UNS Electric, Inc.
New Application

E-04204A-15-0142

PART 2 OF 3
BARCODE # 0000161984

To review Part 1 please see:
BARCODE # 0000161983

To review Part 3 please see:
BARCODE # 0000161985

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS
SUSAN BITTER SMITH - CHAIRMAN
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

IN THE MATTER OF THE APPLICATION OF UNS ELECTRIC, INC. FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF THE PROPERTIES OF UNS ELECTRIC, INC. DEVOTED TO ITS OPERATIONS THROUGHOUT THE STATE OF ARIZONA, AND FOR RELATED APPROVALS.	DOCKET NO. E-04204A-15-_____

UNS ELECTRIC, INC.

APPLICATION
TESTIMONY AND EXHIBITS

VOLUME 2 of 4

MAY 5, 2015

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Direct Testimony of

Dallas J. Dukes

on Behalf of

UNS Electric, Inc.

May 5, 2015

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I. INTRODUCTION.

Q. Please state your name and business address.

A. My name is Dallas J. Dukes and my business address is 88 East Broadway Blvd., Tucson, Arizona 85701.

Q. By whom are you employed and what are your duties and responsibilities?

A. I am the Senior Director of Pricing and Economic Forecasting for Tucson Electric Power Company ("TEP"). I am responsible for monitoring and determining revenue requirements, customer pricing and rates structures for all the regulated subsidiaries of UNS Energy Corporation ("UNS Energy"), including UNS Electric, Inc. ("UNS Electric" or the "Company").

Q. Please describe your background and work experience.

A. I hold a Bachelors of Science degree with a concentration in Accounting from Indiana University and a Masters in Business Administration from Anderson University. I am also a Certified Public Accountant. I have 25 years of experience within the utility industry. Before assuming my current position, I was employed as the Director of Accounting for TEP.

Prior to working for TEP, I was employed by Citizens Gas & Coke Utility ("Citizens Gas"), for approximately five years. Citizens Gas serves approximately 265,000 customers in the Indianapolis, Indiana area. The majority of my time at Citizens Gas was spent as the Controller.

Before then, I was the Controller and Director of Regulatory Affairs for Fountaintown Natural Gas Company, and Southeastern Indiana Natural Gas Company. Prior to that, I

was employed by the Indiana Office of Utility Consumer Counselor ("OUCC") for approximately seven years. The majority of my time at the OUCC was spent as a Principal Accountant. My primary duties at the OUCC were to perform professional investigative audits and to represent the public's interest as an expert witness in proceedings before the Indiana Utility Regulatory Commission.

Q. Could you please summarize your Direct Testimony?

A. I discuss the more significant Company proposals to change both residential and small commercial customer classes' rate structures. These changes include: (1) raising the basic service charges for residential and small general service customers; (2) eliminating one of the volumetric rate tiers from standard residential customer rate; (3) creating a new net-metering rider that allows the customer with distributed generation ("DG customer") to offset energy consumption with energy production at the retail rate and to sell excess energy production to UNS Electric at the Renewable Credit Rate; (4) requiring partial requirements customers (including new net-metering DG customers) to choose from one of the two proposed three-part rate tariffs applicable for their service requirement. UNS Electric is making these proposals to better align rate design with cost-causation and to reduce inter-class inequities. While the Company understands that there are several foundational rate-design principles, the primary principle remains that rates should reflect cost-based recovery. With that in mind, the Company's proposals address the many changes to the utility industry in recent years – including energy efficiency, distributed generation and demand response – that have contributed to flat or declining energy sales.

Right now, UNS Electric's current rate design for residential and small commercial customers does not reflect the way costs are incurred to serve the customers within these classes. The two-part rate structure of a basic service charge and energy charges is antiquated and does not reflect the modern and burgeoning market for new distributed

energy and demand-management options. The energy (kWh) consumption from seasonal customers and distributed generation customers (for example) is not reflective of the fixed costs imposed on the utility. Put simply, UNS Electric's ability to recover these fixed costs is limited.

Consequently, these unrecovered fixed costs are shifted to other customers under the present rate design. In particular, higher-use customers pay a higher percentage share of fixed costs despite the fact that the fixed costs to serve similar lower-use customers is the same. This phenomenon has created the mistaken belief that a customer using less energy reduces the utility's cost to serve that customer – instead of simply a lower utilization of fixed assets that must remain ready to serve that customer.

I further detail how UNS Electric is proposing a three-part rate design that adds a demand charge to the basic service charge and the energy charge. Specifically, the demand charges would recover fixed costs allocated to the customer's class based on the amount of the system they use and when they use it. This rate structure would more accurately reflect the cost of providing service while maintaining consistency with the Company's rate design objectives. I list the precedent for three-part rate designs to residential customers. I also explain that such a design (all of its three components) will provide proper price signals so that customers can make informed choices about energy usage. In my testimony, I detail the specifics of the Company's proposed three-part rate proposals for residential (RES-01 Demand and RES-01 Demand TOU) and small commercial (SGS-10 Demand and SGS-10 Demand TOU) customers. I also provide the rate impacts using several average energy (kWh) usages. Ultimately, I explain how the three-part rate rewards customers who improve their load factor consistent with more efficient use of the electric utility system – and how it is not the case that residential customers with very low usage will necessarily benefit less from such a structure.

Even so, the Company is not proposing to move all residential and small-commercial customers to a three-part rate structure in this case. With regards to the two-part rate structure, UNS Electric proposes to increase the basic service charge to a level much closer to the appropriate minimum system-cost level. The Company also seeks to remove one of the rate tiers from the standard residential rate (RES-01). Specifically, UNS Electric seeks to increase the Basic Service Charge to $20.00 per month for tariff RES-01, Residential Service – while having only two tiers in the volumetric Delivery Services-Energy charges (0-400 kWh and usage over 400 kWh). The Company's proposals here will begin the move toward a more balanced rate structure that addresses the issues I have highlighted above.

Regarding the Company's proposal for the adoption of a new net-metering rider, that rider will only apply to net metering DG customers that submit a completed application for interconnection to UNS Electric's grid facilities after June 1, 2015. Existing net-metering DG customers and those with interconnection applications submitted before June 1, 2015 (and ultimately approved) will stay on the current rider for up to 20 years from the date of approval. New net metering DG customers, in the meantime, would be compensated for any excess energy with a bill credit at the Renewable Credit Rate. Further, the Company will purchase excess energy from the DG customer during the billing cycle (that is, eliminating the banking option). This is a further step to send more accurate price signals to net metered customers about their true energy costs. Still, DG customers still see a significant savings on their electric bill, as I show through an example I detail later in my testimony. In other words, the new net-metering rider reduces, but does not eliminate, the subsidy provided to applicable DG customers.

I also explain that, since DG customers with net metering are partial requirements customers, the current two-part rate design options are ill-equipped in accounting for how

these customers use UNS Electric's system. This is because two-part rates are designed to recover costs based on average consumption levels for full-requirements customers. So, it is appropriate to require all DG customers to be on a three-part rate schedule. While further mitigating the cost shift I describe in preceding paragraphs, I show how DG customers still save on their total electric bill. These customers can also reduce bills through decreasing billing demand or energy usage.

Finally, I discuss the Company's proposal for an Economic Development Rider. Because UNS Electric's service territory has been very slow to recover and because it has lost several of its largest customers (resulting in fewer sales) this rider together will help put the UNS Electric service territory in a better competitive position to attract and expand business load. The EDR will be available to customers with projected peak demand of 1,000 kW or more and a load factor of 75% or higher and for five years from the effective date – providing discounts on monthly electric bills according to a declining schedule. Potential participants must meet several criteria to qualify and the discounts will only apply to the qualifying additional loads from business expansion or retention – with total program participation limited to 50 MW. I detail the criteria and further describe the discounts to qualifying customers in the last section of my testimony.

II. REQUESTED REVENUE INCREASE.

Q. What is the overall revenue increase being requested by UNS Electric?

A. UNS Electric is requesting a $22.6 million increase to test year adjusted non-fuel revenues. This increase will be offset by a proposed $14.9 million reduction in fuel cost and revenues due to the acquisition of Gila River, lower power market costs and adjustments to test year sales. UNS Electric's proposed base rates also will include $4.3 million in transmission costs currently being recovered through the Transmission Cost Adjustor. In addition, UNS

Electric is proposing a one-year credit to the purchased power and fuel adjustment clause ("PPFAC") to reflect the deferred savings accrued as a result of the Deferred Accounting Order related to the acquisition of Gila River (estimated at $9.3 million). As a result of these factors, UNS Electric's request would decrease revenue by approximately $5.8 million, or 3.6%, in the first year after new rates take effect. In year two, after the deferred savings are fully credited, the Company's revenue would rise to a level that represents an increase of approximately $3.5 million, or 2.1%, over test year adjusted retail revenue.

Summary of Requested Retail Rate Impact

			Yr. 1	Yr. 2
	Requested Non-fuel Increase	$ 22,622		
Less:	TCA Added To Base Rates	(4,292)		
	Reduction in Base Fuel Rates	(14,870)		
	Gila River Deferred Savings (est.)		$ (9,300)	$ -
	Net (Reduction)/Additional Retail Revenue		$ (5,840)	$ 3,460
	Test Year Adjusted Retail Revenue (Excluding TCA Revenue)	$ 147,107		
Plus:	Revenue Paid Through TCA Tracker	4,292		
	Base Fuel Changes Due to Gila & Market Rate Changes	12,345		
	Test Year Adjusted Retail Revenue		$ 163,744	$ 163,744
	Percentage Impact		-3.57%	2.11%

III. RATE DESIGN.

A. Overview.

Q. Is UNS Electric proposing changes to its residential, commercial, and industrial rates?

A. Yes. I will be discussing the more significant rate changes that UNS Electric is proposing for the residential and small commercial customer classes. UNS Electric witness Craig Jones will be discussing other proposed rate design changes.

Q. What are the rate design changes UNS Electric is proposing?

A. To better align rate design with cost-causation and to reduce inter-class inequities, UNS Electric is proposing the following changes for the residential and small commercial (small general service) rate classes:

- Increase the basic service charge to $20 for standard residential customer rates (Rates RES-01, RES-01 TOU, RES-01 TOU SP).
- Increase the basic service charge to $30 for small general service customer rates (Rates SGS-10, SGS-10 TOU).
- Eliminate one of the volumetric rate tiers from standard residential customer rates (Rates RES-01).
- Offer two three-part rate structure options to all customers meeting the applicability requirements for the residential and small general service rate classes.
- Freeze and grandfather the current Rider-4 (Net Metering for Certain Partial Requirement Services (NM-PRS)), Pre June 1, 2015. Rider-4 will have a proposed expiration date of May 31, 2035.

- Create a new Rider-10 (NM-PRS), Post June 1, 2015, that discontinues the banking of kilowatt-hours ("kWh") but allows a net metered customer to: (i) continue to offset energy consumption with energy production at the retail rate and (ii) sell excess energy production to UNS Electric at the Renewable Credit Rate as described in the testimony of Carmine Tilghman.
- Require partial requirement customers qualifying for the new Rider-10 to choose from one of the two proposed three-part rate tariffs applicable for their service requirement.

Q. What are the guidelines or criteria adhered to in evaluating its proposed rate design modifications?

A. UNS Electric is generally following the principles outlined over five decades ago by Professor James C. Bonbright in his work, "Principles of Public Utility Rates," which was reissued in its second edition in 1988. While Professor Bonbright's "Principles" go back five decades, they continue to serve as the foundation for reasonable rate design objectives.

Q. What are those foundational principles?

A. They are as follows:

- The related "practical" attributes of simplicity, understandability, public acceptability, and feasibility of application.
- Freedom from controversies as to proper interpretation.
- Effectiveness in yielding total revenue requirement under the fair-return standard.
- Revenue stability from year to year.
- Stability of the rates themselves, with a minimum of unexpected changes seriously adverse to existing customers.

- Avoidance of "undue discrimination" in rate relationships.
- Efficiency of the rate classes and rate blocks in discouraging wasteful use of service while promoting all justified types and amounts of use.

Q. Is there one principle in rate design that is foundational or primary?

A. Yes. The principle of cost-causation, i.e. rates should reflect cost based recovery. The further away you get from this fundamental foundation, the closer you get to unduly burdensome and discriminatory rate structures that allow for both intra- & inter- class subsidization.

Q. Have fundamental changes occurred in the utility industry since Bonbright's principles were formulated?

A. Yes. At the time Bonbright's principles were formulated the utility industry was typically experiencing steady year-over-year growth in kWh sales and expanding its generation, transmission and distribution systems. In addition, customers had little to no options for alternative power supplies or the ability to control their demand on the expanding utility systems.

However, today there is a growing market of energy efficiency, distributed generation and demand response options available to our customers. New digital metering technology and communication applications also allow today's electrical customers to monitor how and when they use power and the grid.

These factors have contributed to flat or declining kWh sales. Rooftop solar and net metering have become significant factors, especially in Arizona, including UNS Electric's service territory. So the discussion of appropriate pricing and incentive structures has become more complex and necessary as it is a much more important issue.

