System to any Transmission Customer that has met the requirements of Section 16.

**15.2 Determination of Available Transmission Capability:**

A description of TEP's specific methodology for assessing available transmission capability posted on TEP's OASIS (Section 4) is contained in Attachment C of the Tariff. In the event sufficient transmission capability may not exist to accommodate a service request, TEP will respond by performing a System Impact Study pursuant to Section 19.

**15.3 Initiating Service in the Absence of an Executed**

**Service Agreement:** If TEP and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all the terms and conditions of the Point-To-Point Service Agreement, TEP shall file with the Commission, within thirty (30) days after the date the Transmission Customer provides written notification directing TEP to file, an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by TEP for such requested Transmission Service. TEP shall commence providing Transmission Service subject to the

at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. TEP will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice.

Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify TEP, and TEP shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

**14.7 Curtailment or Interruption of Service:** TEP reserves the right to Curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when, an emergency or other unforeseen condition threatens to impair or degrade the reliability of its Transmission System. TEP reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for economic reasons in order to accommodate (1) a request for Firm Transmission Service, (2) a request for Non-Firm Point-To-Point Transmission Service of greater duration, (3) a request for Non-Firm Point-To-Point Transmission Service of equal duration with a higher price, or (4) transmission service for Network Customers from non-designated resources. TEP also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced

Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedule 8.

#### **14.6 Scheduling of Non-Firm Point-To-Point Transmission**

**Service:** Schedules for Non-Firm Point-To-Point Transmission Service must be submitted to TEP no later than 2:00 p.m. Mountain Standard Time of the Workday prior to commencement of such service. Schedules submitted after 2:00 p.m. Mountain Standard Time will be accommodated, if practicable. Hour-to-hour schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour.

Transmission Customers within TEP's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. TEP will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving

**14.4 Service Agreements:** TEP shall offer a standard form Non-Firm Point-To-Point Transmission Service Agreement (Attachment B) to an Eligible Customer when it first submits a Completed Application for Non-Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

**14.5 Classification of Non-Firm Point-To-Point Transmission Service:** Non-Firm Point-To-Point Transmission Service shall be offered under terms and conditions contained in Part II of the Tariff. TEP undertakes no obligation under the Tariff to plan its Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of the Tariff. TEP shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by TEP) exceeds its non-firm capacity reservation. Non-Firm Point-To-Point

**14.3 Use of Non-Firm Point-To-Point Transmission Service by the Transmission Provider:** TEP will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after July 9, 1996 or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. TEP will maintain separate accounting, pursuant to Section 8, for any use of Non-Firm Point-To-Point Transmission Service to make Third-Party Sales.

reservations with a longer duration of service. In the event the Transmission System is constrained, competing requests of equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term reservation before being preempted. A longer term competing request for Non-Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request: (a) immediately for hourly Non-Firm Point-To-Point Transmission Service after notification by TEP; and, (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 14.6) for Non-Firm Point-To-Point Transmission Service other than hourly transactions after notification by TEP. Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.

Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify TEP, and TEP shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

**14 Nature of Non-Firm Point-To-Point Transmission Service**

**14.1 Term:** Non-Firm Point-To-Point Transmission Service

will be available for periods ranging from one (1) hour to one (1) month. However, a Purchaser of Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 18.3.

**14.2 Reservation Priority:** Non-Firm Point-To-Point

Transmission Service shall be available from transmission capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned to

event that a Transmission Customer (including Third-Party Sales by TEP) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery.

**13.8 Scheduling of Firm Point-To-Point Transmission Service:**

Schedules for the Transmission Customer's Firm Point-To-Point Transmission Service must be submitted to TEP no later than 11:00 a.m. Mountain Standard Time of the Workday prior to commencement of such service. Schedules submitted after 11:00 a.m. Mountain Standard Time will be accommodated, if practicable. Hour-to-hour schedules of any capacity and energy that are to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within TEP's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their service requests at a common point of receipt into units of 1,000 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. TEP will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving

The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. TEP shall specify the rate treatment and all related terms and conditions applicable in the

(c) TEP shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. Each Point of Delivery at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity.

However, TEP reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under the Tariff when, in TEP's sole discretion, an emergency or other unforeseen condition impairs or degrades the reliability of its Transmission System. TEP will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments.

**13.7 Classification of Firm Transmission Service:**

- (a) The Transmission Customer taking Firm Point-To-Point Transmission Service may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section 22.1 or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section 22.2.
- (b) The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on TEP's Transmission System. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant in which case the units would be treated as a single Point of Receipt.

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Transmission Service, the Transmission Customer shall  
make the required reductions upon request of TEP.

provided that the Eligible Customer agrees to compensate TEP pursuant to the terms of Section 27. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service.

**13.6 Curtailment of Firm Transmission Service:** In the event that a Curtailment on TEP's Transmission System, or a portion thereof, is required to maintain reliable operation of such system, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, TEP will curtail service to Network Customers and Transmission Customers taking Firm Point-To-Point Transmission Service on a basis comparable to the curtailment of service to TEP's Native Load Customers. All Curtailments will be made on a non-discriminatory basis, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. When TEP determines that an electrical emergency exists on its Transmission System and implements emergency procedures to Curtail Firm

compensate TEP for any necessary transmission facility additions pursuant to the terms of Section 27. To the extent TEP can relieve any system constraint more economically by redispatching TEP's resources than through constructing Network Upgrades, it shall do so,

**13.4 Service Agreements:** TEP shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Long-Term Firm Point-To-Point Transmission Service. TEP shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it first submits a Completed Application for Short-Term Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

**13.5 Transmission Customer Obligations for Facility**

**Additions or Redispatch Costs:** In cases where TEP determines that the Transmission System is not capable of providing Firm Point-To-Point Transmission Service without (1) degrading or impairing the reliability of service to Native Load Customers, Network Customers and other Transmission Customers taking Firm Point-To-Point Transmission Service, or (2) interfering with TEP's ability to meet prior firm contractual commitments to others, TEP will be obligated to expand or upgrade its Transmission System pursuant to the terms of Section 15.4. The Transmission Customer must agree to

**13.3 Use of Firm Transmission Service by the Transmission**

**Provider:** TEP will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after July 9, 1996 or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. TEP will maintain separate accounting, pursuant to Section 8, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

monthly service. Before the conditional reservation deadline, if available transmission capability is insufficient to satisfy all Applications, an Eligible Customer with a reservation for shorter term service has the right of first refusal to match any longer term reservation before losing its reservation priority. A longer term competing request for Short-Term Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 13.8) from being notified by TEP of a longer-term competing request for Short-Term Firm Point-To-Point Transmission Service. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff. Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation priorities for existing firm service customers are provided in Section 2.2.

## **II. POINT-TO-POINT TRANSMISSION SERVICE**

### **Preamble**

TEP will provide Firm and Non-Firm Point-To-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff. Point-To-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transmission of such capacity and energy to designated Point(s) of Delivery.

### **13 Nature of Firm Point-To-Point Transmission Service**

#### **13.1 Term:** The minimum term of Firm Point-To-Point

Transmission Service shall be one day and the maximum term shall be specified in the Service Agreement.

#### **13.2 Reservation Priority:** Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis; i.e., in the chronological sequence in which each Transmission Customer has reserved service. Reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the requested transaction. If the Transmission System becomes oversubscribed, requests for longer term service may preempt requests for shorter term service up to the following deadlines; one (1) Workday before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of

final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service or facilities.

**12.5 Costs:** Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

- (A) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or
- (B) one half the cost of the single arbitrator jointly chosen by the Parties.

**12.6 Rights Under The Federal Power Act:** Nothing in this section shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable Commission regulations or Regional Transmission Group rules.

**12.4 Arbitration Decisions:** Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Tariff and any Service Agreement entered into under the Tariff and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The

the Tariff, which shall be presented directly to the Commission for resolution) shall be referred to a designated senior representative of TEP and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days [or such other period as the Parties may agree upon] by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

**12.3 External Arbitration Procedures:** Any arbitration initiated under the Tariff shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or

Customer to provide and maintain in effect during the term of the Service Agreement, an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under the Tariff, or an alternative form of security proposed by the Transmission Customer and acceptable to TEP and consistent with commercial practices established by the Uniform Commercial Code that protects TEP against the risk of non-payment.

## **12 Dispute Resolution Procedures**

**12.1 SWRTA Dispute Resolution Procedures:** TEP is a member of the Southwest Regional Transmission Association ("SWRTA"). SWRTA has dispute resolution procedures in Section 7 of the SWRTA Bylaws approved by the Commission. To the extent the Transmission Customer is a SWRTA member, the SWRTA Dispute Resolution provisions of the SWRTA Bylaws, as amended from time to time, will govern the resolution of such dispute in lieu of the procedures set forth in this Section 12. If the Transmission Customer is not a SWRTA member, the Dispute Resolution Procedures in this Section 12 shall govern.

**12.2 Internal Dispute Resolution Procedures:** Any dispute between a Transmission Customer and TEP involving transmission service under the Tariff (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under

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This review shall be made in accordance with standard commercial practices. In addition, TEP may require the Transmission

cause beyond a Party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither TEP nor the Transmission Customer will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

**10.2 Indemnification:** The Transmission Customer shall at all times indemnify, defend, and save TEP harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from TEP's performance of its obligations under this Tariff on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by TEP.

## **11 Creditworthiness**

For the purpose of determining the ability of the Transmission Customer to meet its obligations related to service hereunder, TEP may require reasonable credit review procedures.

received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in the Transmission Customer's billing under the Tariff.

**9 Regulatory Filings**

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the right of TEP to unilaterally make application to the Commission for a change in rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under the Tariff to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

**10 Force Majeure and Indemnification**

**10.1 Force Majeure:** An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other

Agreement as long as the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then TEP may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy.

**8 Accounting for the Transmission Provider's Use of the Tariff**

TEP shall record the following amounts, as outlined below.

**8.1 Transmission Revenues:** Include in a separate operating revenue account or subaccount the revenues it receives from Transmission Service when making Third-Party Sales under Part II of the Tariff.

**8.2 Study Costs and Revenues:** Include in a separate transmission operating expense account or subaccount, costs properly chargeable to expense that are incurred to perform any System Impact Studies or Facilities Studies which TEP conducts to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including making Third-Party Sales under the Tariff; and include in a separate operating revenue account or subaccount the revenues

available funds payable to TEP, or by wire transfer to a bank named by TEP.

**7.2 Interest on Unpaid Balances:** Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by TEP.

**7.3 Customer Default:** In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to TEP on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after TEP notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, TEP may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission so approves any such request. In the event of a billing dispute between TEP and the Transmission Customer, TEP will continue to provide service under the Service

**7 Billing and Payment**

**7.1 Billing Procedure:** Within a reasonable time after the first day of each month, TEP shall submit an invoice to the Transmission Customer for the charges for all services furnished under the Tariff during the preceding month. Bills for amounts payable shall be due on the last day of the invoicing month or the 20th day after receipt of the bill, whichever is later. If the due date falls on a non-Workday of either party, payment shall be due on the following Workday. All payments shall be made in immediately

service to the members of such power pool and Regional Transmission Group on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates.

This reciprocity requirement applies not only to the Transmission Customer that obtains transmission service under the Tariff, but also to all parties to a transaction that involves the use of transmission service under the Tariff, including the power seller, buyer and any intermediary, such as a power marketer. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power marketer, to request transmission service under the Tariff. If the Transmission Customer does not own, control or operate transmission facilities, it must include in its Application a sworn statement of one of its duly authorized officers or other representatives that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision.

that it is capable of providing to TEP on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates. A Transmission Customer that is a member of a power pool or Regional Transmission Group also agrees to provide comparable transmission

Customer within thirty (30) days of receipt of the Completed Application.

- (ii) If the Eligible Customer thereafter renews its request for the same transmission service referred to in (i) by tendering an application under Section 211 of the Federal Power Act, TEP, within ten (10) days of receiving a copy of the Section 211 application, will waive its rights to a request for service under Section 213(a) of the Federal Power Act and to the issuance of a proposed order under Section 212(c) of the Federal Power Act. The Commission, upon receipt of TEP's waiver of its rights to a request for service under Section 213(a) of the Federal Power Act and to the issuance of a proposed order under Section 212(c) of the Federal Power Act, shall issue an order under Section 211 of the Federal Power Act. Upon issuance of the order under Section 211 of the Federal Power Act, TEP shall be required to provide the requested transmission service in accordance with the terms and conditions of this Tariff.

**6 Reciprocity**

A Transmission Customer receiving transmission service under this Tariff agrees to provide comparable transmission service

**5 Local Furnishing Bonds**

**5.1 Transmission Providers That Own Facilities Financed by**

**Local Furnishing Bonds:** This provision is applicable only to Transmission Providers that have financed facilities for the local furnishing of electric energy with tax-exempt bonds, as described in Section 142(f) of the Internal Revenue Code ("local furnishing bonds"). Notwithstanding any other provision of this Tariff, TEP shall not be required to provide transmission service to any Eligible Customer pursuant to this Tariff if the provision of such transmission service would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance TEP's facilities that would be used in providing such transmission service.

