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Tucson Electric Power

88 East Broadway Blvd., Post Office Box 20711
Tucson, Arizona 85702

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

July 11, 2014

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

ORIGINAL

Re: Notice of Filing - Tucson Electric Power Company's Letter to Small General Service Time-of-Use customers, Docket No. E-01933A-12-0291

On July 1, 2014, Tucson Electric Power Company ("TEP") filed its application to adjust its Small General Service Time-of-Use tariff (GS-76) and Small General Service tariff (GS-10). In the application, TEP stated that it would coordinate with Commission Staff on the appropriate form of notice and has done so. Attached is the letter that TEP is sending to its GS-76 customers notifying them of the application and how they may submit comments on the application.

If you have any questions, please contact me at (520) 884-3680.

Best regards,

Jessica Bryne
Regulatory Services

Arizona Corporation Commission

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July 11, 2014

Re: Proposed Change to Small General Service Time-of-Use Electric Rate Tariff (GS-76)

Dear Customer:

Tucson Electric Power (TEP) provides service to your company under a time-of-use (TOU) tariff. Unlike standard rates that remain fixed around-the-clock, TOU tariffs incorporate a higher energy charge during midday hours and lower energy charges in off-hours, including mornings, evenings and weekends.

Our optional TOU plans are intended to provide customers with an incentive to shift their consumption away from "on-peak" periods when energy demands are highest. In this way, such plans can ease the stress on TEP's system, limiting our resource needs and reducing costs for all customers.

To accomplish this goal, though, on-peak rates must be set high enough to encourage customers to shift usage to off-peak periods. Recently, TEP learned that the TOU rate your company has chosen – the Small General Service Time-of-Use Electric Rate Tariff (GS-76) – does not satisfy that requirement.

For this reason, TEP filed a request on July 1, 2014, with the Arizona Corporation Commission (ACC) to modify its GS-76 rate. If the changes proposed by TEP are approved, typical customers on the GS-76 tariff who do not alter their consumption patterns can expect an 8-11 percent increase in their annual energy costs, depending on their individual consumption. These increases can be mitigated by shifting energy consumption to off-peak hours – a result that TOU rates are intended to encourage.

TEP also is requesting a modest reduction in our Small General Service Tariff (GS-10), a standard rate available to any company taking service on the GS-76 tariff. The proposed change would reduce the energy bills of customers on that tariff by less than 1 percent. Because these savings would be realized by many customers, they would more than offset the total increases incurred by the smaller number of GS-76 customers. The proposed changes are not intended or expected to increase TEP's revenues.

TEP's application can be reviewed online at <http://images.edocket.azcc.gov/docketpdf/0000154473.pdf>. To comment on the proposed changes, visit the ACC's website at azcc.gov, follow the "Submit a Public Comment" link and reference docket number E-01933A-12-0291. Comments should be filed no later than August 1, 2014 to receive consideration by the ACC.

The proposed changes will not affect your electric bills unless the ACC approves TEP's request. The ACC is expected to address this matter later this year, and TEP will notify you directly if changes to your electric rate are approved. At such time, if you wish to change your electric service to GS-10, you may do so upon request, even if you have been on the GS-76 rate for less than one year. If you have any questions, please contact our Customer Care Center at (520) 623-7711. Thank you for your attention to this important matter.

Sincerely,

Tucson Electric Power