Q. What do you mean by appropriate pricing structures?

A. To address that, I first need to discuss the cost structure of UNS Electric. The majority of utility costs are fixed – that is, they do not vary with usage. In the case of UNS Electric, its fixed costs stem from investment in and maintenance of equipment and infrastructure and the salaries of employees that are needed to provide safe, reliable power regardless of individual customers' kWh consumption.

Like any electric utility, UNS Electric must do so to meet the potential maximum demand of every customer. It would be cost prohibitive and economically unsound to invest in an electrical system scaled differently to meet the unique and constantly changing demands of each individual customer.

The Company has an obligation to invest in and maintain an infrastructure that is capable of meeting these maximum potential demands of every customer in its service territory. For that reason, UNS Electric incurs essentially the same costs to serve a residential customer who uses 10 kilowatts ("kW") for ten hours per month (100 kWh) as it does to serve a neighbor who uses 10 kW for 100 hours per month (1,000 kWh). The only completely avoidable cost is the variable cost related to the energy production, primarily fuel, purchased power and any O&M costs directly related to energy production or procurement.

Q. Are UNS Electric's residential & small commercial pricing structures presently designed appropriately based on the principal of cost causation?

A. No. The Company's current rate design for residential and small commercial customers does not reflect the way costs are incurred to serve the customers within these classes. For decades, rate designs for these classes have incorporated a very simplistic two part rate structure; a basic service charge (customer charge) and energy charges. This was

defensible because these customers typically had relatively similar usage levels and patterns. It also allowed utilities to avoid the higher cost of meters capable of measuring demand.

Historically, basic service charges have been limited to bare minimum levels while inclining price rate tiers have been added, forcing customers who use more power to pay an increasingly disproportional share of the fixed costs incurred on behalf of all customers. Today, though, customers have access to a burgeoning market of distributed energy resources ("DER") and demand management opportunities. The growing inequities that result from these new options are exacerbated by utility rates that have become even more inequitable. Thus, UNS Electric is proposing rate design changes that are designed to address those inequities.

As I described above, customers' individual kWh consumption is not indicative of the fixed costs they impose on their utility. A few examples to illustrate this point are summarized below.

- Seasonal Customers. Portions of UNS Electric's service territory have many customers who only live in their homes for just part of the year. Under the Company's current rates, these customers only pay a portion of the fixed costs associated with providing safe, reliable service to their homes.
- Vacant homes or businesses. Vacant homes and unoccupied apartments with little to no consumption generate far less revenue for UNS Electric than is needed to cover the fixed costs they impose on the Company.
- Distributed Generation ("DG") Customers. Customers with DG power systems still rely on UNS Electric to supply the full potential kW requirements of their home whenever they need it. These customers also need the local distribution grid to support the reliable operation of their systems and to accept any excess

power they generate. While UNS Electric must provide the infrastructure to address these needs, it cannot recover the cost of these services from DG system users under current rates, which rely heavily on energy charges to recover fixed costs. This inequity is exacerbated by net metering, which allows customers to "bank" their systems' excess energy for free and exchange it for on-demand service from their utility.

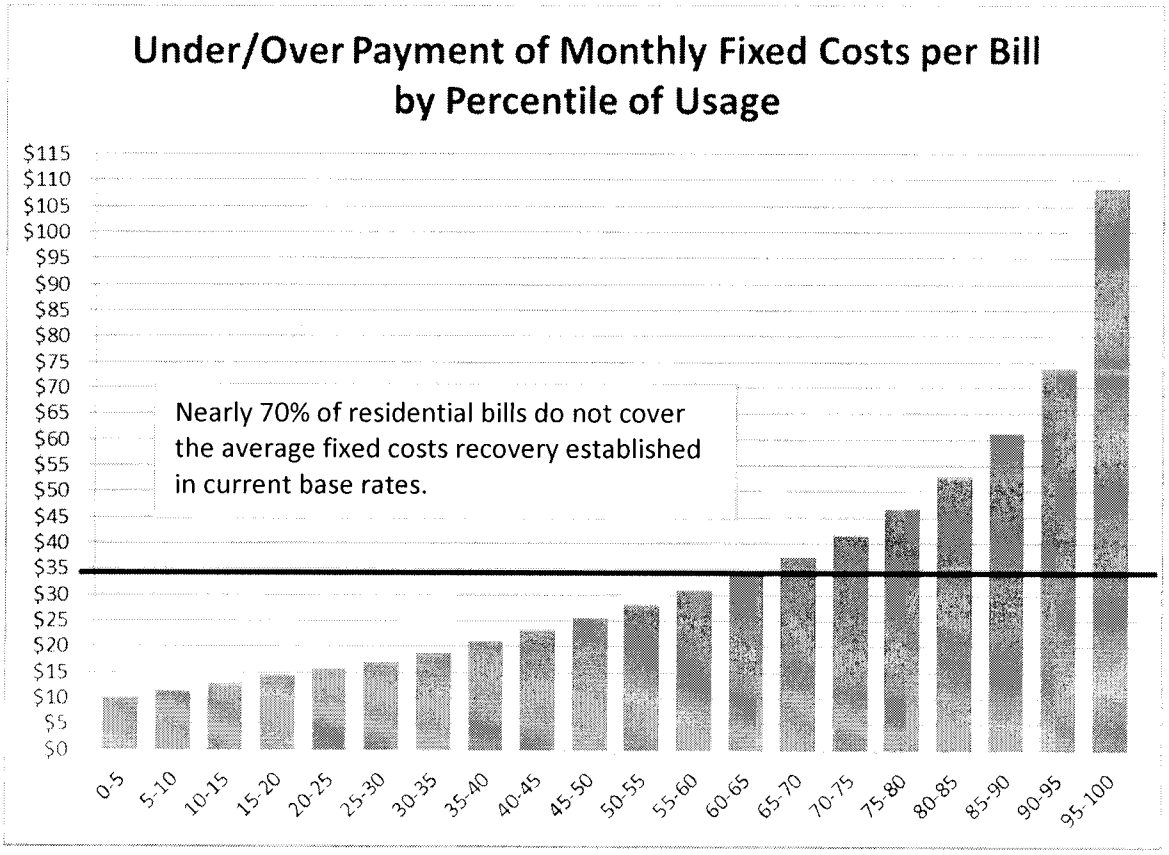
The situations described above limit UNS Electric's ability to recover its fixed service costs. Nearly one out of every four residential (Residential RES-01) bills issued by UNS Electric during the test year – 205,129 to be precise – reflected usage of 300 kWh or less. Because even a studio apartment with basic appliances and moderate usage would likely consume at least 400 kWh per month, these bills probably were generated by vacant homes, seasonal customers and DG customers. UNS Electric recovered only $10 to $16 in fixed costs per month from these customers – two to three times less than their fair share of the fixed costs the Company incurs to provide service on their behalf. Those fixed costs are described in more detail in the testimony of UNS Electric witness Craig Jones.

In future rate filings those unrecovered costs would be shifted to other customers under the present volumetric rate design. Another way to look at it is: if each of those bills would have recovered just the test year average fixed cost recovery for the residential class of $35, the additional cost recovery would at a minimum have been an additional $4 million. That is more than UNS Electric's approved revenue increase in its last rate decision and more than the net requested rate increase in this proceeding.

Q. Does the inclining block rate structure also contribute to these intra-class inequities?

A. Yes. As discussed above, kWh consumption doesn't directly correlate with how much of the system a customer may require at any point in time.

UNS Electric recovered, on average, $35 in fixed costs per bill from residential customers during the test year. As shown in the chart below, though, approximately two-thirds of the bills issued in the last 4 years to residential customers (applying the current RES-01 rate) did not provide fixed cost recovery equivalent to the class average established in the most recent rate decision. This means that about one-third of residential customers' bills recovered above average amounts of fixed costs, while two-thirds recovered below average amounts. There is no cost basis for such a disparity and as such this structure is unduly burdensome and unequitable to the higher consumption users.



Because we've been billing this way for so long, we've sent improper price signals to our customers. Customers have been led to believe that if they use less energy during a particular billing period, their utility's costs are reduced by a comparable amount. But such reductions simply result in lower utilization of fixed utility assets that must remain at the ready to power every light, appliance, fan, air conditioner, computer, television and other equipment their customers might choose to use.

Q. Has UNS Electric experienced a reduction in energy sales and use-per-customer ("UPC") for the residential and small commercial rate classes?

A. Yes, Since 2007 UNS Electric has seen a decline of 8% in its UPC in just the residential customer class alone.

Q. What do you believe is driving these reductions?

A. There are several factors contributing to lower consumption, including: adoption of energy efficiency measures; more energy efficient building codes and appliance standards; increased use of distributed generation; challenging economic conditions; and other conservation efforts by UNS Electric's customers.

Q. Have these sales and UPC reductions resulted in lower costs for customers?

A. On the whole, they have not. While individual customers have enjoyed lower bills due to energy efficiency and DG systems, their bill savings have not resulted in equivalent system demand reductions. The level of investment and maintenance required to meet customer demand has not been reduced; rather, the burden of paying for it has been shifted from customers who use less energy to those who use more.

Q. Why is it important to distinguish between system savings and individual savings?

A. UNS Electric witnesses Craig Jones and Carmine Tilghman will provide more detail about the cost drivers associated with the electric distribution system and the relationship with peak demand. Broadly speaking, though, the distribution system is a network designed primarily to meet the non-coincidental peak demands of customers. The transmission and generation systems, by contrast, are designed to meet the coincidental peaks of the distribution system, with reserves and margins for growth and planning purposes.

When customers reduce their energy consumption through temporary vacancies or intermittent solar DG systems, their peak demand typically does not change. In the case of DG customers, it could even grow as a result of oversized generating facilities being added to maximize energy production; that is further discussed in the testimony of Carmine Tilghman.

So while customers enjoy bill savings from their reduced usage, the Company's fixed system costs for distribution service are not reduced. System savings can be realized in future years through reductions in the system's coincidental peak demand. So customers need to be given the proper price signals and incentives through rates to promote those beneficial changes.

Q. How could residential and small commercial rates be structured to most accurately reflect the costs of providing electric service?

A. The closest rate structure from a cost recovery only basis is a straight fixed-variable ("SFV") design. Under this method, the monthly basic service charge recovers all fixed service costs, while variable charges reflect those costs directly tied to energy usage.

Q. Is UNS Electric proposing SFV rates in this proceeding?

A. No. Adoption of strict SFV rates would result in dramatic rate increases for customers at lower kWh consumption levels and not provide adequate price signals to customers to reduce their impacts on the electrical system. This is not consistent with the Company's rate design objectives and would violate the utility ratemaking principal of gradualism.

Q. What type of rate structure would more accurately reflect the cost of providing service and also be consistent with the Company's rate design objectives?

A. A three-part rate design consistent with those presently employed for larger customers would be more appropriate and provide a balance between fixed cost recover, cost causation and price signals incenting more efficient use of the utility system.

Q. How would costs be recovered through the three-part rate design proposed by the Company in this proceeding?

A. Three-part rates, incorporate the following components:

- **Basic Service Charge** – To recover fixed costs directly attributable to the customer, including the meter, service line, on-site equipment, meter reading and equipment, customer support and billing and minimum distribution system cost.
- **Demand Charges** – To recover fixed costs allocated to the customer's class based on the amount of the system they use and when they use it.
- **Energy Charges** – To recover variable costs directly attributable to the customers' energy use.

Q. Do any utilities use three-part rates for residential and small commercial customers?

A. Yes. At least eight utilities offer three-part rates to residential customers in at least 9 states:

1. Alabama Power (Alabama)
2. **Arizona Public Service ("APS")** (Arizona)
3. Black Hills (South Dakota, Wyoming)
4. Dominion (Virginia, North Carolina)
5. Duke Energy (North Carolina, South Carolina)
6. Georgia Power (Georgia)
7. **Salt River Project** (Arizona)
8. Xcel Energy (Colorado)

In Arizona, APS' optional residential three-part rate has been in effect since the 1980's. Approximately 10 percent of that company's residential customers use that rate.

Q. Why does UNS Electric prefer that all customers use three-part rates?

A. Three-part rates more fairly allocate costs to the customers within a class that "cause" them and provide proper price signals that help customers make informed decisions regarding their energy and electrical system usage. Three-part rates also reward customers for better load factors and reductions in peak usage – attributes that lead to lower system costs, which benefits all customers.

The Basic Service Charge should be designed to recover the average unavoidable fixed costs that utilities incur each month. It should provide customers with a more accurate price signal that reflects the costs incurred to assure minimum service from the electrical grid to provide safe and reliable service.

Similarly, the Demand Charge should provide customers with a price signal that accurately reflects the cost of system resources that must be available to serve their individual peak load. They then can make proper usage and equipment purchase decisions that would reduce that portion of their bill while producing system benefits.

Finally, Energy Charges should reflect costs that are entirely avoidable when energy consumption is reduced.