**5.2 Alternative Procedures for Requesting Transmission Service:**

- (i) If TEP determines that the provision of transmission service requested by an Eligible Customer would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance its facilities that would be used in providing such transmission service, it shall advise the Eligible

**3.1 Scheduling, System Control and Dispatch Service:** The rates and/or methodology are described in Schedule 1.

**3.2 Reactive Supply and Voltage Control from Generation Sources Service:** The rates and/or methodology are described in Schedule 2.

**3.3 Regulation and Frequency Response Service:** Where applicable the rates and/or methodology are described in Schedule 3.

**3.4 Energy Imbalance Service:** Where applicable the rates and/or methodology are described in Schedule 4.

**3.5 Operating Reserve - Spinning Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 5.

**3.6 Operating Reserve - Supplemental Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 6.

**4 Open Access Same-Time Information System (OASIS)**

Terms and conditions regarding Open Access Same-Time Information System and standards of conduct are set forth in 18 CFR § 37 of the Commission's regulations (Open Access Same-Time Information System and Standards of Conduct for Public Utilities). In the event available transmission capability as posted on the OASIS is insufficient to accommodate a request for firm transmission service, additional studies may be required as provided by this Tariff pursuant to Sections 19 and 32.

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period to all Eligible Customers on TEP's system. Sections 3.1  
through 3.6 below list the six Ancillary Services.

this case, the Transmission Provider can fulfill its obligation to provide Ancillary Services by acting as the Transmission Customer's agent to secure these Ancillary Services from the Control Area operator. The Transmission Customer may elect to (i) have the Transmission Provider act as its agent, (ii) secure the Ancillary Services directly from the Control Area operator, or (iii) secure the Ancillary Services (discussed in Schedules 3, 4, 5 and 6) from a third party or by self-supply when technically feasible.

TEP shall specify the rate treatment and all related terms and conditions in the event of an unauthorized use of Ancillary Services by the Transmission Customer.

The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that are attached to and made a part of the Tariff. Three principal requirements apply to discounts for Ancillary Services provided by TEP in conjunction with its provision of transmission service as follows: (1) any offer of a discount made by TEP must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. A discount agreed upon for an Ancillary Service must be offered for the same

### 3 Ancillary Services

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. TEP is required to provide (or offer to arrange with the local Control Area operator as discussed below), and the Transmission Customer is required to purchase, the following Ancillary Services (i) Scheduling, System Control and Dispatch, and (ii) Reactive Supply and Voltage Control from Generation Sources.

TEP is required to offer to provide (or offer to arrange with the local Control Area operator as discussed below) the following Ancillary Services only to the Transmission Customer serving load within TEP's Control Area (i) Regulation and Frequency Response, (ii) Energy Imbalance, (iii) Operating Reserve - Spinning, and (iv) Operating Reserve - Supplemental. The Transmission Customer serving load within TEP's Control Area is required to acquire these Ancillary Services, whether from TEP, from a third party, or by self-supply. The Transmission Customer may not decline TEP's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. The Transmission Customer must list in its Application which Ancillary Services it will purchase from TEP.

If the Transmission Provider is a public utility providing transmission service but is not a Control Area operator, it may be unable to provide some or all of the Ancillary Services. In

received after the initial sixty (60) day period shall be assigned a priority pursuant to Section 13.2.

**2.2 Reservation Priority For Existing Firm Service**

**Customers:** Existing firm service customers (wholesale requirements and transmission-only, with a contract term of one-year or more) have the right to continue to take transmission service from TEP when the contract expires, rolls over or is renewed. This transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from TEP or elects to purchase capacity and energy from another supplier. If at the end of the contract term, TEP's Transmission System cannot accommodate all of the requests for transmission service, the existing firm service customer must agree to accept a contract term at least equal to a competing request by any new Eligible Customer and to pay the current just and reasonable rate, as approved by the Commission, for such service. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of one-year or longer.

**1.47 Transmission Provider's Monthly Transmission System**

**Peak:** The maximum firm usage of TEP's Transmission System in a calendar month.

**1.48 Transmission Service:** Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.

**1.49 Transmission System:** The facilities owned, controlled or operated by TEP that are used to provide transmission service under Part II and Part III of the Tariff.

**1.50 Workday:** Monday through Friday, other than a designated TEP holiday.

**2 Initial Allocation and Renewal Procedures**

**2.1 Initial Allocation of Available Transmission**

**Capability:** For purposes of determining whether existing capability on TEP's Transmission System is adequate to accommodate a request for firm service under this Tariff, all Completed Applications for new firm transmission service received during the initial sixty (60) day period commencing with the effective date of the Tariff will be deemed to have been filed simultaneously. A lottery system conducted by an independent party shall be used to assign priorities for Completed Applications filed simultaneously. All Completed Applications for firm transmission service

- 1.43 System Impact Study:** An assessment by TEP of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-To-Point Transmission Service or Network Integration Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.
- 1.44 Third-Party Sale:** Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.
- 1.45 Transmission Customer:** Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that TEP file with the Commission, a proposed unexecuted Service Agreement to receive transmission service under Part II of the Tariff. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II and Part III of this Tariff.
- 1.46 Transmission Provider:** Tucson Electric Power Company ("TEP"), the public utility (or its Designated Agent) that owns, controls, or operates facilities used for the transmission of electric energy in interstate commerce and provides transmission service under the Tariff.

- 1.38 Regional Transmission Group (RTG):** A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.
- 1.39 Reserved Capacity:** The maximum amount of capacity and energy that TEP agrees to transmit for the Transmission Customer over TEP's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.
- 1.40 Service Agreement:** The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and TEP for service under the Tariff.
- 1.41 Service Commencement Date:** The date TEP begins to provide service pursuant to the terms of an executed Service Agreement, or the date TEP begins to provide service in accordance with Section 15.3 or Section 29.1 under the Tariff.
- 1.42 Short-Term Firm Point-To-Point Transmission Service:** Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.

**1.37 Receiving Party:** The entity receiving the capacity and energy transmitted by TEP to Point(s) of Delivery.

- 1.31 Part III:** Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.
- 1.32 Parties:** TEP and the Transmission Customer receiving service under the Tariff.
- 1.33 Point(s) of Delivery:** Point(s) on TEP's Transmission System where capacity and energy transmitted by TEP will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.
- 1.34 Point(s) of Receipt:** Point(s) of interconnection on TEP's Transmission System where capacity and energy will be made available to TEP by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.
- 1.35 Point-To-Point Transmission Service:** The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.
- 1.36 Power Purchaser:** The entity that is purchasing the capacity and energy to be transmitted under the Tariff.

Tucson Electric Power Company  
Open Access Transmission Tariff

Revised Sheet No. 14-A (7/14/97)

the applicable Common Service Provisions of Part I and  
appropriate Schedules and Attachments.

Network Customer's Network Load on a non-interruptible basis.

- 1.26 Network Upgrades:** Modifications or additions to transmission-related facilities that are integrated with and support TEP's overall Transmission System for the general benefit of all users of such Transmission System.
- 1.27 Non-Firm Point-To-Point Transmission Service:** Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.
- 1.28 Open Access Same-Time Information System (OASIS):** The information system and standards of conduct contained in Part 37 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.
- 1.29 Part I:** Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.
- 1.30 Part II:** Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with

elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.

- 1.23 Network Operating Agreement:** An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.
- 1.24 Network Operating Committee:** A group made up of representatives from the Network Customer(s) and TEP established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.
- 1.25 Network Resource:** Any designated generating resource owned, purchased or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the

**1.18 Long-Term Firm Point-To-Point Transmission Service:**

Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.

**1.19 Native Load Customers:** The wholesale and retail power customers of TEP on whose behalf TEP, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate TEP's system to meet the reliable electric needs of such customers.

**1.20 Network Customer:** An entity receiving transmission service pursuant to the terms of TEP's Network Integration Transmission Service under Part III of the Tariff.

**1.21 Network Integration Transmission Service:** The transmission service provided under Part III of the Tariff.

**1.22 Network Load:** The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where an Eligible Customer has

portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

- 1.15 Interruption:** A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.
- 1.16 Load Ratio Share:** Ratio of a Transmission Customer's Network Load to TEP's total load computed in accordance with Sections 34.2 and 34.3 of the Network Integration Transmission Service under Part III of the Tariff and calculated on a rolling twelve month basis.
- 1.17 Load Shedding:** The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part III of the Tariff.

**1.13 Firm Point-To-Point Transmission Service:** Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.

**1.14 Good Utility Practice:** Any of the practices, methods and acts engaged in or approved by a significant

that governs service to the Transmission Customer and shall be subject to Commission approval.

**1.11 Eligible Customer:** (i) Any electric utility (including TEP and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that TEP offer the unbundled transmission service, or pursuant to a voluntary offer of such service by TEP. (ii) Any retail customer taking unbundled Transmission Service pursuant to a state requirement that TEP offer the transmission service, or pursuant to a voluntary offer of such service by TEP, is an Eligible Customer under the Tariff.

**1.12 Facilities Study:** An engineering study conducted by TEP to determine the required modifications to TEP's Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested transmission service.

capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);

- (2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
- (3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and
- (4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

- 1.7 Curtailment:** A reduction in firm or non-firm transmission service in response to a transmission capacity shortage as a result of system reliability conditions.
- 1.8 Delivering Party:** The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.
- 1.9 Designated Agent:** Any entity that performs actions or functions on behalf of TEP, an Eligible Customer, or the Transmission Customer required under the Tariff.
- 1.10 Direct Assignment Facilities:** Facilities or portions of facilities that are constructed by TEP for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement.

I. COMMON SERVICE PROVISIONS

1 Definitions

- 1.1 **Ancillary Services:** Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of Tucson Electric Power Company's ("TEP's") Transmission System in accordance with Good Utility Practice.
- 1.2 **Annual Transmission Costs:** The total annual cost of the Transmission System for purposes of Network Integration Transmission Service shall be the amount specified in Attachment H until amended by TEP or modified by the Commission.
- 1.3 **Application:** A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.
- 1.4 **Commission:** The Federal Energy Regulatory Commission.
- 1.5 **Completed Application:** An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit.
- 1.6 **Control Area:** An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:
- (1) match, at all times, the power output of the generators within the electric power system(s) and

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**TUCSON ELECTRIC POWER COMPANY**

**OPEN ACCESS**

**TRANSMISSION TARIFF**

Tucson Electric Power Company  
Unit Cost Calculation - Unit Costs  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

DISAGGREGATION BY CL												
UNIT COSTS												
COL K	COL L	COL M	COL N	COL O	COL P	COL Q	COL R	COL S	COL T	COL U	COL V	COL W
UNCOLE2	CUST INFO E2	TOT ENER	CU SERV DR	CU ACCTG	CU MET	SPASS LLP	SP ASSO TH	TOT CUST				
RES	\$0.00026	\$0.00096	\$1.930	\$2.837	\$0.922							
GS												
10 SEC	\$0.00022	\$0.00080	\$1.950	\$2.867	\$2.202							
10 PRI	\$0.00021	\$0.00079	see above	see above	see above							
11 SEC	\$0.00021	\$0.00080	\$1.951	\$2.868	\$5.874							
11 PRI	\$0.00021	\$0.00078	see above	see above	see above							
31 SEC	\$0.00021	\$0.00080	\$1.971	\$2.897	\$5.934							
13 SEC	\$0.00021	\$0.00080	\$1.763	\$2.591	\$10.781							
13 PRI	\$0.00021	\$0.00078	see above	see above	see above							
LL&P & SP	\$0.00021	\$0.00076	\$0.000	\$101.384	\$556.283							
LTC	\$0.00022	\$0.00082	\$1.971	\$0.735	\$0.000							
PA												
PA SEC	\$0.00020	\$0.00074	\$1.971	\$2.897	\$5.934							
PA PRI	\$0.00020	\$0.00073	\$1.971	\$2.897	\$83.442							

incls: energy in \$/kwh; de

Tucson Electric Power Company  
Unit Cost Calculation - Unit Costs  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