B. Proposed Changes to the Standard Two-Part Rates.

Q. Is UNS Electric requesting that all residential and small commercial customers be migrated to a three-part rate structure?

A. Although UNS Electric is proposing a three-part rate structure as an option, it is not proposing to require all residential and small commercial customers to migrate to a three-part rate structure. Presently, UNS Electric doesn't have the capability to measure demand for every customer and is not advocating a forced migration to such a structure at this time. UNS Electric is requesting to begin moving toward a more balanced rate structure that would make such a move possible in the future.

Q. What are reasonable steps that can be taken in this proceeding to begin this transition?

A. For the standard residential and small general service rates, we can start by moving the basic service charge much closer to the appropriate minimum system cost recovery level. In addition, we can remove one of the rate tiers from the standard residential rate. These changes will provide for more equitable recovery of fixed cost and reduce intra-class subsidization. The Company is proposing these changes at a level that it believes will provide for significant improvement of the rate structures without undue rate shock.

Q. What changes specifically are you requesting for residential customers?

A. For tariff RES-01, Residential Service, we are requesting an increase in the Basic Service Charge to $20.00 per month. The Company is also requesting the elimination of the third tier in the volumetric Delivery Services-Energy charges. In other words, the RES-01 will

have one tier from 0 – 400 kWh and another for all usage over 400 kWh. The respective charges for the two tiers will be $0.030810 per kWh for the first 400 kWh and $0.050810 per kWh for all remaining kWh.

C. **Net Metering Rider Modifications.**

Q. Is UNS Electric requesting changes to its net-metering tariffs? What changes are you proposing for customers qualifying for Net Metering?

A. Yes. We are proposing the adoption of Rider-10, Net Metering for Certain Partial Requirements Service (NM-PRS), Post June 1, 2015. The Company's proposed net metering tariff is described in the testimony of Carmine Tilghman. The applicable three-part standard offer tariffs will be mandatory for Net Metering customers taking service under this Rider.

Q. Will Rider-10 apply to all Net Metering customers?

A. No. Rider-10 will only apply to Net Metering customers that submit completed application for interconnection to UNS Electric's grid facilities after June 1, 2015. All currently existing Net Metering customers and those with completed interconnection applications that were submitted prior to or on June 1, 2015 (and ultimately approved) will stay on the Net Metering Rider-4 for a period not to exceed twenty years. UNS Electric is proposing that the Rider-4 expire no later than May 31, 2035.

Q. How will the Company purchase the excess energy produced by the Net Metering customer's facility?

A. Net Metering customers would be compensated for any excess energy their DG facility produces and delivers to UNS Electric with a credit on their current monthly UNS

Electric bill using the Renewable Credit Rate. Net Metering customers could carry over unused bill credits to future months if they exceed the amount of their current bill.

Q. What is the Renewable Credit Rate and how is it developed?

A. The Renewable Credit Rate is the price at which UNS Electric will compensate customers with DG for the excess energy produced by the customer's generation facility as discussed in Carmine Tilghman's testimony.

Q. If adopted, what issues will be remedied by UNS Electric's Net Metering tariff proposal?

A. First, eliminating the banking option for excess energy production will no longer give DG customers the impression that their excess energy can be stored on UNS Electric's system for future use. By simply purchasing the excess energy from the customer during their billing cycle, as opposed to allowing customers to use the kWh credits at a later time, UNS Electric will send more accurate price signals to Net Metered customers about their true energy costs.

Second, eliminating the banking option helps to partially alleviate the bypass of fixed cost recovery that occurs when customers self-generate a portion of their energy requirements. The bypass of fixed cost recovery by DG customers can be illustrated with an example.

The table below presents the average monthly fixed cost recovery and average pre-tax monthly bills using UNS Electric's proposed rates for three types of residential customers at monthly electric usage levels of 500 kWh, 900 kWh, 1,200 kWh, and 1,500 kWh. The three customer types all take service under standard offer tariff RES-01 and the bills in this table are calculated with the RES-01 rates proposed in this application. The first case

is a customer with no DG, the second a DG customer with Net Metering and banking of excess kWh, and the third a DG customer with Net Metering and utility purchase of excess kWh as proposed in this application. The DG customers have solar PV systems sized to produce a kWh output that would yield zero excess kWh on an annual basis and the load profiles for each customer size are from actual UNS Electric customer data.

Monthly Usage	No DG	Net Metering with Banking of Excess kWh	Net Metering with Purchase of Excess kWh
500 kWh per Month			
Monthly Fixed Cost Recovery	$37.61	$20.20	$28.88
Average Monthly Bill (pre-tax)	$63.79	$23.38	$28.22
Unrecovered Fixed Costs	NA	$17.41	$8.73
Monthly Bill Savings	NA	$40.41	$35.56
900 kWh per Month			
Monthly Fixed Cost Recovery	$57.72	$20.34	$37.27
Average Monthly Bill (pre-tax)	$102.05	$23.55	$33.93
Unrecovered Fixed Costs	NA	$37.38	$20.45
Monthly Bill Savings	NA	$78.50	$68.12
1,200 kWh per Month			
Monthly Fixed Cost Recovery	$72.97	$20.39	$44.61
Average Monthly Bill (pre-tax)	$130.93	$23.62	$39.33
Unrecovered Fixed Costs	NA	$52.58	$28.36
Monthly Bill Savings	NA	$107.30	$91.60
1,500 kWh per Month			
Monthly Fixed Cost Recovery	$88.20	$20.61	$52.85
Average Monthly Bill (pre-tax)	$159.76	$23.89	$45.46
Unrecovered Fixed Costs	NA	$67.58	$35.35
Monthly Bill Savings	NA	$135.87	$114.31

In this example, a residential customer on RES-01 using 900 kWh per month and no DG system would pay an average of $57.72 per month in fixed costs. The fixed cost recovery in this case consists of the fixed Basic Service Charge and the variable Delivery Services-Energy charges at that level of consumption. By contrast, the same customer with a DG system that produces the same annual kWh as consumed pays an average of $20.34 per

month if allowed to bank kWh produced in excess of usage at any time in order to offset consumption at a later time. This results in a fixed cost recovery shortfall of $37.38. With a $20.00 per month Basic Service Charge, this customer is paying only $0.34 per month above the Basic Service Charge for the fixed costs associated with the generation capacity, transmission, and distribution infrastructure provided to serve the customer.

The same DG customer under the regime where UNS Electric purchases the excess kWh generated as proposed in this filing pays $37.27 in fixed costs. In this case UNS Electric recovers $16.93 more of its fixed costs than under the banking scheme, but is still $20.45 short of the fixed costs recovered from the non-DG customer. Keep in mind that the $16.93 in fixed costs that is bypassed using the banking scheme, like the utility infrastructure it is paying for, does not go away. It will ultimately have to be recovered from the other customers on the system who are not Net Metering customers. Because UNS Electric purchases the excess kWh production, there are now $16.93 less in fixed costs that must be recovered from customers without Net Metering.

Q. Customers with DG systems undertake a significant capital investment to reduce their electric bills. How would this proposal impact their savings?

A. Under this proposal, DG customers would still see significant savings on their electric bills. In the example above, the monthly pre-tax bill savings for a Net Metering customer using 900 kWh per month is reduced by $10.38, from $78.50 to $68.12. This is still a 67% reduction in that DG customer's monthly electric bill.

Q. Will this change to UNS Electric's treatment of Net Metering completely eliminate the shifting of fixed costs due to DG?

A. No. The adoption of the new net-metering rider, which no longer allows for energy banking, will reduce but not eliminate the subsidy. However, when combined with the

proposed standard offer three-part tariff, the magnitude of cost shifts to non-DG customers will be greatly reduced.

Q. Why is UNS Electric proposing that new Net Metering customers be required to take standard offer service on a three-part tariff?

A. As I mentioned earlier, the proposed Net Metering changes will not fully mitigate the DG cost shift. The DG customers' usage patterns and load profiles are no longer those of a full requirements customer – in which the standard volumetric rate is designed to recover cost based upon. They are partial requirement customers and as such the three-part rate design is more appropriate. The three-part rate design is presently the Commission approved structure for UNS Electric's partial requirement customers in the larger rate classes.

The cost shift is also increased by the fact that a majority of the fixed costs to serve residential and small commercial customers are recovered through variable energy usage charges. These usage based charges have built in rate tiers that charge more for usage when a customer's consumption reaches each subsequent threshold. Assuming that fixed costs can fairly and equitably be recovered primarily through volumetric rates ignores the ever increasing magnitude of the cost shift created by DG customers, as well as energy efficiency and conservation.

DG customers avoid paying a substantial portion of their fixed costs of the system by avoiding these higher consumption levels. When the energy produced by a DG system is used by the customer and netted against the energy that would be delivered by the utility, the fixed costs embedded in the variable utility charges go unrecovered. Furthermore, the recovery of these fixed costs is being avoided primarily at the higher tier rates in the inverted block rate structure.

D. Three-Part Rate Proposals.

Q. Please summarize UNS Electric's new three-part rate proposals for residential customers.

A. For the residential class, UNS Electric is proposing RES-01 Demand and RES-01 Demand TOU. For RES-01 Demand, we are proposing the same $20.00 per month Basic Service Charge that we are proposing for RES-01. Also, we are proposing a two-tier monthly Demand Charge with the break point at 7 kW. Billing demand will be based on the 1-hour maximum measured demand during the billing month. The Delivery Service-Energy charges have a single tier and are reduced significantly from those in RES-01 to reflect the fixed cost recovery being more properly recovered through the demand charges. All other charges are identical to those in RES-01. For RES-01 Demand TOU, the Basic Service, Demand, Delivery Services-Energy, and all other charges except Base Power are the same as those for RES-01 Demand. The Base Power Charges vary by time of use.

Q. How would the proposed three-part rates impact residential customer bills?

A. The table below shows average monthly bills (pre-tax) for residential customers using an average of 500 kWh, 900 kWh, 1,200 kWh, and 1,500 kWh. The customers in this example are full-requirements customers taking service under RES-01 and RES-01 Demand at proposed rates. The following customer examples were developed from UNS Electric's residential customers' usage data. It is evident from the comparisons presented in this table that customers at the lower end of the usage spectrum pay higher monthly bills on the three-part rate than on the two-part rate.

Bills calculated using the three-part rate will exceed bills using the two-part rate at lower levels of consumption. As usage increases, customers on the three-part tariff will have lower monthly bills.

Average Monthly Usage	Average Monthly Load Factor	Average Monthly Bill		
		RES-01	RES-01 Demand	Difference
500 kWh	19.4%	$70.16	$79.66	$9.49
900 kWh	22.4%	$112.26	$116.94	$4.68
1,200 kWh	25.0%	$144.02	$142.59	($1.43)
1,500 kWh	27.0%	$175.74	$170.38	($5.36)

Q. From this information, can one conclude that residential customers with very low usage will benefit less from a three-part rate than higher usage customers?

A. No. One other piece of information in this table is the average monthly load factor for each customer profile. Load factor is a concept that indicates how a customer is using energy relative to the peak demand that the customer incurs. One commonly used definition of the load factor is the average demand over a period divided by peak demand. By this definition as average demand increases relative to peak demand, the load factor increases. It also follows that as a customer uses more energy, i.e., more kWh, for any given peak demand, the load factor increases. It is generally accepted that a higher load factor implies a more efficient use of the utility system.

The load profiles used for these bill comparisons were developed from 2014 UNS Electric residential customer load data. One trend that is evident is that higher usage customers generally have higher load factors. As shown in the table above, the lower usage customers on the three-part rate see a negative impact, which decreases and becomes a positive benefit at higher usage levels. This occurs because the load factor is increasing not peak usage. The higher usage customers are using more kWh per kW than lower usage customers. As I mentioned earlier, Delivery Services-Energy charges in the three-part rate are approximately 70% lower than those in the two-part rate and the benefits of the lower per kWh charges begin to take over as load factor increases.

Q. What can one conclude from these results?

A. The three-part rate with a demand charge rewards customers with higher load factors, all else equal. More important, a three-part rate will reward customers who improve their load factor. If residential customers choose to take service on a three-part rate they will reduce their electric bills by improving their load factor or maintaining a higher load factor. As I mentioned earlier, higher load factors are consistent with more efficient use of the electric utility system. Under a three-part rate, customers receive a price signal encouraging them to improve their load factor, which benefits the customer by reducing their electric bills and benefits all UNS Electric customers as the system is used more efficiently.

Q. Are there other ways customers can benefit from a three-part rate design?

A. Absolutely. Customers continue to have more options to save in the future when technology can help them manage and reduce demand. As a simple example, consider someone with two air conditioning units, a pool pump and an electric water heater. That person (or UNS Electric through energy efficiency programs) could invest in systems that prevent all four appliances from coming on at one time. The units are cycled and thus the impact on the system and their demand charge is reduced as it relates to those pieces of equipment. These types of control systems are currently available and properly designed rate structures and customer education programs could lead to more installations and system benefits, by providing the proper economic incentive.