DISAGGREGATION BY CLASS BY VOLTAGE													
UNIT COSTS													
TOTAL	COL A PROD LOC	COL B PROD OTH	COL C TRANS EHV	COL D TRANS LOC	COL E DIST PRI	DIST PR TR	COL F DIST SEC	IST SEC TRAN	COL G TOT DEM	COL H FUEL LOC	COL I FUEL OTH	COL J DSM/E2	
RES	\$0.00509	\$0.03856	\$0.00473	\$0.00285	\$0.00953	-	\$0.00431	-	\$0.00220	\$0.00220	\$0.02314	\$0.00057	
GS													
10 SEC	\$0.00556	\$0.04214	\$0.00517	\$0.00323	\$0.01078	-	\$0.00487	-	\$0.00221	\$0.00221	\$0.02328	\$0.00048	
10 PRI	\$0.00546	\$0.04138	\$0.00508	\$0.00317	\$0.01057	-	n/a	-	\$0.00218	\$0.00218	\$0.02290	\$0.00047	
11 SEC	\$0.00478	\$0.03621	\$0.00444	\$0.00277	\$0.01081	-	\$0.00489	-	\$0.00219	\$0.00219	\$0.02307	\$0.00047	
11 PRI	\$0.00469	\$0.03557	\$0.00436	\$0.00272	\$0.01080	-	n/a	-	\$0.00216	\$0.00216	\$0.02270	\$0.00047	
31 SEC	\$0.00502	\$0.03805	\$0.00467	\$0.00291	\$0.00788	-	\$0.00356	-	\$0.00221	\$0.00221	\$0.02326	\$0.00047	
13 SEC	\$1.66750	\$12.63564	\$1.55031	\$0.96751	\$0.00664	-	\$0.00300	-	\$0.00220	\$0.00220	\$0.02310	\$0.00047	
13 PRI	see above	see above	see above	see above	\$0.00651	-	n/a	-	\$0.00216	\$0.00216	\$0.02273	\$0.00047	
LL&P & SP	\$2.34072	\$17.73707	\$2.17622	\$1.35812		-		-	\$0.00210	\$0.00210	\$0.02213	\$0.00045	
LTG													
PA	\$0.00300	\$0.02271	\$0.00279	\$0.00174	\$0.00619	-	\$0.00280	-	\$0.00219	\$0.00219	\$0.02308	\$0.00049	
PA SEC	\$0.00455	\$0.03450	\$0.00423	\$0.00264	\$0.00654	-	\$0.00296	-	\$0.00219	\$0.00219	\$0.02306	\$0.00044	
PA PRI	\$0.00422	\$0.03196	\$0.00392	\$0.00245	\$0.00539	-	n/a	-	\$0.00216	\$0.00216	\$0.02269	\$0.00043	

note: energy in \$/kwh; demand in \$/kw-mo.; customer charges in \$/mo.

Tucson Electric Power Company  
Unit Cost Calculation - Billing Determinants  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

DISAGGREGATION BY CL UNITS	COL K	COL L	COL M	COL N	COL O	COL P	COL Q	COL R	COL S
	UNCOL E2	CUST INFO E2	TOI ENER	CU SERV DR	CU ACCTG	CUMET	SPASS LLP	SPASS OTH	TOT CUST
RES	2,407,770	2,407,770	3,209,699	3,209,699	3,209,699	3,209,699			
GS									
10 SEC	1,208,981	1,208,981	323,341	323,341	323,341	323,341			
10 PRI	7,747	7,747	XXXX	XXXX	XXXX	XXXX			
11 SEC	39,417	39,417	4,391	4,391	4,391	4,391			
11 PRI	13,640	13,640	XXXX	XXXX	XXXX	XXXX			
31 SEC	15,997	15,997	535	535	535	535			
13 SEC	945,383	945,383	7,063	7,063	7,063	7,063			
13 PRI	195,135	195,135	XXXX	XXXX	XXXX	XXXX			
LL&P & SP	1,956,961	1,956,961	168	168	168	168			
LTG	33,669	33,669	64,972	64,972	64,972	64,972			
PA									
PA SEC	140,878	140,878	11,126	11,126	11,126	11,126			
PA PRI	12,472	12,472	99	99	99	99			
UNITS - MMH; KW (TAL)									

Tucson Electric Power Company  
Unit Cost Calculation - Billing Determinants  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

UNITS	DISAGGREGATION BY CLASS BY VOLTAGE														COL J DSM2	
	COL A PROD LOC	COL B PRODO TH	COL C TRANSEHV	COL D TRANS LOC	COL E DIST PRI	DIST PRI TR	COL F DIST SEC	IST SEC TRAN	COL G TOT DEM	COL H FUEL LOC	COL I FUEL OTH	COL J DSM2				
RES	2,407,770	2,407,770	2,407,770	2,407,770	2,407,770	2,407,770	2,407,770	2,407,770	2,407,770	2,407,770	2,407,770	2,407,770	2,407,770	2,407,770	2,407,770	2,407,770
GS	1,208,981	1,208,981	1,208,981	1,208,981	1,208,981	1,208,981	1,208,981	1,208,981	1,208,981	1,208,981	1,208,981	1,208,981	1,208,981	1,208,981	1,208,981	1,208,981
10 PRI	7,747	7,747	7,747	7,747	7,747	7,747	7,747	7,747	7,747	7,747	7,747	7,747	7,747	7,747	7,747	7,747
11 SEC	39,417	39,417	39,417	39,417	39,417	39,417	39,417	39,417	39,417	39,417	39,417	39,417	39,417	39,417	39,417	39,417
11 PRI	13,640	13,640	13,640	13,640	13,640	13,640	13,640	13,640	13,640	13,640	13,640	13,640	13,640	13,640	13,640	13,640
31 SEC	15,997	15,997	15,997	15,997	15,997	15,997	15,997	15,997	15,997	15,997	15,997	15,997	15,997	15,997	15,997	15,997
13 SEC	2,799,649	2,799,649	2,799,649	2,799,649	2,799,649	2,799,649	2,799,649	2,799,649	2,799,649	2,799,649	2,799,649	2,799,649	2,799,649	2,799,649	2,799,649	2,799,649
13 PRI	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx
LL&P & SP	3,267,797	3,267,797	3,267,797	3,267,797	3,267,797	3,267,797	3,267,797	3,267,797	3,267,797	3,267,797	3,267,797	3,267,797	3,267,797	3,267,797	3,267,797	3,267,797
LTG	33,669	33,669	33,669	33,669	33,669	33,669	33,669	33,669	33,669	33,669	33,669	33,669	33,669	33,669	33,669	33,669
PA	140,878	140,878	140,878	140,878	140,878	140,878	140,878	140,878	140,878	140,878	140,878	140,878	140,878	140,878	140,878	140,878
PA SEC	12,472	12,472	12,472	12,472	12,472	12,472	12,472	12,472	12,472	12,472	12,472	12,472	12,472	12,472	12,472	12,472
PA PRI																

UNITS - MMH; KW (ITALICS); ANNUAL CUSTOMERS (BOLD)

Tucson Electric Power Company  
Unit Cost Calculation - Revenue Requirement  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

	COL K	COL L	COL M	COL N	COL O	COL P	COL Q	COL R	COL S
UNCOL E2	CU INF/LIFE	TOT ENER	CU SERV DR	CU ACCTG	CUMET	SP ASS LLP	SP ASSO TH	TOT CUST	TOT CUST
REV REQ BY FUNCT	1,589	3,889	185,144	7,022	10,198	4,036	917	379	22,552
BACK OUT LIFELINE	5	13		23	33	13			
ADJ REV REQ	1,584	3,876		6,999	10,165	4,023	917	379	22,552
ADD LIFE TO CU INFO	1,584	5,873		6,999	10,165	4,023	917	379	22,552
94.4% OF DIST L PR & FU	1,584	5,873		6,999	10,165	4,023	917	379	22,552
COMB FUNCT	1,584	5,873		6,999	10,165	4,023	917	379	22,552
CHK	0	0		0	0	0	0	0	0

DISAGREGATION BY CL  
REV REQ (1000 \$s)

	COL K	COL L	COL M	COL N	COL O	COL P	COL Q	COL R	COL S
UNCOL E2	CU INF/LIFE	TOT ENER	CU SERV DR	CU ACCTG	CUMET	SP ASS LLP	SP ASSO TH	TOT CUST	TOT CUST
TOTAL	1,584	5,873	185,638	6,999	10,165	4,023	917	379	22,483
RES	621	2,304	65,316	6,194	9,105	2,959			18,259
GS									
10 SEC	261	967	32,623	631	927	712			2,269
10 PRI	2	6	206	1	1	28			31
11 SEC	8	31	1,054	9	13	26			47
11 PRI	3	11	359	0	0	6			6
31 SEC	3	13	431	1	2	3			6
13 SEC	203	752	25,318	12	18	76			107
13 PRI	41	153	5,141	1	2	44			47
LL&P & SP	403	1,495	50,209	-	17	93			110
LTG	7	28	902	128	48	-			176
PA									
PA SEC	28	104	3,751	22	32	66			120
PA PRI	2	9	327	0	0	8			9
TOTAL	1,584	5,873	185,638	6,999	10,165	4,023	917	379	22,483

Tucson Electric Power Company  
Unit Cost Calculation - Revenue Requirement  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

	COLA DIST LPR	COLB PRODO TH	COLC TRANSEHV	COLD TRANSLOC	COLE DISTPRI	DISTPRI TR	COLF DIST SEC	DISEC TR	COLG TOTDEM	COLH DIST L FUEL	COLI FUELO TH	COLJ DSME?
TOTAL	613,386	253,991	31,163	19,448	41,511	4,141	18,155	1,774	405,690	16,110	180,048	3,508
REV REQ BY FUNCT	35,507	253,991	31,163	19,448	41,511	4,141	18,155	1,774	405,690	16,110	180,048	3,508
BACK OUT LIFELINE	116	829	102	63	135	14	59	6		53	522	11
ADJ REV REQ	35,391	253,162	31,061	19,385	41,376	4,127	18,096	1,768		16,057	159,526	3,497
ADD LIFE TO CU INFO	35,391	253,162	31,061	19,385	41,376	4,127	18,096	1,768		16,057	159,526	3,497
94.4% OF DIST L PR & FU	33,409	253,162	31,061	19,385	41,376	4,127	18,096	1,768		15,158	159,526	3,497
COMB FUNCT	33,409	253,162	31,061	19,385	45,503	0	19,864	0		15,158	159,526	3,497
CHK	0	0	0	0	0	0	0	0		0	0	0

DISAGGREGATION BY CLASS BY VOLTAGE

	COLA DIST LPR	COLB PRODO TH	COLC TRANSEHV	COLD TRANSLOC	COLE DISTPRI	DISTPRI TR	COLF DIST SEC	DISEC TR	COLG TOTDEM	COLH DIST L FUEL	COLI FUELO TH	COLJ DSME?
TOTAL	610,505	253,162	31,061	19,385	45,503		19,864		402,384	15,158	159,526	3,497
RES	12,252	92,844	11,391	7,109	22,946		10,373		156,916	5,295	55,723	1,372
GS	6,723	50,945	6,251	3,901	13,034		5,892		86,745	2,674	28,145	576
10 SEC	42	321	39	25	82				509	17	177	4
10 PRI	188	1,427	175	109	426		193		2,519	86	910	19
11 SEC	64	485	60	37	145				790	29	310	6
11 PRI	80	609	75	47	126		57		893	35	372	8
31 SEC	4,668	35,375	4,340	2,709	6,278		2,838		56,208	2,075	21,840	448
13 SEC	946	7,172	880	549	1,270				10,817	421	4,435	91
13 PRI												
LL&P & SP	7,849	57,961	7,111	4,438					77,160	4,115	43,306	890
LTG	101	785	94	59	209		94		1,321	74	777	16
PA	641	4,860	596	372	922		417		7,808	309	3,248	62
PA SEC	53	1,399	49	31	67				598	27	283	5
PA PRI												
TOTAL	33,409	253,162	31,061	19,385	45,503		19,864		402,384	15,158	159,526	3,497

Tucson Electric Power Company  
Unbundled Revenue Requirement Summary  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

ENERGY

CUSTOMER CHARGE

Line No.	Total Energy		Fuel Energy-1		Fuel Energy-2		DSM Energy-2	Uncollectible Accounts Energy-2	Cust. Serv. & Info. Exp. Energy-2	Total Customer Charge	Customer (Service Drop)	Customer (Acctg)	Customer (Meters)	Specific Assign. (LL&P)	Specific Assign. (Other)	Line No.
	Energy	Production	Local Production	Other Production	Energy-1 Production	Energy-2 Production										
1	Rate Base	(a) \$11,425	\$919	\$11,269						\$32,495	\$23,408	(\$941)	\$12,796	\$4,022	(\$6,789)	1
2	Rate Of Return	(b) 7.72%	7.72%	7.72%						7.72%	7.72%	7.72%	7.72%	7.72%	7.72%	2
3	Total Return (Ln 1 + Ln 2)	\$863	\$71	\$870						\$2,510	\$1,808	(\$73)	\$988	\$311	(\$524)	3
4																
5	Expenses Prior to Inc. Taxes	(c) \$172,988	\$15,058	\$149,434						\$18,668	\$4,766	\$9,650	\$2,802	\$550	\$880	4
6	Income Taxes	(d) 11,273	981	9,744						\$1,374	428	621	246	58	23	5
7	Total Expenses	\$184,261	\$16,039	\$159,178						\$20,042	\$5,214	\$10,271	\$3,048	\$606	\$903	6
8																
9	Rev. Req. (Ln 3 + Ln 7)	\$185,144	\$16,110	\$160,048						\$22,552	\$7,022	\$10,198	\$4,036	\$917	\$379	7
10	Net (Ln 9)	\$185,144	16,110	160,048						22,552	7,022	10,198	4,036	917	379	8

Supporting Schedules

- (a) Per G-5, Page 3 of 3, Ln 24
- (b) Per D-1, Page 1 of 3, Ln 10
- (c) Per G-6, Page 4 of 4, Ln 22
- (d) Per G-1, Page 1 of 2, Ln 8
- (e) Per Exhibit CAM-1, Page 1 of 2; DSM Expenditures = \$3,316,822
- (f) Account 904 Uncollectible Accounts
- (g) Accounts 907-910, 913, & 917 less DSM
- (h) Customer Accounting is comprised of meter reading and customer records & collection expenses.

Notes

Tucson Electric Power Company  
Unbundled Revenue Requirement Summary  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

Line No.	Description	DEMAND						ENERGY		CUSTOMER CHARGE	
		Total Company	Production Local	Production Other	Trans. EHV	Trans. Local	Distribution Primary	Distribution Secondary	Total Demand	Total Energy (G-8, Page 2 of 4)	Total Cust. Charge (G-8, Page 2 of 3)
1	Rate Base	\$1,159,507	\$28,117	\$583,430	\$184,606	\$83,873	\$178,063	\$77,499	\$1,115,587	\$11,425	\$32,495
2	Rate Of Return	7.72%	7.72%	7.72%	7.72%	7.72%	7.72%	7.72%	7.72%	7.72%	7.72%
3	Total Return (Ln 1 * Ln 2)	\$89,564	\$2,172	\$45,066	\$12,715	\$6,479	\$13,754	\$5,966	\$86,171	\$883	\$2,510
4	Expenses Prior to Inc. Taxes	\$486,477	\$31,173	\$193,463	\$16,551	\$11,785	\$29,119	\$12,730	\$294,821	\$172,988	\$18,668
5	Income Taxes	37,345	2,162	15,462	1,897	1,184	2,779	1,213	\$24,697	\$11,273	\$1,374
6	Total Expenses	\$523,822	\$33,335	\$208,925	\$18,448	\$12,969	\$31,898	\$13,943	\$319,518	\$184,261	\$20,042
7	Rev. Req. (Ln 3 + Ln 7)	\$613,386	\$35,507	\$253,991	\$31,163	\$19,448	\$45,652	\$19,929	\$405,689	\$185,144	\$22,552
8	Total Revenues Per C-1	609,571									
9	Difference	\$3,815									
10	Tax Factor	1.6775									
11	Approved Increase	\$6,400									
12											
13											
14											
15	Net (Ln 9)	\$613,385	\$35,507	\$253,991	\$31,163	\$19,448	\$45,652	\$19,929	\$405,689	\$185,144	\$22,552
16											

Notes

- (a) Per G-5, Page 3 of 3, Ln 24
- (b) Per D-1, Page 1 of 3, Ln 10
- (c) Per G-6, Page 4 of 4, Ln 22
- (d) Per G-1, Page 1 of 2, Ln 8
- (e) Per C-1, Ln 1, ACC
- (f) Per C-3, Ln 4

Supporting Schedules

- D-1, G-1, G-5, G-6
- C-1, C-3, Exhibit DBE 6

Tucson Electric Power Company  
Development of Allocation Factors  
Test Period Year Ended December 31, 1994

Line No.	Function / Description	Total (a)	Residential (b)	General Service (c)	Lg. Light & Power (d)	Special Contracts (e)	Lighting (f)	Public Authority - Firm (g)	Public Authority Inter. (h)	Line No.
	<b>Plant Allocator (based on Net Plant in Service + Plant Held for Future Use)</b>									
1	Allocation factor (as %)	100.00%	45.72%	43.79%	8.45%	0.00%	0.40%	1.64%	0.00%	1
1a	plant factor ex. Sp. PAI	100.00%	45.72%	43.79%	8.45%	0.00%	0.40%	1.64%	0.00%	1a
	<i>Calculation (direct assignments not included):</i>									
2	Net Plant in Service (\$1,000s)	1,337,547	611,540	585,634	113,027	0	5,367	21,981	0	2
3	Plant Held for Future Use (\$1,000s)	632	302	289	29	0	3	10	0	3
4	Net Plant in Service + PHFFU (\$1,000s)	1,338,179	611,841	585,922	113,055	0	5,370	21,991	0	4
5	as % (same as line 1)	100.00%	45.72%	43.79%	8.45%	0.00%	0.40%	1.64%	0.00%	5
	<b>O&amp;M less Fuel, &amp; Purchase Power</b>									
6	Allocation factor (as %)	100.00%	46.49%	41.84%	9.70%	0.00%	0.38%	1.58%	0.00%	6
6a	OMXFPP ex. Sp. PAI	100.00%	46.49%	41.84%	9.70%	0.00%	0.38%	1.58%	0.00%	6a
	<i>Calculation (direct assignments not included):</i>									
7	O&M (\$1,000s)	343,055	152,528	144,581	38,526	0	1,645	5,775	0	7
8	Fuel (\$1,000s)	147,571	62,194	62,713	19,146	0	867	2,650	0	8
9	Purchase Power (\$1,000s)	12,665	5,338	5,382	1,643	0	74	227	0	9
10	Deferred Fuel (\$1,000s)	(0)	(0)	(0)	(0)	0	(0)	0	0	10
11	O&M-Fuel-Def Fuel- Pur Pow (\$1,000s)	182,819	84,996	76,486	17,736	0	703	2,898	0	11
12	as % (same as line 6)	100.00%	46.49%	41.84%	9.70%	0.00%	0.38%	1.59%	0.00%	12

Supporting Schedules (none)  
Recap Schedules G-3, G-4, G-5, G-6

Tucson Electric Power Company  
Development of Allocation Factors  
Test Period Year Ended December 31, 1994

Line No.	Function / Description	Total (a)	Residential (b)	General Service (c)	Lg. Light & Power (d)	Special Contracts (e)	Lighting (f)	Public Authority - Firm (g)	Public Authority Inter. (h)	Line No.
1	Customer - (Service Drop)									
	Allocation Factor (As a Percentage)	100.00%	88.50%	9.35%	0.00%	0.00%	1.83%	0.28%	0.03%	1
1a	Customer Service (Exl. Sp, PAI)	100.00%	88.53%	9.35%	0.00%	0.00%	1.83%	0.28%	0.00%	1a
	Calculation:									
2	Non-Weighted Customers (Avg. Per Mo.)	300,437	266,396	27,677	9	5	5,414	833	102	2
3	Weighting Factor		0.98	1.00	0.00	0.00	1.00	1.00	1.00	3
4	Weighted Component	295,974	261,947	27,677	0	0	5,414	833	102	4
5	As a Percentage (Same as Line 1)	100.00%	88.50%	9.35%	0.00%	0.00%	1.83%	0.28%	0.03%	5
	Customer - (Accounting)									
6	Allocation Factor (As a Percentage)	100.00%	89.58%	9.46%	0.11%	0.06%	0.47%	0.28%	0.03%	6
6a	Customer Accounting (Exl. Sp, PAI)	100.00%	89.66%	9.47%	0.11%	0.00%	0.47%	0.29%	0.00%	6a
	Calculation:									
7	Non-Weighted Customers (Avg. Per Mo.)	300,437	266,396	27,677	9	5	5,414	833	102	7
8	Weighting Factor		0.98	1.00	35.00	35.00	0.25	1.00	1.00	8
9	Weighted Component	292,423	261,947	27,677	315	175	1,373	833	102	9
10	As a Percentage (Same as Line 6)	100.00%	89.58%	9.46%	0.11%	0.06%	0.47%	0.28%	0.03%	10
	Customer - (Meter)									
11	Allocation Factor (As a Percentage)	100.00%	73.55%	22.28%	1.49%	0.83%	0.00%	1.53%	0.32%	11
11a	Customer Meters (Exl. Sp, PAI)	100.00%	74.41%	22.54%	1.51%	0.00%	0.00%	1.55%	0.00%	11a
	Calculation:									
12	Non-Weighted Customers (Avg. Per Mo.)	300,437	266,396	27,677	9	5	5,414	833	102	12
13	Weighting Factor		1.00	2.91	600.00	600.00	0.00	6.63	11.24	13
14	Weighted Component	361,581	265,951	80,553	5,400	3,000	0	5,527	1,149	14
15	As a Percentage (Same as Line 11)	100.00%	73.55%	22.28%	1.49%	0.83%	0.00%	1.53%	0.32%	15

Recap Schedules  
G-3, G-4, G-5, G-6

Supporting Schedules  
(none)

Tucson Electric Power Company  
Development of Allocation Factors  
Test Period Year Ended December 31, 1994

Line No.	Function / Description	Total (a)	Residential (b)	General Service (c)	Lg. Light & Power (d)	Special Contracts (e)	Lighting (f)	Public Authority - Firm (g)	Public Authority Inter. (h)	Line No.
1	Weighted Energy									
1a	Wild Energy Factor	100.00%	34.93%	35.22%	10.75%	16.39%	0.49%	1.49%	0.73%	1
	Wild Energy ex. SP, PAI	100.00%	42.15%	42.50%	12.97%	0.00%	0.59%	1.80%	0.00%	1a
2	Calculation of Component No. 1:									
3	Summer Energy On-Peak	873,238	313,763	349,453	82,838	102,332	2,664	15,014	7,175	2
4	Weighting Factor		14.68	14.68	14.68	14.68	14.68	14.68	14.68	3
5	Weighted Component	12,819,140	4,606,035	5,129,975	1,216,055	1,502,235	39,106	220,401	105,332	4
6	Summer Energy Off-Peak	2,878,222	1,045,335	985,224	311,507	460,979	13,381	40,728	21,068	5
7	Weighting Factor		12.82	12.82	12.82	12.82	12.82	12.82	12.82	6
8	Weighted Component	36,898,810	13,401,194	12,630,578	3,993,522	5,909,750	171,546	522,135	270,086	7
9	Summer Energy Shoulder Period	329,602	124,057	125,802	31,321	39,878	447	5,406	2,691	8
10	Weighting Factor		14.16	14.16	14.16	14.16	14.16	14.16	14.16	9
11	Weighted Component	4,667,158	1,756,642	1,781,351	443,509	564,670	6,337	76,549	36,100	10
12	Winter Energy On-Peak	754,801	257,138	281,071	80,526	117,186	3,376	11,102	4,403	11
13	Weighting Factor		13.01	13.01	13.01	13.01	13.01	13.01	13.01	12
14	Weighted Component	9,819,966	3,345,368	3,656,734	1,047,641	1,524,588	43,923	144,431	57,281	13
15	Winter Energy Off-Peak	2,464,381	808,489	826,873	279,663	479,679	15,847	36,270	17,560	14
16	Weighting Factor		12.44	12.44	12.44	12.44	12.44	12.44	12.44	15
17	Weighted Component	30,656,897	10,057,602	10,286,306	3,479,007	5,967,208	197,136	451,194	218,444	16
18	Sum of Weighted Components	94,851,971	33,166,841	33,484,944	10,179,733	15,468,451	458,048	1,414,710	689,244	17
19	As a Percentage	100.00%	34.96%	35.30%	10.73%	16.31%	0.48%	1.49%	0.73%	18
20	Weight of Component No. 1	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	19
	Line 18 x Line 19		11.89%	12.00%	3.65%	5.54%	0.16%	0.51%	0.25%	20
21	Calculation of Component No. 2:									
22	Total Energy	7,300,244	2,548,781	2,568,424	785,855	1,200,054	35,716	108,519	52,896	21
23	As a Percentage	100.00%	34.91%	35.18%	10.76%	16.44%	0.49%	1.49%	0.72%	22
24	Weight of Component No. 2	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	23
25	Line 22 x Line 23	100.00%	23.04%	23.22%	7.10%	10.85%	0.32%	0.98%	0.48%	24
	Sum of Components		34.93%	35.22%	10.75%	16.39%	0.49%	1.49%	0.73%	25
26	Energy - 2									
26a	Allocation factor (As a Percentage)	100.00%	39.23%	32.92%	10.07%	15.38%	0.47%	1.30%	0.63%	26
27	Energy-2 (Exl. Sp, PAI)	100.00%	46.71%	39.19%	11.99%	0.00%	0.56%	1.54%	0.00%	26a
28	Energy As a Percentage (Same as Line 22)	100.00%	34.91%	35.18%	10.76%	16.44%	0.49%	1.49%	0.72%	27
29	Weighting Factor		0.09280	0.07727	0.07727	0.07727	0.07910	0.07200	0.07200	28
30	Line 27 x Line 28	0.08258	0.03240	0.02718	0.00832	0.01270	0.00039	0.00107	0.00052	29
	As a Percentage	100.00%	39.23%	32.92%	10.07%	15.38%	0.47%	1.30%	0.63%	30