Q. Could a three-part rate structure for residential and small commercial customers encourage development of business models and customer applications aimed at reducing customers' individual demand?

A. Yes. A three-part rate structure will provide customers pricing options that could lead to earlier adoption of new energy technologies. For example, UNS Electric and other

companies will be incentivized to combine technologies like solar panels, energy storage and demand control systems to maximize customer savings and profitability of their programs.

Q. Please summarize UNS Electric's new three-part rate proposal for small commercial customers.

A. The small commercial three-part rate tariffs UNS Electric is proposing are SGS-10 Demand and SGS-10 Demand TOU. We are proposing a Basic Service Charge of $30.00 per month for a SGS-10 Demand and a two-tiered Demand Charge with a break point at 15 kW. The second tier in the SGS-10 Delivery Service-Energy charges has been removed for the three-part rate and the energy charges are reduced significantly to reflect the fixed cost recovery being more appropriately recovered through demand charges. For SGS-10 Demand TOU the Basic Service, Demand, Delivery Service-Energy, and all other charges except Base Power are the same as those for SGS-10 Demand. The Base Power Charges vary by time of use.

Q. Is UNS Electric proposing that all residential and small commercial customers take service on three-part rate tariffs?

A. No. At this time UNS Electric is proposing three-part rate tariffs as optional for residential and small commercial customers who are not taking service under the Net Metering Rider-10. All residential and commercial Net Metering Rider-10 customers will be required to take service under the applicable three-part standard offer tariff.

E. Partial Requirements Customers.

Q. In your summary you state that UNS Electric is proposing that partial requirement customers qualifying for the new Net Metering Rider-10 must choose from one of the two proposed three-part rate tariffs applicable for their service requirement. Why is UNS Electric proposing to require these customers to use a three-part rate tariff?

A. Simply stated, the Company's current two-part rate design options do not account for how these customers use the system and will never properly recover a fair level of fixed costs. **The two-part rates are designed to recover costs based on the average consumption levels of full-requirements customers** - and as presently designed and proposed rely on energy charges to recover fixed cost. Also as discussed above, even with the changes we are proposing to our present full requirement tariffs (higher Basic Service Charge and elimination of a tier) – these new rates will continue to recover the majority of fixed cost through volumetric energy rates.

Q. Do UNS Electric's proposed three-part rates for partial-requirements residential and small commercial customers further mitigate the DG cost shifting covered earlier?

A. Yes. The table below presents monthly fixed cost recovery and average monthly electric bills for the same four residential customer profiles that I presented earlier. The examples in this case are for a full-requirements residential customer on RES-01 at proposed rates and two partial-requirements Net Metering customers, one on the proposed RES-01 two-part rate and the other on the proposed RES-01 Demand three-part rate. In both of the Net Metering cases, UNS Electric is purchasing the excess output of the DG system at the Renewable Credit Rate.

As is evident from the results in this table, the three-part rate goes a long way toward further mitigating the DG cost shift. For the 900 kWh per month customer I discussed earlier, only $0.34 per month in fixed costs is now bypassed. Furthermore, the customer is still saving $47.90 per month on their total electric bill, which is a savings of 47%. Even the low-usage customer at 500 kWh per month, while paying $6.17 per month more in fixed costs than the full-requirements customer, is saving $20.58 per month on the total electric bill, a savings of 32%. For the larger 1,500 kWh per month Net Metering customer on the proposed three-part rate total monthly bill savings are 57%.

Monthly Usage	RES-01 - Full Requirements	RES-01 - Net Metering	RES-01 Demand - Net Metering
500 kWh per Month			
Monthly Fixed Cost Recovery	$37.61	$28.88	$43.78
Average Monthly Bill (pre-tax)	$63.79	$28.22	$43.21
Unrecovered Fixed Costs	NA	$8.73	($6.17)
Monthly Bill Savings	NA	$35.56	$20.58
900 kWh per Month			
Monthly Fixed Cost Recovery	$57.72	$37.27	$57.38
Average Monthly Bill (pre-tax)	$102.05	$33.93	$54.15
Unrecovered Fixed Costs	NA	$20.45	$0.34
Monthly Bill Savings	NA	$68.12	$47.90
1,200 kWh per Month			
Monthly Fixed Cost Recovery	$72.97	$44.61	$65.18
Average Monthly Bill (pre-tax)	$130.93	$39.33	$60.02
Unrecovered Fixed Costs	NA	$28.36	$7.79
Monthly Bill Savings	NA	$91.60	$70.91
1,500 kWh per Month			
Monthly Fixed Cost Recovery	$88.20	$52.85	$75.49
Average Monthly Bill (pre-tax)	$159.76	$45.46	$68.23
Unrecovered Fixed Costs	NA	$35.35	$12.71
Monthly Bill Savings	NA	$114.31	$91.53

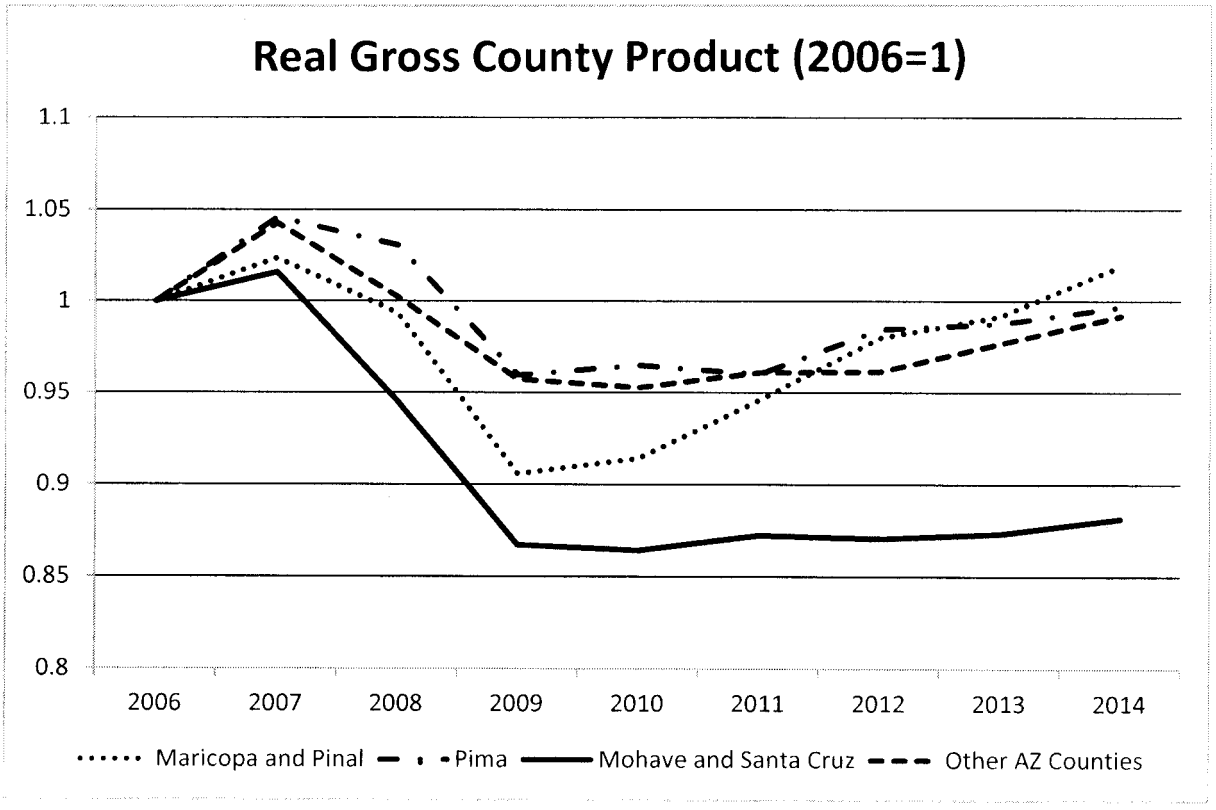
Q. You showed how residential DG customers with Net Metering will continue to see significant bill savings on the proposed three-part tariff. Are there any other opportunities for these customers to lower their monthly bills and realize added savings?

A. Yes. The incentive still exists for DG customers to reduce bills by decreasing billing demand or energy usage. However, because volumetric energy charges embodied in the three-part rate are much lower than those in the two-part rate, the potential savings from reduced energy use are not as high as those from reducing peak demand. Regardless, peak demand reductions that are greater than energy use reductions on a percentage basis will yield a higher load factor and provide benefits to the customer and the electric system.

F. <u>Economic Development Rider.</u>

Q. Why is UNS Electric proposing an Economic Development Rider in this proceeding?

A. The UNS Electric service territory has been very slow to recover from the economic downturn post 2007 and has also lost several of its largest customers in the past few years. Both of which has resulted in fewer sales units to spread the fixed cost of the system over and thus more cost being allocated to the remaining customers. I've already discussed the declining sales in the UNS Electric service territory and those impacts on customers' bills. Below is a chart showing the recovery of Real Gross County Product for Maricopa, Pinal, Pima and other Arizona counties – as opposed to the UNS Electric service counties, Mohave and Santa Cruz - these two counties have seen little to no improvement since 2009.



Q. Do you believe an Economic Development Rider could assist business growth in these areas?

A. Yes. The inclusion of this additional incentive along with the rate design changes discussed in UNS Electric witness Craig Jones' testimony, reducing rates for the business classes - should put the UNS Electric service territory in a better competitive position to attract and expand business load. This would be beneficial to the entire customer base and the State of Arizona.

Q. Please describe UNS Electric's proposed Economic Development Rider.

A. UNS Electric is proposing to offer Rider 13, Economic Development Rider ("EDR") to current or potential commercial and industrial customers that meet certain economic development criteria within the UNS Electric service areas. The EDR will be available to customers with a projected peak demand of 1,000 kW or more and a load factor of 75% or higher. The EDR will be available for five years from the effective date and provides

qualifying customers with discounts on monthly electric bills according to a declining schedule over a five-year period at which point the discount is terminated. The discounts will apply only to the qualifying additional loads from new or expanding business operations and total program participation will be limited to 50 MW of applicable load.

Q. What are the qualifying criteria for the proposed EDR?

A. In addition to demand and load factor, customers must meet several criteria to qualify for the proposed EDR. First, potential EDR customers must qualify for at least one of two Arizona state tax credit programs designed to promote business recruitment, retention, and expansion. Arizona's Quality Jobs Tax Credit (A.R.S. § 41-1525) program provides a tax credit for net increases in full-time employees residing in the state and hired in qualified employment positions. The Qualified Facility Tax Credit (A.R.S. § 41-1512) program provides for a refundable tax credit for qualifying capital investment in a manufacturing facility that creates new jobs paying at least 125 percent of the median county wage and covering at least 80 percent of employee's health care premiums.

Q. Please describe the discounts available to customers qualifying for the proposed EDR.

A. All provisions, charges, and adjustments in the participants' applicable standard offer retail rate schedule will continue to apply. The proposed EDR will apply discounts on electric bills specific only to the qualifying additional load of participating customers. Economic Development is defined as new or expanding business operations that build new facilities. The discounts for Economic Development will be 20% in Year 1, declining to 2.5% in Year 5, and terminating after Year 5. Economic Redevelopment is defined as new or expanding business operations that occupy existing vacant facilities. The discounts for business expansion that qualifies as Economic Redevelopment will be 30% in Year 1, declining to 5% in Year 5, and zero after Year 5.

Q. Does this conclude your testimony?

A. Yes.

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS
SUSAN BITTER SMITH - CHAIRMAN
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

IN THE MATTER OF THE APPLICATION OF UNS ELECTRIC, INC. FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF THE PROPERTIES OF UNS ELECTRIC, INC. DEVOTED TO ITS OPERATIONS THROUGHOUT THE STATE OF ARIZONA, AND FOR RELATED APPROVALS.	)	DOCKET NO. E-04204A-15-_____

Direct Testimony of

Craig A. Jones

on Behalf of

UNS Electric, Inc.

May 5, 2015

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Exhibits

I. INTRODUCTION.

Q. Please state your name and address.

A. My name is Craig A. Jones. My business address is 88 East Broadway Blvd., Tucson, Arizona 85701.

Q. By whom are you employed and what are your duties and responsibilities?

A. I am employed by Tucson Electric Power Company ("TEP"), a wholly-owned subsidiary of UNS Energy Corporation ("UNS Energy") as the Manager of Pricing. As the Manager of Pricing, I am responsible for various rate-related matters including monitoring and coordinating the determination of customer pricing options with any necessary support to justify the creation of the various rate structures for all the regulated subsidiaries of UNS Energy, including TEP, UNS Electric, Inc. ("UNS Electric" or the "Company") and UNS Gas, Inc. ("UNS Gas"). This includes overseeing the development of the cost-of-service analysis and rate design in general rate cases.

Q. Please describe your educational background.

A. I graduated from the University of Missouri Columbia in December 1980 with a Bachelor of Science Degree in Agricultural Engineering. In May 1981, I received a Bachelor of Science Degree in Agricultural Mechanization. I have completed much of the course work required for a Master's Degree in Agricultural Engineering at the University of Missouri Columbia. I am qualified as an Engineer-in-Training under the laws of the State of Missouri.