Supporting Schedules  
(none)

Recap Schedules  
G-3, G-4, G-5, G-6

Tucson Electric Power Company  
Development of Allocation Factors  
Test Period Year Ended December 31, 1994

Line No.	Function / Description	Total (a)	Residential (b)	General Service (c)	Lg. Light & Power (d)	Special Contracts (e)	Lighting (f)	Public Authority - Firm (g)	Public Authority - Inter. (h)	Line No.
1	Production									
1a	4CP Average & Peak	100.00%	36.67%	38.05%	9.66%	13.23%	0.30%	1.45%	0.63%	1
	4CP Average & Peak (Exl. Sp. PAI)	100.00%	42.58%	44.18%	11.22%	0.00%	0.35%	1.68%	0.00%	1a
2	Calculation of Peak Component									
3	June 1994 CP (MW)	1,540.00	608.11	643.81	126.65	132.92	1.20	19.90	7.41	2
4	July 1993 CP (MW)	1,418.00	547.05	581.45	119.38	138.27	1.14	22.44	8.27	3
5	August 1993 CP (MW)	1,484.00	595.52	596.52	123.66	141.87	1.14	17.65	7.65	4
6	September 1993 CP (MW)	1,388.00	508.41	593.96	117.70	138.10	1.25	21.80	6.78	5
7	Total of 4 CP	5,830.00	2,259.08	2,415.74	487.38	551.16	4.73	81.78	30.11	6
8	Total of 4 CP (As a Percentage)	100.00%	38.75%	41.44%	8.36%	9.45%	0.08%	1.40%	0.52%	7
9	1 - load Factor	45.89%	45.89%	45.89%	45.89%	45.89%	45.89%	45.89%	45.89%	8
	Line 7 x Line 8		17.78%	19.01%	3.84%	4.34%	0.04%	0.64%	0.24%	9
10	Average Component									
11	Average Demand (MW)	833.36	290.96	293.20	89.71	136.99	4.08	12.39	6.04	10
12	Avg Demand (As a Percentage)		34.91%	35.18%	10.76%	16.44%	0.49%	1.49%	0.72%	11
13	Load Factor	54.11%	54.11%	54.11%	54.11%	54.11%	54.11%	54.11%	54.11%	12
14	Line 11 x Line 12	54.11%	18.89%	19.04%	5.83%	8.90%	0.26%	0.80%	0.39%	13
	Line 9 + Line 13 = Line 1	100.00%	36.67%	38.05%	9.66%	13.23%	0.30%	1.45%	0.63%	14
15	Transmission EHV & Local									
	4CP Average & Peak (See Line 1a)	100.00%	42.58%	44.18%	11.22%	0.00%	0.35%	1.68%	0.00%	15
16	Distribution Primary									
16a	Non-Coincident Peak at Primary Voltage	100.00%	50.43%	46.94%	0.00%	0.00%	0.46%	1.62%	0.55%	16
17	NCP Primary (Exl. Sp. PAI)	100.00%	50.71%	47.20%	0.00%	0.00%	0.46%	1.63%	0.00%	16a
	NCP Primary (MW)	1582.43	797.97	742.83	0.00	0.00	7.25	25.61	8.77	17
18	Distribution Secondary									
18a	Non-Coincident Peak at Secondary Voltage	100.00%	52.22%	45.21%	0.00%	0.00%	0.47%	1.67%	0.43%	18
19	NCP Secondary (Exl. Sp. PAI)	100.00%	52.45%	45.40%	0.00%	0.00%	0.48%	1.68%	0.00%	18a
	NCP Secondary (MW)	1,498.01	782.29	677.20	0.00	0.00	7.11	25.01	6.41	19

Supporting Schedules  
(none)  
Recap Schedules  
G-3, G-4, G-5, G-6

Tucson Electric Power Company  
Distribution of Expenses by Function  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

Line No.	Class of Service	DEMAND					ENERGY					CUSTOMER					Line No.
		Total (a)	Prod. (b)	Trans. EHV (c)	Trans. Local (d)	Distr. Sec. (f)	Energy-1 (Cost w/d) (g)	Energy 2 (h)	Cust (Services) (i)	Cust (Acctg) (j)	Cust (Meters) (k)	Spec. Assign. (LL&P) (l)	Specific Assign. (Other) (m)	Reference (n)			
1	Depreciation Expense	\$2,317	\$1,270	\$351	\$141	\$333	\$0	\$0	\$49	\$0	\$27	\$0	\$0	G-5.p.1; plant	1		
2	Intangible Plant	59,078	59,078	0	0	0	0	0	0	0	0	0	0	G-5.p.1; plant	2		
3	Production Plant	5,439	0	0	5,379	0	0	0	0	0	0	60	0	G-5.p.1; plant	3		
4	Transmission Plant - Local	9,546	0	9,546	0	0	0	0	0	0	0	0	0	G-5.p.1; plant	4		
5	Transmission Plant - EHV	14,985	0	9,546	5,379	0	0	0	0	0	0	60	0	G-5.p.1; plant	5		
6	Total Transmission Plant	212	0	0	0	148	64	0	0	0	0	0	0	G-5.p.1; plant	6		
7	Land & Land Rights	92	0	0	0	62	28	0	0	0	0	3	0	G-5.p.1; plant	7		
8	Structures & Improvements	1,970	0	0	0	1,149	591	0	0	0	0	222	8	G-5.p.1; plant	8		
9	Station Equipment	2,098	0	0	0	1,464	629	0	0	0	0	4	0	G-5.p.1; plant	9		
10	Poles, Towers & Fixtures AZ	2,511	0	0	0	1,750	753	0	0	0	0	8	0	G-5.p.1; plant	10		
11	Overhead Conductors & Devices AZ	1,145	0	0	0	801	343	0	0	0	0	0	0	G-5.p.1; plant	11		
12	Overhead Conduit AZ	3,521	0	0	0	2,465	1,056	0	0	0	0	0	0	G-5.p.1; plant	12		
13	Underground Conductors & Devices AZ	3,555	0	0	0	2,489	1,067	0	0	0	0	0	0	G-5.p.1; plant	13		
14	Line Transformers AZ	1,523	0	0	0	0	0	1,523	0	0	0	0	0	G-5.p.1; plant	14		
15	Underground Services	850	0	0	0	0	0	0	0	849	0	0	0	G-5.p.1; plant	15		
16	Overhead Services	0	0	0	0	0	0	0	0	0	0	0	0	G-5.p.1; plant	16		
17	Meters AZ	185	0	0	0	0	0	0	0	0	0	0	185	G-5.p.1; plant	17		
18	Street Light/Signal System	17,661	0	0	0	10,327	4,531	0	0	0	849	238	193	G-5.p.1; plant	18		
19	Total Distribution Plant	91,724	59,078	9,546	5,379	10,327	4,531	0	1,523	0	849	298	193	G-5.p.1; plant	19		
20	Total Prod., Trans., Dist Plt	0	0	0	0	0	0	0	0	0	0	0	0	G-5.p.1; plant	20		
21	Total Electric Plant Not Classified (106)	94,041	60,348	9,896	5,520	10,660	4,677	0	1,572	0	877	298	193	G-5.p.1; plant	21		
22	Total Depreciation Expense	\$486,477	\$224,636	\$16,551	\$11,785	\$29,119	\$12,730	\$164,492	\$4,786	\$9,650	\$2,802	\$550	\$880	G-5.p.1; plant	22		

Supporting Schedules  
G-7  
Recap Schedules  
G-4

Tucson Electric Power Company  
Distribution of Expenses by Function  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

Line No.	Class of Service	DEMAND										ENERGY				CUSTOMER				Line No.
		Total (a)	Prod. (b)	Trans. EHV (c)	Trans. Local (d)	Distr. Pri. (e)	Dislr. Sec. (f)	Energy-1 (Cost wtd) (g)	Energy 2 (h)	Cust (Services) (i)	Cust (Acctg) (j)	Cust (Meters) (k)	Spec. Assign. (LL&P) (l)	Specific Assign. (Other) (m)	Reference (n)					
Taxes other than Income Taxes																				
Property Taxes																				
1	Intangible	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	G-5,1.p.1	1		
2	Production	22,273	22,273	0	0	0	0	0	0	0	0	0	0	0	0	0		2		
3	Trans. EHV	3,804	0	0	3,762	0	0	0	0	0	0	0	0	42	0	0		3		
4	Trans. Local	3,937	0	3,937	0	0	0	0	0	0	0	0	0	0	0	0	G-5,1.p.1	4		
5	Distribution	15,602	0	0	0	9,123	4,003	0	0	1,345	0	750	210	170	0	0	G-5,1.p.1	5		
6	Total Property Tax	45,616	22,273	3,937	3,762	9,123	4,003	0	0	1,345	0	750	252	170	0	0		6		
7	Total Payroll Tax	2,882	1,744	118	47	332	142	105	0	393	0	0	0	0	0	0	see testimony	7		
8	Total Arizona Premium Receipts Tax	58	31	9	4	9	4	0	0	1	0	0	0	0	0	0	Plant Fac.	8		
9	Total Taxes Other Than Inc. Taxes	\$48,556	\$24,048	\$4,064	\$3,813	\$9,464	\$4,149	\$105	\$0	\$1,739	\$0	\$751	\$252	\$170	\$0	\$0		9		
Supporting Schedules																				
G-7																				
Recap Schedules																				
G-4																				

Tucson Electric Power Company  
Distribution of Expenses by Function  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

Line No.	Class of Service	DEMAND						ENERGY						CUSTOMER						Line No.
		Total (a)	Prod. (b)	Trans. EHV (c)	Trans. Local (d)	Distr. Pri. (e)	Distr. Sec. (f)	Energy-1 (Cost w/d) (g)	Energy 2 (h)	Cust (Services) (i)	Cust (Acctg) (j)	Cust (Meters) (k)	Spec. Assign. (LL&P) (l)	Specific Assign. (Other) (m)	Reference (n)					
<b>Distribution</b>																				
<b>Maintenance</b>																				
1	Supervision & Engineering	\$297	\$0	\$0	\$0	\$178	\$78	\$0	\$0	\$0	\$26	\$0	\$0	\$0	\$0	\$0	1	Dplt ex D.A.		
2	Structures	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	2			
3	Station Equipment	1,371	0	0	0	959	411	0	0	0	0	0	0	0	0	0	3	see testimony		
4	Overhead Lines	2,994	0	0	0	1,726	742	0	0	526	0	0	0	0	0	0	4	see testimony		
5	Underground Lines	794	0	0	0	458	197	0	0	139	0	0	0	0	0	0	5	see testimony		
6	Line Transformers	814	0	0	0	570	244	0	0	0	0	0	0	0	0	0	6	see testimony		
7	Street Lighting & Signal Systems	59	0	0	0	0	0	0	0	0	0	0	0	0	0	59	7	D.A. to Lighting		
8	Meters	404	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8			
9	Misc. Distribution Plant	725	0	0	0	434	191	0	0	64	0	0	0	0	0	0	9	Dplt ex D.A.		
10	Total Dist. Maint.	7,459	0	0	0	4,327	1,863	0	0	756	0	0	0	0	0	59	10			
11	Total Distribution Expenses	16,065	0	0	0	8,994	3,904	0	0	1,475	0	0	0	0	0	517	11			
12	Total Prod., Trans. & Dist. Exp.	325,734	140,240	2,591	2,451	8,994	3,904	164,387	0	1,475	0	1,174	0	517			12			
<b>Customer Accounts Expenses</b>																				
13	Supervision	354	0	0	0	0	0	0	0	0	0	354	0	0	0	0	13			
14	Meter Reading Expenses	1,572	0	0	0	0	0	0	0	0	0	1,572	0	0	0	0	14			
15	Customer Records & Collection Exp.	7,724	0	0	0	0	0	0	0	0	0	7,724	0	0	0	0	15			
16	Uncollectible Accounts	1,502	0	0	0	0	0	0	1,502	0	0	0	0	0	0	0	16			
17	Customer Accounts Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	17			
18	Total Customer Expenses	11,152	0	0	0	0	0	0	1,502	0	0	9,650	0	0	0	0	18			
19	Total Cust. Service & Inform. Exp.	6,994	0	0	0	0	0	0	6,994	0	0	0	0	0	0	0	19			
20	Prod., Trans, Dist, Cust Exp.	343,880	140,240	2,591	2,451	8,994	3,904	164,387	8,496	1,475	9,650	1,174	0	517			20			
21	Total Operations and Maintenance	\$343,880	\$140,240	\$2,591	\$2,451	\$8,994	\$3,904	\$164,387	\$8,496	\$1,475	\$9,650	\$1,174	\$0	\$517			21			