Q. Please describe your professional background and experience.

A. In February 1983, I joined the Staff of the Missouri Public Service Commission as a Rate Engineer. My responsibilities included analyzing and making recommendations relating to

purchased gas adjustment filings, actual cost adjustment filings, rate cases, certificate of service applications, intrastate pipeline applications and applications to establish new local distribution systems. I left the Missouri Public Service Commission in December 1994 to take a position with the New York State Electric and Gas Corporation ("NYSEG"). My responsibilities at NYSEG included establishing prices to be used in "repackaged" contract offerings, training co-workers and end-users with respect to the application of new rates and service concepts, and complying with regulatory filing requirements, including the calculation and filing of the monthly gas cost adjustment filings with the New York Public Service Commission.

I left NYSEG in April 1998 to take a position as Rates Manager with Citizens Energy Group (formerly Citizens Gas & Coke Utility) ("Citizens") in Indianapolis, Indiana. In March 2004, I was promoted to Manager Rates and Regulatory Affairs. I was responsible for various rate-related matters associated with both the natural gas and steam utilities operated by Citizens, including the annual filings for approval of a fuel cost adjustment for the steam utility and the development of the monthly gas cost adjustment filings, various miscellaneous tariff filings, special contracts, and numerous other rate-related activities for the gas and steam utilities, including cost of service and rate design in general rate cases.

In November 2009, I left my position at Citizens and joined TEP as the Manager of Pricing. Since joining TEP, I have provided pre-filed direct testimony and live testimony in the UNS Gas 2011 general rate case (Docket No. G-04204A-11-0158, Decision No. 73142), and pre-filed testimony in TEP's last general rate case (Docket No. E-01933A-12-0291) and UNS Electric's 2012 general rate case (Docket No. E-04204A-12-0504, Decision No. 74235). I have actively participated in the Arizona Corporation Commission's ("Commission") Decoupling Workshops, Line Extension reviews and the filing of TEP's Community Solar tariff and other Pricing and Regulatory activities.

Q Have you previously testified before any other regulatory agencies?

A. Yes. I testified before Indiana Public Service Commission on numerous occasions, including in Cause Nos. 41969-FAC01-FAC15, 41969-FAC03(S1), 41969-FAC06(S1), 41605, 41824, 42578, 42726, 42767, 43025, 43463 37399-GCA68, 37399-GCA68(S1), 37399-GCA69, and 37399-GCA77. I also testified before the Missouri Public Service Commission on several occasions regarding rates, tariffs, and certificate applications.

Q. Are you sponsoring any schedules?

A. I am sponsoring the "G" and "H" Schedules, which summarize the class cost-of-service study ("CCOSS"), rate design, and proof of revenue in this proceeding. Two pages of the Schedule H have been redacted because they contain confidential customer-specific information and will be provided pursuant to the terms of the protective agreement that will be entered into in this docket.

Q. Could you please summarize your Direct Testimony?

A. First, I detail UNS Electric's Class Cost of Service Study ("CCOSS"). This study is necessary in order to determine an appropriate total cost to serve each class. The goal of the CCOSS is to determine fair cost allocation and rate design among the customer classes based on the principle of cost causation. Ascertaining which classes are responsible for which costs is the bedrock of designing rates. The Company's objective, by undertaking a CCOSS, is to confirm that proposed rates generate revenue that recover costs and provide for a reasonable return on investment per customer class.

As part of UNS Electric's CCOSS, I directed the development of an embedded cost study and a marginal cost study for the Company. Both studies are useful in developing rate designs that support and reflect valid price signals. The results of the embedded cost study provide important guidance for the class allocation of revenues; while the embedded cost

and marginal cost studies, taken together, help determine the level of specific charges to establish just and reasonable rates. For the embedded cost study, the Company has chosen the Average and Excess method to allocate demand costs, a commonly-accepted methodology used in the industry, including Arizona Public Service Company ("APS"). By contrast, the Company's marginal cost study is a forward-looking study that focuses on the change in costs associated with a small change in the number of customers added to the system – or the cost to replace the current customer related infrastructure to continue service to an existing customer. As a result, the Company can propose rates designed to encourage efficient use of the UNS Electric system and to establish customer charges that send the right price signals to customers.

Second, I describe the Company's proposed rate design, including modifying existing rates to move toward parity and recover costs in a more equitable manner from all similarly situated customers – by shifting more of the fixed costs into fixed-rate components and to create rate classes that contain a more realistic grouping of customers. I describe how UNS Electric's proposed rate design will also better align the Commission's policies with the Company's need for fixed cost recovery, as well as reduce existing cross-subsidies within and between customer classes. To meet these objectives, and in light of the CCOSS results, my testimony explains how UNS Electric proposes a lower percentage rate increase for classes presently paying significantly more than the system-average return on rate base, and a higher percentage rate increase for classes presently paying significantly less than the system average return on rate base. I also detail additional factors focused on in designing rates – including billing determinants, ratchets, and consistency. My testimony also explains that the resulting bill impact is reasonable and consistent with the gradualism principle. Additionally, I set forth the bill impacts of these changes.

My testimony also describes UNS Electric's proposal to increase the monthly basic service

charges to levels that better match the minimum cost to serve the customer – including incorporating demand-related costs for those classes without a demand charge. The proposed rate design changes are needed to send customers more accurate price signals. With better price signals to the customers and more appropriate fixed cost recovery for the utility the environment will be much more conducive to the promotion of energy efficiency ("EE") and distributed generation ("DG").

My testimony also addresses other rate design changes including: (1) elimination of the third rate tier in the residential Rate RES-01; (2) the addition of a second tier to comparable time-of-use ("TOU") Rate RES-01 TOU (incenting customers to move their consumption from on-peak hours to off-peak hours in order to generate savings on their bills); (3) establishment of a charge for those customers who do not want an automated meter installed; (4) establishment of a new Medium General Service ("MGS") class; (5) changes to the demand charge for certain classes; (6) modification of the Large Power Service ("LPS") class so that it contains only customers taking service at transmission level voltage; (7) revising the Community Solar rate; (8) freezing the current Interruptible Tariff and proposing another interruptible option that provides more benefit to the system.

In short, the Company seeks to modernize and update its rate design to address: (i) declining usage per customer; (ii) low-use/no-use customers paying an equitable share of the fixed costs to operate and maintain the UNS Electric grid; and (iii) lost-fixed cost revenues associated with energy efficiency and distributed generation.

Third, I address Customer Assistance Residential Energy Support Program ("CARES") rates. The Company proposes to simplify the CARES rate by offering a single uniform discount. The modifications would reduce the two existing tariffs which contains six multi-leveled percentage discount variations and two fixed discount variations of CARES rates

down to a flat $10.00 per month discount (limited to a reduction of the bill down to zero dollars.) The Company would modify the current CARES customer's rates and freeze the standard CARES rate in the same manner as the frozen CARES-Medical rate. UNS Electric also proposes to eliminate the exclusion of CARES rates from the Demand Side Management ("DSM") surcharges.

Fourth, I discuss the Company's proposed buy-through rider, which it is proposing as required under the settlement agreement involving Fortis Inc.'s ("Fortis") acquisition of UNS Energy. To be clear, UNS Electric is merely presenting this experimental rider in order to comply with the settlement agreement and is neither endorsing the concept nor approval of this specific tariff. Essentially, the Large Power Service ("LPS") customer would select a wholesale generation service provider, who would sell power to the Company on the customer's behalf and delivered to one or more of the Company's points of delivery for wholesale power. The Company would then take title to the power and provide it to the customer in exchange for payment in accordance with the power supply agreement, the terms of experimental rider, and other program provisions. The customer would not be exempt from any of the charges and adjustments in the retail rate schedule (except for Power Supply Charges and the purchased power and fuel adjustment clause ("PPFAC").) Further, the tariff would only be available to select LPS customers, only up to 10 MW and for a maximum of four years from the effective date of the rate rider schedule.

Fifth, I provide the "all-in" bill impact comparison by class by using "typical" usage amounts for each rate class. I detail the methodology used to develop these comparisons, which provides a much more accurate comparison of current rates to proposed rates beyond what is provided in the "H" schedules. This methodology takes into account the increases associated with the rate design changes, the proposed increase in base rates and updated fuel costs. It also considers the changes resulting from including transmission

related expenses that are currently being recovered through the TCA, into base rates and the equivalent offset associated with resetting of the TCA. In addition to the mentioned changes it considers the proposed credit resulting from the deferred savings accumulated in accordance with the Deferred Accounting Order associated with the Company's purchase of a 25% interest in Gila River Power Plant Unit 3. All of these items will impact a customer's bill on or around the effective date of the rates requested herein and should be considered when evaluating the impact of the Company's request on a customer.

Sixth, I address the weather normalization and customer annualization adjustments. Both of these adjustments reflect test year billing determinants under normal weather and year-end customer levels, respectively. For the weather normalization adjustment, I am proposing to use a more refined method that produces forecasts that are more closely aligned with actual results (what I call the "Average Temperature" method). Regarding the customer annualization adjustment, the Company proposes to use the same method that has been approved by this Commission in prior electric rate cases. I also summarize the Company's proposed transmission expense adjustment, and the adjustments and additions regarding miscellaneous service charges.

Finally, I describe UNS Electric's proposed modifications to the PPFAC and the LFCR. Regarding the PPFAC, the Company proposes a single percentage-based adjustment applicable to all rate classes and based on the monthly change in total annual fuel cost compared to the annual fuel cost approved in this proceeding – while also changing the rate band to 1% and adding a "Base Rate Annual Adjustment." For the LFCR, the Company proposes to allow recovery of lost fixed costs attributable to generation and the full recovery of lost demand revenues. Generation costs are significant, unavoidable and necessary. Because the calculation of demand-related losses specifically identifies the actual amount of offset to the customer's peak demand, only allowing 50% of lost demand

revenues does not reflect the actual value of demand-related losses.

II. COST OF SERVICE ANALYSIS.

Q. What is the purpose of performing cost of service studies and how is it beneficial to customers?

A. The cost of service study is the core foundation in developing just and reasonable rates. Once the Company's revenue requirement is calculated, the next step is determining how and from whom it should be recovered.

A properly performed CCOSS analyzes all costs and services provided to each of the primary rate classes. The CCOSS also provides a guide as to how those costs should be recovered from each rate class. As I will discuss later in my testimony, there are multiple ways of determining how costs should be allocated. While each party representing a specific group of customers may have an opinion on how those costs should be split between the classes, UNS Electric is focused on allocating the costs as fairly as possible. Fair cost allocation is based on the principle of cost causation. This principle has been referred to as the gold standard of cost of service. Equitably allocating costs between the classes protects all customer classes and creates rates that attempt to assign customers the actual cost of serving them. The Company's goal is to create fair and equitable rates for all customer classes under sound Cost-of-Service and Rate Design principles.

Q. Please discuss the concept of cost of service as a tool for ratemaking.

A. The process of developing rates relies on cost of service for establishing both the revenue level by class and the design of rates. By understanding how costs are caused and establishing rates to reflect cost causation, the important principle of matching costs with revenues under new rates will be satisfied. While CCOSS are a great tool to use in this

process, sometimes technology and available data can constrain the overall outcome of the CCOSS.

Q. How does technology and available data limit the usefulness of the CCOSS?

A. CCOSS attempts to match costs with cost causation. However, it must be recognized that the best possible matching may be constrained by the ability to measure all of the needed elements of cost causation with the current meter and billing technologies. As technology advances in both the areas of cost causation and metering to track those costs, one must also recognize the temporary nature of that constraint. Thus, it is important to begin to modify rate designs so that there is a reasonable transition to new, more efficient rates that are enabled by new technology.

Q. What is the objective of the CCOSS?

A. Based on allocated costs, the goal is to confirm which present and proposed rates generate revenues that recover appropriate levels of costs per customer class. The term "cost" covers both expenses (including taxes) and the return on the Company's investment. The total cost to serve a particular class varies depending on the customers' individual and combined consumption characteristics, installed facilities, labor, and other capital needed to reliably and safely serve customers in the class.

If the proposed rates produce customer class revenues resulting in each class generating revenues sufficient to earn a return on plant that matches the overall return on invested capital, "parity" has been reached. This is typically characterized by a "return index" (actual return/ required return) of one (100%) for each class. The CCOSS is designed to clearly present the costs and the allocation factors applied to the costs. The cost model also includes sections summarizing costs, a list of the allocation factors, and a revenue requirements summary. The "G" Schedules of the filing are assembled using the results

of the CCOSS. Please refer to Schedule G-2 –Summary at Proposed Rates to see the results of the Company's CCOSS calculations.

Although existing circumstances may preclude reaching "parity", the goal should be to use the results of the CCOSS to minimize cross subsidies.