Recap Schedules  
G-7  
G-4

Tucson Electric Power Company  
Distribution of Expenses by Function  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

Line No.	Class of Service	DEMAND						ENERGY						CUSTOMER						Line No.
		Total (a)	Prod. (b)	Trans. EHV (c)	Trans. Local (d)	Distr. Pri. (e)	Distr. Sec. (f)	Energy-1 (Cost w/d) (g)	Energy 2 (h)	Cust (Services) (i)	Cust (Acctg) (j)	Cust (Meters) (k)	Spec. Assign. (LL&P) (l)	Specific Assign. (Other) (m)	Reference (n)					
1	Total Prod. ex. Fuel & Pur. Pow.	\$140,240	\$140,240	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	1					
2	Total Fuel	151,722	0	0	0	0	0	151,722	0	0	0	0	0	0	2					
3	Deferred Fuel Expense	(0)	0	0	0	0	(0)	0	0	0	0	0	0	0	3					
4	Purchased Power	0	0	0	0	0	0	0	0	0	0	0	0	0	4					
5	Demand	12,665	0	0	0	0	0	12,665	0	0	0	0	0	0	5					
6	Regulatory Disallowance	0	0	0	0	0	0	0	0	0	0	0	0	0	6					
7	Total Purchased Power	12,665	0	0	0	0	0	12,665	0	0	0	0	0	0	7					
8	Total Prod., Fuel & Pur. Power Exp.	304,627	140,240	0	0	0	0	164,387	0	0	0	0	0	0	8					
9	Total Transm. Exp - Local	2,451	0	2,451	0	0	0	0	0	0	0	0	0	0	9					
10	Total Transm. Exp - EHV	2,591	0	2,591	0	0	0	0	0	0	0	0	0	0	10					
Distribution																				
11	Operation	1,531	0	0	0	917	403	0	0	135	0	75	0	0	11					
12	Supervision & Engineering	413	0	0	0	247	108	0	0	36	0	20	0	0	12					
13	Load Dispatching	419	0	0	0	293	126	0	0	0	0	0	0	0	13					
14	Station Expenses	561	0	0	0	324	139	0	0	99	0	0	0	0	14					
15	Overhead Line Expenses	258	0	0	0	149	64	0	0	45	0	0	0	0	15					
16	Underground Line Expenses	148	0	0	0	0	0	0	0	0	0	0	0	148	16					
17	Street Lighting & Signal System Exp.	399	0	0	0	0	0	0	0	0	399	0	0	0	17					
18	Meter Expenses	310	0	0	0	0	0	0	0	0	0	0	0	0	18					
19	Customer Installation Expenses	4,354	0	0	0	2,609	1,145	0	0	385	0	215	0	0	19					
20	Misc. Distribution Expenses	214	0	0	0	128	56	0	0	19	0	11	0	0	20					
21	Total Dist. Operation Expense	\$8,606	\$0	\$0	\$0	\$4,668	\$2,041	\$0	\$0	\$719	\$0	\$720	\$0	\$458	21					

Recap Schedules  
G-4

Supporting Schedules  
G-7

Tucson Electric Power Company  
Distribution of Rate Base by Function  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

Line No.	Class of Service	DEMAND					ENERGY					CUSTOMER					Line No.
		Total (a)	Prod. (b)	Trans. EHV (c)	Trans. Local (d)	Distr. Pri. (e)	Distr. Sec. (f)	Energy-1 (Cost wtd) (g)	Energy 2 (h)	Cust (Services) (i)	Cust (Acq'd) (j)	Cust (Meters) (k)	Spec. Assign. (LL&P) (l)	Spec. Assign. (Other) (m)	Reference (n)		
1	Net Utility Plant in Service	\$1,329,788	\$708,672	\$200,370	\$81,492	\$202,501	\$88,136	\$0	\$0	\$26,687	\$0	\$4,022	\$4,022	\$3,279	1		
	Plant Held for Future Use	0	0	0	0	0	0	0	0	0	0	0	0	0	2		
2	Production	128	0	128	0	0	0	0	0	0	0	0	0	0	3		
3	Transmission EHV	505	0	0	129	263	113	0	0	0	0	0	0	0	4		
4	Trans Loc. & Distribution	632	0	128	129	263	113	0	0	0	0	0	0	0	5		
5	Total Plant Held for Future Use														see testimony		
6	Net Plant in Service + PHFFU	1,330,420	708,672	200,497	81,621	202,764	88,248	0	0	26,687	0	4,022	4,022	3,279	6		
7	Deferred Fuel	0	0	0	0	0	0	0	0	0	0	0	0	0	7		
8	Net Utility Plant	1,330,420	708,672	200,497	81,621	202,764	88,248	0	0	26,687	0	4,022	4,022	3,279	8		
9	Deductions from Rate Base	4,101	0	0	0	0	0	0	0	0	0	0	0	4,101	9		
10	Cust. Advances for Const.	5,967	0	0	0	0	0	0	0	0	0	0	0	5,967	10		
11	Customer Deposits	180,681	96,866	27,349	11,134	27,659	12,038	0	0	3,640	0	0	0	0	11		
12	Deferred Inc. Tax	37,867	20,302	5,732	2,333	5,797	2,523	0	0	763	0	0	0	0	12		
13	Deferred ITC	134,612	72,167	20,376	8,295	20,606	8,968	0	0	2,712	0	0	0	0	13		
14	Reg. Liab. - FAS 109 Plant	363,228	189,335	53,457	21,762	54,062	23,529	0	0	7,115	0	0	0	10,068	14		
	Total Deductions from Rate Base																
15	Additions to Rate Base	(17,467)	(13,689)	(253)	(239)	(877)	(381)	0	(829)	(144)	(941)	0	0	0	15		
16	Working Capital	12,255	0	0	0	0	0	12,255	0	0	0	0	0	0	16		
17	Cash Working Capital	16,360	8,771	2,476	1,008	2,504	1,090	0	0	330	0	0	0	0	17		
18	Fuel Inventory	0	0	0	0	0	0	0	0	0	0	0	0	0	18		
19	Materials & Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0	19		
20	Unamortized reg. expenses	2,625	1,408	397	162	402	175	0	0	53	0	0	0	0	20		
21	Prepayments	13,772	(3,510)	2,621	931	2,029	884	12,255	(829)	239	(941)	0	0	0	21		
22	Allowance for Working Capital	134,612	72,167	8,295	20,376	20,606	8,968	0	0	2,712	0	0	0	0	22		
23	Reg. Assets - FAS 109 Plant	43,931	23,552	6,650	2,707	6,725	2,927	0	0	885	0	0	0	0	23		
24	Deferred Oper. Lease - Valencia	192,315	92,209	17,565	24,014	29,360	12,779	12,255	(829)	3,836	(941)	0	0	0	24		
	Total Additions to Rate Base	\$1,159,507	\$611,546	\$164,606	\$83,873	\$178,063	\$77,499	\$12,255	(\$829)	\$23,408	(\$941)	\$4,022	\$4,022	(\$6,789)			
	Total Rate Base																

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Tucson Electric Power Company  
Distribution of Rate Base by Function  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

Line No.	Class of Service	DEMAND										ENERGY					CUSTOMER					Line No.
		Total (a)	Prod. (b)	Trans. EHV (c)	Trans. Local (d)	Distr. Pri. (e)	Distr. Sec. (f)	Energy-1 (Cost wtd) (g)	Energy 2 (h)	Cust (Services) (i)	Cust (Acctg) (j)	Cust (Meters) (k)	Spec. Assign. (LL&P) (l)	Spec. Assign. (Other) (m)	Reference (n)							
1	Accumulated Depreciation	\$4,744	\$2,583	\$714	\$290	\$655	\$347	\$0	\$0	\$100	\$0	\$0	\$0	\$0	\$0	see p.1; plant	1					
2	Intangible Plant	442,654	442,654	0	0	0	0	0	0	0	0	0	0	0	0	see p.1; plant	2					
3	Production Plant - Local	46,537	0	0	45,975	0	0	0	0	0	0	0	0	562	(0)	see p.1; plant	3					
4	Transmission Plant - EHV	117,004	0	117,004	0	0	0	0	0	0	0	0	0	0	0	see p.1; plant	4					
5	Total Transmission Plant	163,540	0	117,004	45,975	0	0	0	0	0	0	0	0	562	(0)		5					
6	Distribution Plant	1,079	0	0	0	756	324	0	0	0	0	0	0	0	0	see p.1; plant	6					
7	Land & Land Rights	514	0	0	0	344	154	0	0	0	0	0	0	15	(0)	see p.1; plant	7					
8	Structures & Improvements	31,591	0	0	0	18,425	9,477	0	0	0	0	0	0	3,565	122	see p.1; plant	8					
9	Station Equipment	32,613	0	0	0	22,761	9,784	0	0	0	0	0	0	68	(0)	see p.1; plant	9					
10	Poles, Towers & Fixtures	25,430	0	0	0	17,718	7,629	0	0	0	0	0	0	83	(0)	see p.1; plant	10					
11	Overhead Conductors & Devices	4,728	0	0	0	3,310	1,418	0	0	0	0	0	0	0	0	see p.1; plant	11					
12	Underground Conduit	20,320	0	0	0	14,224	6,096	0	0	0	0	0	0	0	0	see p.1; plant	12					
13	UG Conductors & Devices	29,750	0	0	0	20,825	8,925	0	0	0	0	0	0	0	0	see p.1; plant	13					
14	Line Transformers	17,673	0	0	0	0	0	0	0	17,673	0	0	0	0	0	see p.1; plant	14					
15	Services	10,115	0	0	0	0	0	0	0	0	10,111	4	0	0	0	see p.1; plant	15					
16	Meters	0	0	0	0	0	0	0	0	0	0	0	0	0	0	see p.1; plant	16					
17	Installation Customer Premises	2,199	0	0	0	0	0	0	0	0	0	0	0	0	0	see p.1; plant	17					
18	Street Light/Signal System	176,012	0	0	0	98,363	43,807	0	0	17,673	0	0	0	2,199	2,321	see p.1; plant	18					
19	Total Prod., Trans., Dist Plant	782,206	442,654	117,004	45,975	98,363	43,807	0	0	17,673	0	0	0	4,298	2,321		19					
20	Total Electric Plant Not Classified	0	0	0	0	0	0	0	0	0	0	0	0	0	0	see p.1; plant	20					
21	Total Accumulated Depreciation	786,950	445,237	117,717	46,265	99,018	44,154	0	0	17,773	0	0	0	4,298	2,321		21					
22	Net Utility Plant in Service	\$1,329,788	\$708,672	\$200,370	\$81,492	\$202,501	\$88,136	\$0	\$0	\$26,687	\$0	\$14,630	\$4,022	\$3,279			22					

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Recap Schedules  
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Tucson Electric Power Company  
Distribution of Rate Base by Function  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

Line No.	Class of Service	DEMAND					ENERGY					CUSTOMER					Line No.
		Total (a)	Prod. (b)	Trans. EHV (c)	Trans. Local (d)	Distr. Pri. (e)	Distr. Sec. (f)	Energy-1 (Cost wtd) (g)	Energy 2 (h)	Cust (Services) (i)	Cust (Acctg) (j)	Cust (Meters) (k)	Spec. Assign. (LL&P) (l)	Spec. Assign. (Other) (m)	Reference (n)		
1	Gross Utility Plant in Service	\$10,621	\$5,923	\$1,608	\$646	\$1,525	\$669	\$0	\$0	\$225	\$0	\$125	\$0	\$0	1.19, p.1 xsa		
2	Intangible Plant	1,148,087	1,148,087	0	0	0	0	0	0	0	0	0	0	0			
3	Production Plant	128,525	0	0	127,111	0	0	0	0	0	0	0	1,415	0			
4	Transmission Plant - Local	316,479	0	316,479	0	0	0	0	0	0	0	0	0	0			
5	Transmission Plant - EHV	445,004	0	316,479	127,111	0	0	0	0	0	0	0	1,415	0			
6	Total Transmission Plant	6,162	0	0	0	4,313	1,848	0	0	0	0	0	0	0			
7	Distribution Plant	2,666	0	0	0	1,787	800	0	0	0	0	0	79	0			
8	Land & Land Rights	57,207	0	0	0	33,367	17,162	0	0	0	0	0	6,451	227			
9	Structures & Improvements	60,931	0	0	0	42,525	18,279	0	0	0	0	0	127	0			
10	Station Equipment	72,953	0	0	0	50,830	21,886	0	0	0	0	0	238	0			
11	Poles, Towers & Fixtures	33,249	0	0	0	23,274	9,975	0	0	0	0	0	0	0			
12	Overhead Conductors & Devices	102,290	0	0	0	71,603	30,687	0	0	0	0	0	0	0			
13	Underground Conduit	103,278	0	0	0	72,295	30,984	0	0	0	0	0	0	0			
14	UG Conductors & Devices	44,236	0	0	0	0	0	0	44,236	0	0	0	0	0			
15	Line Transformers	24,681	0	0	0	0	0	0	0	0	24,671	10	0				
16	Services	0	0	0	0	0	0	0	0	0	0	0	0	0			
17	Meters	5,373	0	0	0	0	0	0	0	0	0	0	0	0			
18	Installation Customer Premises	513,026	0	0	0	299,994	131,621	0	44,236	0	0	0	6,905	5,373	D.A. to Lighting		
19	Street Light/Signal System	2,106,117	1,148,087	316,479	127,111	299,994	131,621	0	44,236	0	24,671	8,320	5,600				
20	Total Prod, Trans, Dist Plant	0	0	0	0	0	0	0	0	0	0	0	0	0			
21	Total Electric Plant Not Classified	\$2,116,738	\$1,153,909	\$318,087	\$127,757	\$301,519	\$132,290	\$0	\$44,460	\$0	\$24,797	\$8,320	\$5,600				
	Total Plant in Service																

Tucson Electric Power Company  
Allocation of AZ Premium Receipts Tax to Classes of Service  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

Line No.	Class of Service	DEMAND					ENERGY			CUSTOMER				Line No.
		Total (a)	Trans. EHV (c)	Trans. Local (d)	Distr. Pri. (e)	Distr. Sec. (f)	Energy-1 (Cost/wtd) (g)	Energy 2 (h)	Cust (Services) (i)	Cust (Acctg) (j)	Cust (Meters) (k)	Spec. Assign. (LL&P) (l)	Spec. Assign. (Other) (m)	
1	Residential	\$27	\$4	\$2	\$5	\$2	\$0	\$0	\$1	\$0	\$0	\$0	\$0	1
2	General Service	25	4	2	4	2	0	0	0	0	0	0	0	2
3	Large Light & Power	5	1	0	0	0	0	0	0	0	0	0	0	3
4	Lighting	0	0	0	0	0	0	0	0	0	0	0	0	4
5	Public Auth. (Firm)	1	0	0	0	0	0	0	0	0	0	0	0	5
6	Total	\$58	\$9	\$4	\$9	\$4	\$0	\$0	\$1	\$0	\$1	\$0	\$0	6

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Tucson Electric Power Company  
Allocation of Payroll Taxes to Classes of Service  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

Line No.	Class of Service	DEMAND					ENERGY			CUSTOMER				Line No.	
		Total (a)	Prod. (b)	Trans. EHV (c)	Trans. Local (d)	Distr. Pri. (e)	Distr. Sec. (f)	Energy-1 (Cost wid) (g)	Energy 2 (h)	Cust (Services) (i)	Cust (Acctg) (j)	Cust (Meters) (k)	Spec. Assign. (LL&P) (l)		Specific Assign. (Other) (m)
1	Residential	\$1,448	\$742	\$50	\$20	\$169	\$75	\$44	\$0	\$348	\$0	\$0	\$0	\$0	1
2	General Service	1,146	770	52	21	157	65	45	0	37	0	0	0	0	2
3	Large Light & Power	228	196	13	5	0	0	14	0	0	0	0	0	0	3
4	Lighting	17	6	0	0	2	1	1	0	7	0	0	0	0	4
5	Public Auth. (Firm)	43	29	2	1	5	2	2	0	1	0	0	0	0	5
6	Total	\$2,882	\$1,744	\$118	\$47	\$332	\$142	\$105	\$0	\$393	\$0	\$0	\$0	\$0	6

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Tucson Electric Power Company  
Allocation of Depreciation Expense to Classes of Service  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

Line No.	Class of Service	DEMAND						ENERGY				CUSTOMER				Line No.
		Total (a)	Prod. (b)	Trans. EHV (c)	Trans. Local (d)	Distr. Pri. (e)	Distr. Sec. (f)	Energy-1 (Cost w/d) (g)	Energy 2 (h)	Cust (Services) (i)	Cust (Accg) (j)	Cust (Meters) (k)	Spec. Assign. (LL&P) (l)	Spec. Assign. (Other) (m)		
1	Residential	\$42,160	\$25,694	\$4,213	\$2,350	\$5,405	\$2,453	\$0	\$0	\$1,392	\$0	\$652	\$0	\$0	1	
2	General Service	40,978	26,660	4,372	2,439	5,032	2,123	0	0	147	0	198	0	8	2	
3	Large Light & Power	8,809	6,769	1,110	619	0	0	0	0	0	0	13	298	0	3	
4	Lighting	551	212	35	19	49	22	0	0	29	0	0	0	185	4	
5	Public Auth. (Firm)	1,544	1,015	166	93	173	78	0	0	4	0	14	0	0	5	
6	Total	\$94,041	\$60,348	\$9,896	\$5,520	\$10,660	\$4,677	\$0	\$0	\$1,572	\$0	\$877	\$298	\$193	6	

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Tucson Electric Power Company  
Allocation of Property Taxes to Classes of Service  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

Line No.	Class of Service	Total (a)	DEMAND				ENERGY				CUSTOMER				Line No.
			Prod. (b)	Trans. EHV (c)	Trans. Local (d)	Dist. Pri. (e)	Dist. Sec. (f)	Energy-1 (Cost w/d) (g)	Energy 2 (h)	Cust (Services) (i)	Cust (Acctg) (j)	Cust (Meters) (k)	Spec. Assign. (LL&P) (l)	Spec. Assign. (Other) (m)	
1	Residential	\$21,236	\$9,483	\$1,676	\$1,602	\$4,626	\$2,099	\$0	\$0	\$1,191	\$0	\$558	\$0	\$0	1
2	General Service	19,666	9,839	1,739	1,662	4,306	1,817	0	0	126	0	169	0	7	2
3	Large Light & Power	3,625	2,498	442	422	0	0	0	0	0	0	11	252	0	3
4	Lighting	354	78	14	13	42	19	0	0	25	0	0	0	163	4
5	Public Auth. (Firm)	735	374	66	63	148	67	0	0	4	0	12	0	0	5
6	Total	\$45,616	\$22,273	\$3,937	\$3,762	\$9,123	\$4,003	\$0	\$0	\$1,345	\$0	\$750	\$252	\$170	6

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Tucson Electric Power Company  
Allocation of Operations & Maintenance Expense to Classes of Service  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

Line No.	Class of Service	DEMAND					ENERGY					CUSTOMER				
		Total (a)	Prod. (b)	Trans. EHV (c)	Trans. Local (d)	Distr. Pri. (e)	Distr. Sec. (f)	Energy-1 (Cost wtd) (g)	Energy 2 (h)	Cust (Services) (i)	Cust (Acctg) (j)	Cust (Meters) (k)	Spec. Assign. (LL&P) (l)	Specific Assign. (Other) (m)	Line No.	
1	Residential	\$152,826	\$59,708	\$1,103	\$1,044	\$4,561	\$2,048	\$69,281	\$3,969	\$1,306	\$8,653	\$874	\$0	\$280	1	
2	General Service	144,734	61,953	1,145	1,083	4,246	1,772	69,860	3,330	138	914	265	0	30	2	
3	Large Light & Power	38,670	15,730	291	275	0	0	21,328	1,019	0	10	18	0	0	3	
4	Lighting	1,862	492	9	9	41	19	966	47	27	45	0	0	207	4	
5	Public Auth. (Firm)	5,787	2,358	44	41	146	65	2,952	131	4	28	18	0	0	5	
6	Total	\$343,880	\$140,240	\$2,591	\$2,451	\$8,994	\$3,904	\$164,387	\$8,496	\$1,475	\$9,650	\$1,174	\$0	\$517	6	

Supporting Schedules  
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Tucson Electric Power Company  
Allocation of Expenses other than Income Tax to Classes of Service  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

Line No.	Class of Service	Total Expense (a)	Oper. & Maint. Exp. (b)	Depreciation Expense (c)	Total Taxes OTIT (d)	Property Tax (e)	Payroll Tax (f)	AZ Premium Receipts Tax (g)	Line No.
Operating Expenses Excluding Income Taxes									
1	Residential	\$217,697	\$152,826	\$42,160	\$22,711	\$21,236	\$1,448	\$27	1
2	General Service	206,550	144,734	40,978	20,838	19,666	1,146	25	2
3	Large Light & Power	51,337	38,670	8,809	3,858	3,625	228	5	3
4	Lighting	2,784	1,862	551	371	354	17	0	4
5	Public Auth. (Firm)	8,109	5,787	1,544	779	735	43	1	5
6	Total	<u>\$486,477</u>	<u>\$343,880</u>	<u>\$94,041</u>	<u>\$48,556</u>	<u>\$45,616</u>	<u>\$2,862</u>	<u>\$58</u>	6
7	Reference		G-4, p.2	G-4, p.4		G-4, p.3	G-4, p.5	G-4, p.6	7
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Tucson Electric Power Company  
Allocation of Net Utility Plant in Service to Classes of Service  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

Line No.	Class of Service	Net Utility Plant (a)	Production (b)	Transmission		Dist. Pri. (e)	Dist. Sec. (f)	Energy		Cust (Services) (i)	Cust (Acctg) (j)	Cust (Meters) (k)	Spec. Assign. (LL&P) (l)	Specific Assign. (Other) (m)	Line No.
				EHV (c)	Local (d)			(Cost) (g)	Energy 2 (h)						
1	Residential	\$605,450	\$301,723	\$85,363	\$34,751	\$102,818	\$46,283	\$0	\$0	\$23,627	\$0	\$10,885	\$0	\$0	1
2	General Service	579,367	313,065	88,572	36,057	95,712	40,065	0	0	2,496	0	3,297	0	101	2
3	Large Light & Power	115,375	79,486	22,488	9,155	0	0	0	0	0	0	221	4,025	0	3
4	Special Contracts	0	0	0	0	0	0	0	0	0	0	0	0	0	4
5	Lighting	8,491	2,485	703	286	935	421	0	0	488	0	0	0	3,174	5
6	Public Auth. (Firm)	21,738	11,914	3,371	1,372	3,300	1,480	0	0	75	0	226	0	0	6
7	Public Auth. (Int.)	0	0	0	0	0	0	0	0	0	0	0	0	0	7
8	Total	\$1,330,420	\$708,672	\$200,497	\$81,621	\$202,764	\$88,248	\$0	\$0	\$26,687	\$0	\$14,630	\$4,022	\$3,279	8

Supporting Schedules \_\_\_\_\_ Recap Schedules \_\_\_\_\_  
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Tucson Electric Power Company  
Allocation of Rate Base to Classes of Service  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

Line No.	Class of Service	Rate Base (a)	Net Utility Plant (b)	Total Deductions (c)	Customer Advances (d)	Customer Deposits (e)	Deferred Taxes (f)	Deferred ITC (g)	Regulatory Liability (h)	Total Additions (i)	Total Working Capital (j)	Cash (k)	Fuel Inventory (l)	Materials & Supplies (m)	Prepayments (n)	Other Addition - FAS 109 (o)	Deferred Oper. Lease - Valencia (p)
1	Residential	\$526,640	\$605,450	\$166,228	\$4,101	\$537	\$82,672	\$17,326	\$61,593	87,419	\$5,725	(\$8,126)	\$5,165	\$7,486	\$1,201	\$61,593	\$20,101
2	General Service	503,703	579,367	160,045	0	5,430	79,103	16,578	58,934	84,382	6,214	(7,305)	5,208	7,162	1,149	58,934	19,233
3	Large Light & Powe	102,170	115,375	29,731	0	0	15,211	3,188	11,333	16,527	1,496	(1,693)	1,590	1,377	221	11,333	3,698
4	Special Contracts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Lighting	7,871	8,491	1,419	0	0	726	152	541	798	81	(67)	72	66	11	541	177
6	Public Auth. (Firm)	19,124	21,738	5,802	0	0	2,968	622	2,212	3,189	255	(277)	220	269	43	2,212	722
7	Public Auth. (Int.)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	Total	\$1,159,507	\$1,330,420	\$363,226	\$4,101	\$5,967	\$180,680	\$37,866	\$134,612	\$192,314	\$13,771	(\$17,467)	\$12,255	\$16,360	\$2,624	\$134,612	\$43,931
Reference							Plant fac.	Plant fac.	Plant fac.			O&MXPPP	Wld. En.	Plant fac.	Plant fac.	Plant fac.	Plant fac.