Q. Please summarize the types of CCOSS used in allocating revenue and designing electric rates.

A. Cost studies may be based on embedded costs or marginal cost. Embedded cost studies analyze the costs for a test year based on either the book value of accounting costs (a historical period), the estimated book value of costs for a forecasted test year or some combination of actual and forecast costs. The cost of service period is adjusted for known and measurable changes and is normalized and annualized. The cost of service used for the study is also used to determine the revenue requirement and is based on the 2014 calendar year for this filing.

Typically, embedded cost studies are used to allocate the revenue requirement between jurisdictions and classes and between customers within a class. In addition to providing information related to the allocation of revenue requirement changes among customers the CCOSS provides valuable information for rate design. A fully unbundled CCOSS provides the fully allocated costs of a detailed list of various services provided by the Company.

By contrast, marginal cost studies do not reflect actual costs but rely on estimates of the expected changes in cost associated with changes in service. Marginal cost studies are forward looking to the extent permitted by available data. Marginal cost studies are most useful for rate design when it is important to send appropriate price signals associated with

demand and energy consumption by customers in a particular class. Marginal cost is also important for determining optimal seasons and time of use periods. In this case, UNS Electric is relying on information from both the embedded and the marginal cost studies for its recommendations related to rate design.

Q. Have you prepared cost studies for this case?

A. Yes. The embedded cost study for the test year has been prepared under my supervision and can be found in Schedule G submitted as part of this filing. Also prepared under my supervision is an analysis of the marginal customer costs for residential and small general service customers to support improvements in the efficiency and tracking of costs for the historic two-part rate design consisting of basic service charges and volumetric charges.

Between the marginal cost study and the embedded cost study there is sufficient information to develop a just and reasonable rate design for customers in the classes where we currently bill only a basic service charge and an energy charge. Ultimately, the ideal rate design should include a combination of demand charges, a basic service charge and time differentiated energy charges for all. This will allow the Company to convey accurate price signals to customers about the cost of those individual services they choose to purchase from UNS Electric

UNS Electric is proposing the necessary steps to improve its price signals and to transition over time to more appropriate rate design. Thus, our proposal uses (i) the results of the embedded cost study to provide important guidance for the class allocation of revenues and (ii) the embedded cost study and the marginal cost study to determine the level of specific charges that taken together create just and reasonable rates.

A. **Cost of Service and Economic Theory.**

Q. Please explain the importance of cost causation in developing a cost of service study.

A. Just and reasonable rates must avoid undue discrimination and must reflect the principle of "user pays," also known as "cost causation," or as I prefer to say, those who cause the costs should pay the costs. Undue discrimination occurs when customers pay significantly different amounts for the same service without good cause.

The development of cost-based rate structures permits regulatory review of the costs that are the same on average for customers in the class. I say "on average" because no two customers are exactly alike. Therefore, we determine costs and set cost-based rates for "typical" customers grouped by similar demand and usage patterns. For example, residential customers may have different service costs just based on the proximity to the distribution transformer. Typically, the customer on the same side of the street as the transformer will have a shorter service line than the customer across the street. As a result, the cost of service differs based on which side of the street the home is located.

In setting rates, we use the average cost of the two services. Once we determine the customer related costs, those costs should be recovered in the basic service charge. If those costs are not recovered in the basic service charge, then they are recovered in the volumetric charges which results in the customers with higher than average energy consumption subsidizing the customers who use less than average. The cost of service study that unbundles customer costs provides a benchmark to assess the rates to determine if they are just and reasonable and do not discriminate based on the rate design.

I am not alone in expressing this view. For example, the Rocky Mountain Institute has published a report titled "RATE DESIGN FOR THE DISTRIBUTION EDGE:

ELECTRICITY PRICING FOR A DISTRIBUTED RESOURCE FUTURE". That report, published in August of 2014, recommends full unbundling for efficient integration of distributed resources that include not only DG but conservation and DSM as well. In the executive summary the report states "...bundled, volumetric block rates—provide little or no incentive for the deployment and operation of DERs (Distributed Energy Resources) at the times and places where they can create greatest overall benefit. The perpetuation of these pricing structures in the face of ongoing improvement in DER cost and performance and increased adoption of these technologies will result in *lost opportunities for cost reduction and inefficient utilization of assets on the part of both customers and utilities*." (Emphasis added.)

It is also important to know the marginal cost because the economic concept of "subsidy free rates" means that the rate must be above marginal cost but less than stand-alone costs. In order for rates to be efficient, the concept of customers being charged for the distinct services they use is important since different customers use different services. Further, the costs of those services may be different because of the different load characteristics of customers within the same class. Both cost allocation and rate design are critical in designing efficient rates.

Q. How have you approached the development of the cost studies?

A. A properly developed cost of service study represents an attempt to analyze which customer or group of customers cause the utility to incur the costs to provide service. Understanding cost causation requires an in-depth understanding of the planning, engineering, and operations of the utility system, as well as the basic economics of the unbundled components of the electric system. In developing both the embedded cost study and the marginal customer cost study, I have relied on input from planning, engineering and operations within the Company.

Q. Please describe the nature of utility costs.

A. The requirement to develop cost studies results from the nature of utility costs. Utility costs are characterized by the existence of common and joint costs[1]. In addition, utility costs may be fixed or variable.[2] Finally, utility costs exhibit significant economies of scale.[3] These characteristics have implications for both cost analysis and rate design from a theoretical and practical perspective. The development of cost studies requires an understanding of the operating characteristics of the utility system. Further, as noted above, different cost studies provide different contributions to the development of economically efficient rates and the cost causation by customer class.

Utilities are unusual in the relationship between fixed and variable costs. The only variable costs for an electric utility are the costs of fuel, purchased power, fuel handling and some limited amount of variable operating and maintenance expense ("O&M"). All other costs are fixed. The fixed costs for UNS Electric represent the sunk costs of the utility to produce and deliver electricity and provide other services to customers, such as taking energy from customers who self generate in excess of their own needs and push that excess back onto the distribution system for delivery to other customers. The portion of fixed and variable costs of the total cost of service varies among the customer classes based on the types and quantity of the services used by the customer. Currently, UNS Electric's residential rates only recover approximately 18% of the average level of fixed costs approved in the Company's last rate case as a fixed component in the rates.

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[1] Common costs occur when the fixed costs of providing service to one or more classes or the cost of providing multiple products to the same class use the same facilities and the use by one class precludes the use by another class. Joint costs occur when two or more products are produced simultaneously by the same facilities in fixed proportions. In either case, the allocation of such costs is arbitrary in a theoretical economic sense.

[2] Fixed costs do not change with the level of output, while variable costs change directly with the utility output. The vast majority of non-fuel related utility costs are fixed and do not vary with changes in load.

[3] Scale economies result in declining average cost as output increases and marginal costs are below average costs.

As a practical matter, failure to recover fixed costs in fixed charges results in unreasonable outcomes by creating subsidies both between and within the classes. It can also result in the utility recovering either more than or less than the authorized revenue requirement, based on whether consumption is higher or lower, respectively, than the levels used in the determination of base rates.

In the new mixed competitive and regulated market, traditional rate classes are no longer homogeneous. In fact the availability of self generation (particularly solar distributed generation) has created a second class of customers within the typical residential service class. Some customers remain the traditional full requirements customer using all of the bundled services of the utility while a growing number of customers have become partial requirements customers who use a variety of different services. Partial requirements customers require various utility services including standby service, supplemental service, delivery service for energy purchases and delivery services for energy sales, regulation services, power factor correction and balancing. For distribution services, the cost of serving these partial requirements customers is typically the same or higher than it was when the customer was a full requirements customer.[4] However, the self-generating customer purchases far fewer kWh and thus avoids paying for fixed distribution costs when rates recover those costs in energy charges. The table below illustrates this problem. The table presents a comparison of two residential customers with identical energy usage and delivery requirements. The customers both use an average of 900 kWh per month. One customer is a full requirements customer taking service on RES-01. The other customer is a partial requirements customer and owns a photovoltaic DG system that is sized to produce 100% of the energy the customer uses over a year. The partial requirements

[4] This is because the DG customer may require additional investments in the distribution system to provide frequency control and power factor correction for example.

customer is on a net metering tariff that allows banking and rollover of excess self-generated production.

Residential Customer Comparison	RES-01 Full Requirements Customer	RES-01 DG Customer with Net Metering
NCP kW Demand	6.30	6.30
Annual Billed kWh	10,800	133
CCOSS Customer Costs ($/customer/year)	$168.00	$168.00
Distribution Demand Cost ($/NCP kW/year)	$46.90	$46.90
Annual Customer & Distribution Costs	$463.66	$463.66
Annual Customer & Distribution Revenue	$459.03	$241.22

As this table illustrates, these two customers pay different amounts for the same distribution services. In reality, the partial requirements customer is also likely to require more services than the full requirements customer as well even though their demands are the same.

The Company is moving to a new rate design model that is designed to recognize that the distribution system is a critical and regulated component of the new market model. While distributed generation, in the form of PV solar, wind and combined heat and power ("CHP"), changes the amount of energy that must be produced by central generation, it continues to be dependent on the distribution system for many critical services.

Q. How is cost causation determined?

A. In many cases determining cost causation is as simple as asking the question of whether a particular cost changes when some potential allocation factor changes. If a factor causes costs, costs will vary with changes in that factor. For example, if the number of kWh increases, does the cost of some input such as miles of conductor increase with more kWh? Since the miles of conductor do not change with kWh either monthly or annually, energy

consumption is not a cause of conductor costs. What we do know is that the number of miles of conductor increases when customers are added to the periphery of the system, thus customers are a cause of the cost. We also know that the length of conductor increases with the growth of the peak load on the conductor which may require paralleling the system, looping the system, or networking the system. It may also mean building added capacity through expanding the system to a three phase conductor. This means that some of the cost of conductors is also caused by the demand on the conductor. In any case, the factors driving the cost of conductor are customers and a measure of non-coincident peak demand. Following this logical process allows one to determine cost causation for each element of the system.

Fundamentally, performing cost of service studies is comprised of applying experience and science. The science of the process involves calculations consistent with the methods outlined in the National Association of Regulatory Utility Commissioners Electric Utility Cost Allocation Manual ("NARUC Manual"). The art of applying experience involves the subjective application of certain methods, in conjunction with consideration of policy objectives, regulatory case law, emerging issues, and other factors, within the framework of the regulatory process.

Q. How do you decide what type of cost you are analyzing?

A. There are three fundamental cost classifications that are the basis for cost causation: customers; demand; and energy. Essentially, all costs incurred by the utility are directly or in some cases indirectly related to one of these three factors. That is, a utility incurs costs based on (i) the number, size, geographic location and type of customers, (ii) a combination of several measures of customer demand or (iii) a measure on the energy used by customers. Within these three classifications there may be different measures of the factor based on how costs are incurred when allocation factors are developed.

The NARUC Manual identifies three fundamental methods for allocation of demand related costs: Coincident Peak ("CP") methods, Non-Coincident Peak ("NCP") methods and Average and Excess Demand ("AED") methods. Within each of these categories, there are numerous specific formulations of the methods. Further, to reflect the cost of an electric system, a complete cost of service study requires application of more than one demand category of these allocation factors. For example, class non-coincident peaks drive the allocation of part of the distribution system capacity while it is some combination of coincident peaks and demand and energy methods for generation. Within each classification category, there may be multiple specific methods. CP allocation category options include a single CP, 4 CP, 12 CP, winter/summer CP and so forth. In addition to the AED allocation method, there are a number of methods that consider both demand and energy such as peak and average, peaker methods and so forth. These methods are all described in the NARUC Manual.

In any event, the choice of methods relies on the concept of cost causation to choose the most appropriate method that best reflects those costs. NCP methods may use a variety of peaks other than the actual system peak based on the peaks of individual service classifications or individual customers. Cost causation requires the determination of the cost to serve each class of customers in a way that recognizes apparent cost responsibility and reflects the engineering and operating characteristics of the utility system. It is not unusual that a cost study includes all of the methods for allocating demand and potentially more than one of the variants of the methods.

Q. Please explain the classification and allocation of distribution costs.

A. There is an underlying logic to the choice of the most appropriate demand allocation factor. The system distribution plant consists of different facilities that have different cost causation factors. The reason for this is threefold. First, load diversity increases as the

cost becomes more remote from the individual customer. Second, some facility cost is directly the result of the individual customer and is caused by the customer unrelated to demand. These facilities include the meter and service line. Third, other local facilities have both a customer and a demand component. Transformers are sized to meet the NCP of the customers served from a single transformer but utilities do not install every possible size of transformer. Instead, utilities use a standard set of transformer sizes and one of those is the transformer that represents the minimum size. Transformer costs exhibit significant scale economies. This means that the smallest size of transformer costs much more per kVa than larger transformers. Given the fact that utilities typically use a minimum size of transformer, the cost of the minimum size is related to a customer since every customer requires transformer capacity.[5] For transformers larger than the minimum size, the remainder of transformer cost is related to demand. The portion related to demand is based on the customers served from each transformer and represents a much smaller share of costs than the customer component. Given the proximity of the customers to transformers, there is limited diversity for transformers that may serve a few customers and no diversity if a transformer serves only one customer. Thus, transformer demand is related to the individual customer NCP. The NCP for the system based on the sum of individual customers is much higher than either the system coincident peak or the sum of the class NCPs. For facilities located close to the customer, such as transformers, secondary conductor, and secondary poles and even single phase primary conductor, both a customer component and the individual NCP allocation factor is the most appropriate. As the cost becomes more remote from the customer, it is the class NCP that drives the costs. This applies to the demand portion of primary poles and primary conductor. The substation related investment is based on the class NCP allocation factor alone. In fact, any number

[5] For larger customers, the customer may provide its own transformers or even its own substation in some case for very large customers. These distinctions are typically reflected either as credits in rates or separate rate schedules for different service classes defined based on use of distribution facilities.

of substations peak at different times and even different seasons from the coincident peak demand of the utility.