Tucson Electric Power Company  
Allocation of Income Taxes at Present Rates  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

Line No.	Function / Description	Total (a)	Residential (b)	General Service (c)	Large Light & Power (d)	Special Contracts (e)	Lighting (e)	Public Authority Firm (f)	Public Authority Inter. (g)	Reference (g)	Line No.
1	Operating Income before Income Taxes	\$123,094	\$47,158	\$64,262	\$8,447	\$0	\$1,407	\$1,820	\$0	G-1, p.1	1
2	Net of Tax Deductions and Additions	(30,672)	(13,958)	(13,357)	(2,660)	0	(196)	(501)	0	Plant fac.	2
3	Taxable Income	92,422	33,200	50,905	5,787	0	1,211	1,319	0		3
4	Income Tax	37,431	13,446	20,617	2,344	0	491	534	0	Tax Fac. 40.5%	4
5	Amortization of ITC	(86)	(39)	(37)	(8)	0	(1)	(1)	0	Plant fac.	5
6	Total Income Tax	\$37,345	\$13,407	\$20,580	\$2,336	\$0	\$490	\$533	\$0		6

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Tucson Electric Power Company  
Rates of Return at Present Rates  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

Line No.	Function / Description	Total (a)	Residential (b)	General Service (c)	Large Light & Power (d)	Special Contracts (e)	Lighting (e)	Public Authority Firm (f)	Public Authority Inter. (g)	Reference (g)	Line No.
	Revenues										
1	Net Sales To Ultimate Customers (1)	\$575,905	\$224,111	\$231,747	\$50,149	\$55,248	\$3,601	\$8,464	\$2,585	H-1	1
2	Adjustments To Net Sales To Ultimate Customers (1)	0	25,018	25,870	5,598	(55,248)	402	945	(2,585)		2
3	Other Electric Revenue-MSR & Refund	19,571	7,678	6,442	1,971	3,010	92	254	124		3
4	SCE Exchange	6,000	4,267	3,580	1,095	(3,010)	51	141	(124)		4
5	Harpster Adjustment on Short-term Sales	8,095	3,781	3,173	971		45	125			5
6	Total Revenues	609,571	284,855	270,812	59,784	0	4,191	9,929	0		6
7	Operating Expenses Excl. Income Taxes	486,477	217,697	206,550	51,337	0	2,784	8,109	0	G-4	7
8	Operating Income Before Income Taxes	123,094	47,158	64,262	8,447	0	1,407	1,820	0		8
9	Income Taxes	37,345	13,407	20,580	2,336	0	490	533	0	G-1, p.2	9
10	Operating Income	85,749	33,751	43,682	6,111	0	917	1,287	0		10
11	Rate Base	1,159,507	526,640	503,703	102,170	0	7,871	19,124	0	G-3	11
12	Rate of Return	7.40%	6.41%	8.67%	5.98%		11.65%	6.73%			12
13	Index of Return	100	87	117	81	0	158	91			13

Supporting Schedules  
G-1, page 2; G-3; G-4; H-1  
Recap Schedules  
(none)

(1) Special Contracts and Public Authority - Interruptible account for \$55,248 and \$2,585 in Net Sales to Ultimate Customers, respectively; and \$2,566 and \$124 in Other Electric Revenue, respectively. The associated adjustments are the negatives of the items.

Schedule D-1

Tucson Electric Power Company  
 Summary Cost of Capital  
 As of December 31, 1994  
 (Thousands of Dollars)

Line No.	Capital Source (1)	Capitalization			Weighted Cost of Capital (d)	Line No.
		Amount (a)	Percent (b)	Cost Rate (c)		
	Actual - End of Test Period					
1	Long-Term Debt - Net	\$1,381,935	103.74%	5.55%	5.76%	1
2	Short-Term Debt	--	--	--	--	2
3	Preferred Stock	--	--	--	--	3
4	Common Stock Equity/(Deficit)	(49,784)	-3.74%	11.00% (2)	-0.41%	4
5	Total Capital	\$1,332,151	100.00%		5.35%	5
	Hypothetical - Proposed End of Test Period					
6	Long-Term Debt - Net	--	62.50%	5.95%	3.72%	6
7	Short-Term Debt	--	--	--	--	7
8	Preferred Stock	--	--	--	--	8
9	Common Stock Equity/(Deficit)	--	37.50%	10.67%	4.00%	9
10	Total Capital	--	100.00%		7.72%	10

(1) Excludes Capital Lease Obligations  
 (2) Allowed Return on Equity per ACC Decision No. 58497

Supporting Schedules  
 None  
 Recap Schedules  
 A-1

Schedule C-3

Tucson Electric Power Company  
 Computation of Operating Revenue Conversion Factor  
 Test Period Year Ended December 31, 1994

Line No.	Description	Operating Revenue Conversion Factor	Line No.
	Income Taxes		
1	Federal and State Tax Rate = 0.40386		1
2	1 = Operating Income Deficiency		2
3	Income Tax Factor = $1 / (1 - 0.40386)$	1.6775	3
4	Operating Revenue Conversion Factor	1.6775	4

Supporting Schedules N/A  
 Recap Schedules A-1

Tucson Electric Power Company  
Adjusted Test Year Income Statement  
Test Period Year Ended December 31, 1994  
(Thousands of Dollars)

Line No.	Description	Actual (e)	Total Adjustments (b)	Total Adjusted (c)	Jurisdiction		Line No.
					ACC (d)	FERC (e)	
1	Operating Revenues	\$691,473	(\$41,880)	\$649,593	\$609,571	\$40,022	1
	Operating Expenses						
	Operations and Maintenance						
2	Fuel Expense	214,874	(49,145)	165,729	151,722	14,007	2
3	Deferred Fuel Expense	7,359	(7,359)				3
	Purchased Power						
4	Demand Charges	13,878		13,878	12,665	1,213	4
5	Energy Charges	210,013	(17,079)	192,934	179,494	13,440	5
6	Other	89,905	10,591	100,496	94,040	6,456	6
7	Depreciation	46,118	5,092	51,210	48,556	2,654	7
8	Taxes Other than Income Taxes	582,147	(57,900)	524,247	486,477	37,770	8
9	Operating Expenses Before Income Taxes						9
10	Income Taxes						10
11	Federal and State Income Taxes - Current		29,630	29,630	29,097	533	11
12	Provision for Deferred Income Taxes - Net		8,486	8,486	8,334	152	12
13	Amortization of Investment Tax Credit	(91)		(91)	(86)	(5)	13
14	Total Income Taxes	(91)	38,116	38,025	37,345	680	14
15	Total Operating Expenses	582,056	(19,784)	562,272	523,822	38,450	15
	Operating Income	109,417	(22,096)	87,321	\$85,749	\$1,572	15
16	Other Income and Deductions						16
17	Allowance for Equity Funds	21,535		21,535			17
18	Other - Net						18
19	Earnings of Subsidiary Companies	21,535		21,535			19
20	Total Other Income and Deductions	130,952	(22,096)	108,856			20
	Income Before Interest Charges						
21	Interest Charges						21
22	Interest on Long-Term Debt	69,286		69,286			22
23	Regulatory Interest	32,280		32,280			23
24	Interest on Short-Term Debt	2,619		2,619			24
25	Amortization of Debt Expense and Premium - Net	6,634		6,634			25
26	Other Interest Expense	484	(338)	146			26
27	Allowance for Borrowed Funds - Credit	(1,091)		(1,091)			27
28	Total Interest Charges	110,212	(338)	109,874			28
29	Income (Loss) from Continuing Operations	20,740	(21,758)	(1,018)			29
30	Income (Loss) from Discontinued Operations						30
31	Provision for Loss on Disposal of Discontinued Operations						31
32	Net Loss (loss)	20,740	(21,758)	(1,018)			32
33	Preferred Stock Dividend Requirement						33
	Balance Available for Common Stock	\$20,740	(\$21,758)	(\$1,018)			
	Supporting Schedules						
	Recap Schedules						
	None						

Tucson Electric Power Company  
 Summary of Original Cost and RCND Rate Base  
 As of December 31, 1984  
 (Thousands of Dollars)

Line No.	Description	Total		ACC Jurisdiction		FERC Jurisdiction		Line No.
		Original Cost Rate Base (a)	RCND Rate Base (b)	Original Cost Rate Base (c)	RCND Rate Base (d)	Original Cost Rate Base (e)	RCND Rate Base (f)	
1	Gross Utility Plant in Service	\$2,254,539	\$3,551,067	\$2,116,738	\$3,342,685	\$137,801	\$208,372	1
2	Less Accumulated Depreciation	839,169	1,689,890	786,950	1,592,601	52,219	97,389	2
3	Net Utility Plant in Service	1,415,370	1,861,077	1,329,788	1,750,084	85,582	110,983	3
4	Plant Held for Future Use	644	644	632	632	12	12	4
5	Regulatory Asset - FAS 109 - Plant	143,372	143,372	134,612	134,612	8,760	8,760	5
6	Deferred Fuel Balance							6
7	Deferred Operating Lease - Valencia	48,780	63,884	43,931	60,074	2,859	3,810	7
8	Net Utility Plant	1,608,178	2,068,977	1,508,963	1,945,412	97,213	123,565	8
Less:								
9	Customers' Advances for Construction	4,101	5,242	4,101	5,242			9
10	Customer Deposits	5,967	5,967	5,967	5,967			10
11	Regulatory Liability - FAS 109	143,372	143,372	134,612	134,612	8,760	8,760	11
12	Deferred Income Taxes-Liberalized Depreciation	193,326	222,585	180,682	208,027	12,644	14,558	12
13	Deferred Investment Tax Credits	40,330	49,710	37,866	46,673	2,484	3,037	13
14	Total Deductions	387,096	426,876	363,228	400,521	23,868	26,355	14
15	Subtotal	1,219,080	1,642,101	1,145,735	1,544,891	73,345	97,210	15
16	Add: Allowance for Working Capital	15,237	15,237	13,772	13,772	1,465	1,465	16
17	Total Rate Base	\$1,234,317	\$1,657,338	\$1,159,507	\$1,558,663	\$74,810	\$98,675	17

Supporting Schedules  
 None  
 Recap Schedules  
 A-1

Schedule A-1

Tucson Electric Power Company  
 Computation of Increase in Retail Operating Revenue Requirement  
 Test Period Year Ended December 31, 1994  
 (Thousands of Dollars)

Line No.	Description	Retail Jurisdiction			Fair Value (c)	Line No.
		Original Cost (a)	RCND (b)			
1	Rate Base (Schedule B-1)	\$1,159,507	\$1,558,663	(a) \$1,359,085	1	
2	Adjusted Operating Income (Sched. C-1)	85,749	85,749	85,749	2	
3	Rate of Return (2/1)	7.40%	5.50%	6.31%	3	
4	Required Operating Income	89,564	89,564	89,564	4	
5	Required Rate of Return (4/1)	7.72%	5.75%	(a) 6.59%	5	
6	Operating Income Deficiency			3,815	6	
7	Operating Income Conversion Factor			1.6775	7	
8	Operating Revenue Deficiency			(a) \$6,400	8	
(a) Per ACC Decision No. 59594, p 7						
	Customer Classification		Approved Revenue Increase	% Increase		
9	Residential		\$2,504	1.1%	9	
10	General Service		2,571	1.1%	10	
11	Large Light and Power		553	1.1%	11	
12	Special Contracts		611	1.1%	12	
13	Public Street Lighting		40	1.1%	13	
14	Other Public Authorities		122	1.1%	14	
15	Total (Excluding Revenue Credits)		\$6,400	1.1%	15	

Supporting Schedules  
 B-1, C-1, D-1

Tucson Electric Power Company  
 Index to Schedules  
 Test Period Year Ended December 31, 1994

Number	Schedule Title	Description
A	<u>Summary Information</u>	
A-1	Computation of Increase in Retail Operating Revenue	Increase in Revenue Requirements
B	<u>Rate Base Data</u>	
B-1	Summary of Original Cost and Current Cost Rate Base	Elements of Original Cost and Current Cost Rate Base
C	<u>Test Period Income Statements</u>	
C-1	Adjusted Test Year Income Statement	Statement of Income for the Test Period Including Pro Forma Adjustments
C-3	Computation of Operating Revenue Conversion Factor	Incremental Taxes on Operating Revenues and Development of Revenue
D	<u>Cost of Capital</u>	
D-1	Summary of Cost of Capital	Elements of Capital Structure and Related Cost for Test Period and for Two
G	<u>Cost of Service Information</u>	
G-1	Rates of Return at Present Rates	Computation of Rates of Return and Income Tax Allocation at Present Rates
G-3	Allocation of Rate Base to Classes of Service	Allocation of Rate Base to Classes of Service and Allocation of Net Utility
G-4	Allocation of Expenses other than Income Tax to Classes of	Allocation of Expenses to Classes of Service
G-5	Distribution of Rate Base by Function	Classification of Original Cost Net Plant by Function
G-6	Distribution of Expenses by Function	Classification of Operating Expenses by Function
G-7	Development of Allocation Factors	Allocation Factors Including Non-Coincident Demand; Energy and Average
G-8	Unbundled Revenue Requirement Summary	Cost Support for Unbundled Distribution Rates
G-9	Unit Cost Calculation	Computation of Distribution Rates

Tucson Electric Power Company  
Workpapers Supporting Unbundled Distribution Services  
Current Rates