Q. Have you considered the customer component in the CCOSS you have developed for the Company in this rate case?

A. Yes. You can see the allocation of certain costs to a mix of customer and demand as you review the allocations in Schedule G, sheet G-7 Allocations.

Q. Are all customers allocated some level of distribution costs?

A. No, except for metering related costs. Distribution costs differ based on the portion of the system used by different classes of service. In fact, some customers make no use of the distribution system at all. For example, for LPS customers there are no distribution costs allocated to the class other than metering related costs. Where customers own their own substation and connect directly to the transmission system, the customer causes no distribution costs to the utility. These customers are typically served either through special contracts or under a transmission voltage service rate schedule. Further, not all customers use the same level of distribution facilities. For example, customers may own their own transformers. Some larger customers may be served at primary voltages only and thus use no secondary facilities. For very large customers, the customer may use only the three phase primary system operating at the upper end of voltages for the primary system. Where the utility data supports the identification of the facilities at a detailed level, it is possible to reflect the actual facilities used. Distribution costs may differ based on the facilities required to serve some customers. Some loads require extra facilities to serve a load based on unique load characteristics such as low power factor or frequency regulation for intermittent loads. In that case, the customer may require special rate provisions such as a facilities charge to pay for the extra investment. When customers share common load characteristics they may still warrant a separate class of service. This is particularly

important to recognize that partial requirements customers require their own class of service because of the unique load characteristics of this type of customer.

For distribution costs found in FERC Account Nos. 364 - 374 either all or a portion of the costs are customer related because they are caused by customers. For Account No. 369 - Services, each customer has a service designed to meet that customer's own load characteristics. Services are dedicated to a customer based on their load and each customer causes the cost of its service even if the customer never consumes any energy beyond a single light bulb. If the customer is able to avoid all volumetric electric charges and pays only a nominal, non-compensatory basic service charge the result is not just and reasonable and is a case of undue discrimination unless that minimum charge covers not only the service line costs but the component of all of the other distribution costs related to providing the customer access to the electric system. More importantly, there are demand related costs associated with the distribution system that must also be recovered. Partial requirements customers who use little or no net energy must still have a distribution system designed to meet the maximum non-coincident peak of the customer. UNS Electric must have an opportunity to recover these costs as well.

Q. How is the appropriate level of meter and metering related costs determined by customer class?

A. Electricity will not flow into a premise (at least not legally, unless it is an un-metered lighting customer) without an electric meter (Account No. 370). Meters are virtually the same for small customers. However as the size of the customer increases, the meter installation becomes increasingly complex and the cost of meter sets increases. In addition, Account Nos. 371 – 373 (investments on the customer's premise) represent facilities that are also customer related. In the case of these facilities, the customers who request the extra service provided by these facilities typically pay for these directly as in

the case of Account No. 373 related to lighting. In addition to the costs of Account Nos. 369 - 373, a customer cannot be connected to the system (or receive service) without a minimum level of distribution services provided through the assets in Account Nos. 364 - 368. These accounts support the basic distribution facilities that must be extended to connect new customers to the system and to meet the maximum demand of those customers. All existing premises were at one time new customers for whom the system must have been extended. Further, the utility must continually replace aging infrastructure to continue to serve all customers regardless of their annual kWh usage. In the case of these distribution facilities, the minimum size of equipment commonly installed under current policies and procedures represents the costs caused by customers in order to connect the minimum load to the system. The minimum system concept assures that customers who cause the costs of facilities to interconnect to the utility are properly allocated those costs. The current costs for new, minimum sized facilities are a fundamental component for estimating the marginal customer costs for UNS Electric. The demand component of these costs also needs to be recovered to compensate for standby and supplemental services and in addition to make available the starting requirements of the in-rush current that is not typically provided by a DG installation.

Q. Are there other costs that are customer related and should be allocated to the basic service charge calculation?

A. Yes. First, a portion of the O&M associated with the distribution plant accounts that are allocated on both customer and demand are appropriately allocated to customer related costs as well. In addition, where all of an account is allocated as customer-related, all of the O&M should also be allocated to customer costs. Second, customer service related expenses should be fully allocated to customer costs. Third, a portion of general plant costs should be allocated to customer costs to include such items as customer service facilities and other types of facilities such as the meter shop, stores and tools and equipment.

Fourth, a portion of administrative and general expenses should be included in the customer costs as well. Inclusion of general plant and administrative and general ("A&G") costs is based on the requirement that significant overhead costs are related to direct payroll costs included in the O&M accounts for distribution and customer service expenses. This is the concept of capturing the fully loaded costs of the service provided and includes not only workspace costs but pension and benefits cost and other items related directly to employee costs. These costs are also a proxy for the marginal customer cost study.

Q. Please discuss the classification and allocation of distribution plant.

A. As noted above, distribution plant is classified as demand, demand and customer, or just customer depending on the costs. Each component of the distribution system requires a different allocation factor based on the classification of the costs and the role that customer diversity plays in causing the costs. For plant functionalized as distribution plant and found in accounts related to facilities associated with distribution substations (Account Nos. 360-363), the plant is classified as demand and is allocated on the class contribution to the system NCP. Substations reflect the diversity of the customers served out of a particular substation. Typically, substations have different mixes of customer class and loads. As a result, substations often peak at times different from the system peak loads. Some substations may even have peak loads in a different season of the year than the system. The use of the sum of the class NCPs accounts for the differences that occur in the capacity demand on substations. Diversity of load on the distribution system is greatest at the substation level where multiple feeders serve a variety of customers and loads.

For distribution facilities in the accounts related to the power lines (Account Nos. 364-368) where power is delivered to the interconnection point with the customer, the costs are classified as both customer and demand. While there are several methods to classify these

costs between customer and demand, the minimum system approach is the most consistent with cost causation because it represents the actual cost of connecting a customer to the system to serve the minimum load that meets the parameters of the approved line extension policy. Any investment, greater than the minimum system, must be related to the customers' maximum demands on that portion of the system. Thus, in addition to the customer allocation the demand allocation is based on the sum of the customers NCPs for each class of service. For the remainder of the distribution accounts (Account Nos. 369-373), the costs are classified as customer and are allocated on a customer basis with as much direct assignment of costs as possible. The final distribution account (Account No. 374) is related to amortization of polychlorinated biphenyl ("PCB") related costs and is allocated based on the transformer investment.

Q. Is there a listing of allocation factors?

A. Yes. Allocation factors are listed in Schedule G-7.

Q. During the rate design process, did you achieve parity?

A. No. The Company strives to achieve parity where possible, but due to the principle of gradualism, we made some reasonable adjustments. The impact on customers must be compared to the benefits of moving to fully cost-based rates. This approach moderates what would have been even larger variations in the percentage rate changes some classes would have received. In other words, we balanced the future need to move each class towards rates that are more reflective of cost of service while recognizing that such a move must be tempered with other factors like gradualism. Some classes will be affected more than others because their below cost of service rates have been subsidized by other customers for many years. The Company is attempting to move in the general direction of parity between classes, and send customers more accurate price signals, but to truly achieve this goal will likely take a few more rate cases.

To better understand how the return on plant varies by rate class based on the different assumptions the table below reflects the by class return on plant at the Company's proposed rates under three types of demand allocation methods. Historically, the Company has used the Peaks and Average method, but in order to address an argument that the Peaks and Average method may have the effect of doubling some portion of demand related costs that are allocated to certain rate classes, in this case the Company has chosen to move to the Average and Excess method. This is the method used by Arizona Public Service Company and is a commonly accepted methodology used throughout the utility industry.

CCOSS COMPARISON OF DEMAND ALLOCATIONS						
	TOTAL	RESIDENTIAL SERVICE	SMALL GENERAL SERVICE	MEDIUM/ LARGE GENERAL SERVICE	LARGE POWER SERVICE	LIGHTING
Average&Excess & 4CP						
Demand	334,908	202,528	28,811	88,849	14,175	545
RETURN AT PRESENT RATES	2.31%	-3.88%	-1.02%	16.02%	27.95%	3.94%
RETURN AT PROPOSED RATES	$21,570,144	$9,986,026	$1,754,928	$9,196,636	$519,927	$112,627
RETURN ON RATE BASE	7.93%	6.00%	6.40%	12.96%	9.06%	7.87%
Peaks&Average & 4CP						
Demand	334,908	192,951	24,300	103,090	14,288	278
RETURN AT PROPOSED RATES	$21,570,144	$11,097,415	$2,278,387	$7,543,988	$506,806	$143,548
RETURN ON RATE BASE	7.93%	6.82%	8.90%	9.84%	8.76%	10.84%
4CP Allocation						
Demand	334,908	211,252	23,829	90,093	9,733	-
RETURN AT PROPOSED RATES	$21,570,144	$8,973,454	$2,333,054	$9,052,279	$1,035,485	$175,871
RETURN ON RATE BASE	7.93%	5.28%	9.18%	12.67%	26.26%	14.52%

B. Marginal Cost of Service Study.

Q. Please explain why a marginal cost study is of value in this case.

A. There are several reasons why knowing the marginal cost is valuable in designing rates. First, economics tells us that prices set on marginal cost leads to the efficient use of scarce resources. Customers cannot make efficient decisions about how to spend their energy

dollars, including capital investment, unless they know how costs will change at the margin. For example, under cost based rates, if a DG customer and a full requirements customer use exactly the same average distribution system components the rates charged to both customers for those services should be the same. If the DG customer uses more of some service, such as voltage regulation, because of the intermittent nature of the solar PV for example, that extra cost should be borne by the DG customer. If rates do not recover the same or even more costs from the DG customer in this instance, rates are no longer just and reasonable and the allocation of energy dollars is economically inefficient because of the subsidy.

The second reason for understanding marginal costs is that if a customer pays less than marginal cost for the service, other customers would be better off if that customer was not served by UNS Electric. This situation is analogous to an extension policy where if the revenues are inadequate to support the investment, the customer makes a contribution to defray the excess costs so that other customers do not have their rates increased to provide a connection subsidy at the margin.

Third, marginal cost provides a guide to rate design. Essentially, the price of any unbundled service should not be less than marginal cost. In the case of the basic service charge, the charge is really more appropriate classified as an access charge. That is, it represents the cost of having access to the unbundled distribution services of the utility. Therefore, the marginal cost study identifies what the floor is for establishing a basic service charge where the embedded cost study indicates in total the revenue requirement to be recovered from the combination of all charges. This establishes a minimum basic service charge for the class.

Q. Please describe the marginal customer cost study.

A. Studies used to calculate marginal costs are common in rate case filings and use relatively consistent methodologies. Marginal cost studies focus on the change in costs associated with a small change in the number of customers added to the system or the cost to replace the current customer related infrastructure to continue service to an existing customer. Marginal costs are forward looking and require making estimates of future costs with an understanding of the elements that drive those future costs. As a practical matter, marginal costs bear no relationship to the mix of actual historical costs that constitute the utility revenue requirement. The reasons that marginal costs do not reflect actual costs used in revenue requirement calculations include the following:

- The relationship between historic and prospective costs reflects changes in technology.
- Sunk costs (the fixed cost of the existing system) do not impact marginal cost but may account for a large portion of the test year revenue requirement particularly where economies of scale are significant.
- The underlying impacts of inflation on prospective costs cause such costs to differ from past costs.
- Additions to the system are lumpy and as a result utilities optimal additions often include more capacity than the marginal change in customer count.

Q. What are the steps involved in estimating marginal cost?

A. To estimate marginal cost, the first step requires determining the change in cost associated with the addition of a new customer on average. I say on average because there are two different types of customers that may be added to the system. The first type of customer is added at a point on the existing system and thus requires a smaller investment than a customer that requires a larger investment such as a line extension. The second type of customer is added at the periphery of the system and requires extra investment to connect

the customer to the distribution system. The marginal cost study takes this into account by weighting the proportion of customers that are in each category.

Electric distribution systems (from the customer's meter up to the feeder coming from the distribution substation) are typically built using engineering design standards that take into consideration the density of customers in a particular location and the expected loads of those customers. For example, an area with all-electric homes may have different design standards than an area where the homes are not electrically heated. Distribution facilities for larger commercial and industrial customers are generally designed on a case-by-case basis, given the expected peak load of the customer. In short, the local distribution system is designed based on the design load of the customers to be served ultimately, not specifically on the number of customers or their actual loads at any given moment. The concept of a network cost provides a convenient way to discuss the marginal distribution costs. Network costs represent the cost of the interconnected facilities that serve local loads and include: substations, feeders, transformers, service drops and meters. Feeders may be primary or secondary lines depending on the location of the customer and the design of the system. The customer component of these systems is related to the smallest size of the equipment that is installed to serve customers. If larger equipment, such as that required for all electric homes, is installed the extra costs are demand related. The economies of scale in the distribution system mean that the demand related cost is much less significant than the customer component.

Q. Have you provided the marginal customer cost study results?

A. Yes. The results of the study are attached as **Exhibit CAJ-1** and consist of three schedules. Schedule 1 is a summary of all of the components, the costs and provides the marginal customer cost for residential and small general service customers. Schedule 2 provides the minimum system investment for each component of the customer marginal

cost along with the levelized carrying charge rate for each component to produce the revenue requirement for the component. Schedule 3 provides the customer related expenses based on the embedded cost study that are customer related.

Q. How have you identified the minimum size components used by UNS Electric in the delivery system?

A. Yes. We have worked with the Company's distribution engineering and operations groups for their input to determine the smallest standard size of facilities used and with the accounting function to determine the fully loaded installed costs of these components. Schedule 2 in **Exhibit CAJ-1** provides the cost of the minimum system components. In addition, the schedule provides the economic carrying charge rate and the appropriate weighting for customers requiring a line extension. This schedule produces the marginal revenue requirement for customer-related capital expenditures. The economic carrying charge rate uses the Company's capital structure and the marginal cost of the components of that structure. The forward looking nature of a marginal cost study requires that the capital cost be estimated on an incremental basis, not on embedded costs.

Q. Have you identified the customer related expenses?

A. Yes. The customer related expenses may be found on Schedule 3 in **Exhibit CAJ-1.** These expenses were based on embedded costs as a proxy for long-run marginal costs. In the short-run these costs would be zero because adding one customer does not change most of these costs. However, at some level these costs would increase by an amount related to the average cost when a minimum number of customers have been added. This approach provides a reasonable proxy for the O&M related costs.

Q. Please summarize the results of the customer costs on an embedded and a marginal cost basis.

A. The results are summarized in the table below.

Table 1

Cost Study	Residential	Small General Service
Marginal Customer Cost	$51.82	$102.03
Embedded Customer Cost	$14.00	$28.18

Q. Why are marginal customer costs so much higher than embedded customer costs?

A. There are several reasons marginal costs are much higher than embedded costs. First, as part of the Company's efforts to improve service reliability and have the capability to refine its rates to reflect 21st century unbundled rate design, the costs reflect a significant change in metering technology. These meters are more costly than the traditional watt hour meters used since the 19th century. Second, the impact of inflation on certain portions of the distribution assets has been significant. This means that depreciated original cost for these assets is far below the replacement cost for these assets. Third, the pattern of infrastructure replacement differs from the installation of all new infrastructures. This timing difference results from the different useful lives of the original infrastructure originally installed to serve customers. At any point, the average age of assets and the pattern of cost recovery is significantly different resulting in higher marginal costs.

Q. Please explain how the embedded and marginal cost of service studies provide the necessary support for the proposed basic service charge levels.

A. The embedded cost of service study guides the allocation of revenues among the classes of service; the study, which includes use of the minimum distribution system approach, clearly identifies the embedded levels of distribution, customer related, and other costs by class of service. In order to fully evaluate the appropriate level of basic service charge, a

marginal cost of service is required in order to support and reflect a valid price signal related to connecting customers. To the extent that the basic service charge is set below the marginal cost level – existing customers will be subsidizing the costs of connecting new customers. Together, the embedded and marginal cost studies provide the Commission with the full picture as to how total revenues should be allocated across classes; and in turn, how customer costs and the cost of connecting a customer should be set to send correct price signals to customers and to encourage economic use of the system.

III. RATE DESIGN.

A. Overall Objectives of Updated Rate Design.

Q. What are the Company's objectives in rate design?

A. The Company's primary objective is to modify existing rates to recover costs in a more equitable manner from all similarly situated customers. The Company is proposing to do this by shifting more of the fixed costs into fixed rate components for the more than 95% of the customers who are on a two-part rate and to create rate classes that contain a more realistic grouping of customers.

To move toward this objective the Company must continually evaluate and adjust rates to evolve with changing cost structures, customer usage patterns, market changes and technology changes. An important first step is to move toward more equitable rate design that will recover more of the system fixed costs, in rate components that better reflect system usage.

Q. Are there other significant rate changes that need to be made to move toward more equitable structures?

A. Yes. The Company is proposing rate class changes to more appropriately group customers by the way in which these customer groups use the system. A new MGS class will be established and a maximum kW level placed within the rate schedule. This will allow the new Large General Service ("LGS") class to be modified to contain only the largest general service customers. This will also allow the LPS class to be modified to contain only customers taking service at transmission level voltage. The Company is proposing the elimination of a rate tier in the Residential rate class and the addition of a tier to comparable TOU rates to prevent higher energy usage customers from taking advantage of the TOU rate without having to modify usage habits.

Q. Are there other reasons justifying the need for UNS Electric to update and modernize its rate schedules?

A. Yes. In addition to the reasons outlined above, UNS Electric's proposed rate design has two secondary objectives: (1) to better align the Commission's policies with the Company's need for fixed cost recovery and (2) to reduce existing cross-subsidies within customer classes and between customer classes. To meet these objectives, the Company proposes: a lower percentage rate increase for classes presently paying significantly more than the system average return on rate base based on the results of the CCOSS; and a higher percentage rate increase for classes presently paying significantly less than the system average return on rate base, where the resulting bill impact is reasonable and consistent with the gradualism principle. **Exhibit CAJ-2**, which I discuss in more detail below, sets forth average annual bill impacts for each of the rate classes based on the Company's proposed rates and estimated Riders as of the rate effective date which the Company believes is more representative of the true impact experienced by the customers.

Q. What other considerations were made in developing the Company's rate design proposals?

A. As we analyzed each of the proposed rate design changes and evaluated their potential impacts on customers, we had to develop a full understanding of how these changes would affect revenues. Our considerations focused on billing determinants,[6] ratchets,[7] and consistency. To best determine the true impact on the customer and the Company revenues, we went to great lengths to determine the appropriate levels of billing determinants. It was essential that we had a complete understanding of the billing determinants as we modified provisions within the tariffs. For the Demand Charge in the new LGS class, we evaluated how the billing determinant changes will impact revenues as the ratchet for the former LPS customers taking service at distribution system voltages is changed from a 100% ratchet to a 75% ratchet as they are blended into a rate class with the largest former LGS customers. The change should not result in an inadvertent increase in rates for any of the former LPS customers. Aside from this change, the Company is proposing to maintain the design relating to the Demand Charges approved in the last rate case.

Q. What must be considered with respect to whether the ratchet and billing determinants result in just and reasonable rates?

A. First, in developing these proposed modifications, a thorough analysis must be performed to best ensure that the impacts on the customer are understood and the proposals are fair and equitable. Second, in the event even one of the design parameters is changed during

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[6] Billing determinants are number of units on which each of the billing components would apply to generate the Company's Revenue Requirement. By class, this would include the number of customers on which the basic service charge applies, the number of total Demand units on which the Demand Charges apply and the number of kWh on which the volumetric charges apply.

[7] A ratchet is a billing provision under which the Demand Charge for each month is based on the highest measured or billed demand over a period of time in the previous year. This mechanism minimizes risk of not recovering fixed costs and properly compensates for the year-round expenses incurred to provide service to a customer.

the rate case process, the billing determinants and ratchets must be re-evaluated to assure bill impact is acceptable and revenues generated are as expected.

If any change is made to a rate design component, an equivalent review and modification of an appropriate change in billing determinants must be made to the revenue proof to assure the revenue proof reflects the appropriate recovery of revenues.

B. Specific Rate Design Changes.

Q. Please provide an overview of the changes that the Company is proposing that are not class specific before moving to the individual rate classes.

A. First, the Company is proposing to increase all monthly basic service charges in a manner consistent with the results of the CCOSS and equitable fixed cost recovery. UNS Electric proposes an increase in monthly basic service charges to levels that better match, but are not equivalent to, the customer-related costs and the minimum cost to serve the customer, as indicated by the CCOSS and the marginal cost study used as a guide to determine what the minimum cost to serve a customer should be. The Company's requirement to ensure that service is available (including having the distribution infrastructure in place) does not change if a customer decides not to use energy on a given day. This is why the majority of UNS Electric's costs are fixed in nature.

Second, the Company is proposing to change the PPFAC charge to a percentage based rate instead of a per kWh rate. This will be discussed more thoroughly later in my testimony.

Third, for TOU customers, the Company is proposing to add a tier to the rates where the non-TOU option contains a tier. In the last rate case, the Company proposed to eliminate

the tiers for TOU customers in the hope that the simplified rate would be more appealing to the customers. This inadvertently established a perverse situation where the largest usage customers could benefit from lower average rates and, as a result a lower bill without changing their consumption to off-peak from on-peak times. This unintended consequence can be rectified by adding a tier back to the appropriate TOU rates.

Fourth, for most non-interruptible classes with a Demand Charge, the Company proposes to establish minimum and/or maximum demand amounts (billing demand levels) in order for a customer to become and remain eligible in the individual classes. This should provide for better parity within the classes and thus less intra-class inequity and make it easier for customers to stay on a particular rate schedule and eliminate the confusion and added cost associated with tracking and regularly changing a customer from one class to another.

Fifth, the Company's current LGS and LPS rates will be redesigned. The Company is not proposing to change the ratchet mechanism in the rates, but it is proposing to create a new MGS rate that will contain all but a few of the former LGS customers, but will be limited to only those customers with a measured demand of less than 750 kW in any month. Other than the cap, the design of the new MGS rate will be the same as the current and new LGS rate (e.g. 75% ratchet). The new LGS rate will not undergo a rate design change (e.g. the 75% ratchet will remain), however the rates will be recalculated to blend about 10 of the largest former LGS customers and about 7 of the former LPS customers (those taking LPS service at less than 69 kV – distribution level voltage). The LPS class will not undergo a rate design change, but will only be available to customers taking service at greater than or equal to 69 kV – transmission level voltage.

For these firm classes the billed demand amount will continue to be based on the greater of: (i) the greatest billed (measured for LPS) fifteen-minute interval demand read of the meter during all hours of the billing period; (ii) 75% of the greatest billed fifteen-minute interval demand read of the meter during the prior 11 months (100% of measured for the LPS class); or (iii) the contract capacity or the specified minimum demand amount whichever is greater.

Q. Does the existing rate design, which recovers a significant portion of the fixed costs through volumetric energy charges for most rate classes, create problems other than revenue instability?

A. Yes. First, the collection of significant fixed costs through energy charges places a disproportionate burden on the larger energy users within a rate class that, on average, pay more than their share of fixed costs. Even though a higher load factor customer is using the system more efficiently (and therefore more cost effectively) than a low load factor customer, having a larger proportion of the fixed costs in the energy rate will result in that higher load factor customer paying a disproportionate amount of the system cost. Shifting revenue collection away from energy charges reduces the cross-subsidization that occurs when usage within customer classes varies significantly.

Second, an over-dependence on fixed cost recovery through volumetric energy charges creates an economic disincentive for the utility to promote conservation, EE, and DG. If non-fuel rates are collected primarily through volumetric charges and the recovery of costs is dependent on usage, the associated reduction in sales significantly erodes a utility's ability to earn its Commission-authorized rate of return. This is true even with the LFCR mechanism, as currently designed, since 50% of any demand charge reductions and the entire generation component of retail rates is not currently included in the LFCR.

Q. Can this disparity be resolved solely through modification of the monthly basic service charges?

A. Only partially. The basic customer-related charges are a good starting point to identify what should be included in the monthly basic service charge for each class, but they do not tell the whole story. Historically, basic charges are limited to metering, meter-reading, service (service drop) to the specific customer, and customer service and billing. While these costs should be included in the basic service charge and may be used as the guide to what the basic service charge should be for classes with Demand Charges, they are not sufficient for classes without a Demand Charge.

Q. Why is it necessary for demand-related costs to be included in monthly basic service charges for classes with rates that do not include a Demand Charge?

A. As discussed earlier in my testimony, the minimum cost of serving a customer includes more than what has historically been seen as customer related charges. Without some level of demand-related cost being included in the basic service charge for classes without a Demand Charge, a disproportionate amount of the Company's fixed costs must be recovered in volumetric energy charges. Consequently, if customer energy usage falls, the Company will not have a reasonable opportunity to earn its Commission-authorized rate of return. Also, since the current LFCR rate excludes the generation component of retail rates, this will only be exacerbated as the amount of sales erosion from increased levels of EE and DG continues. Modifying the rates to include a higher proportion of fixed costs in the monthly basic service charges will send customers the right price signals and provide additional support for the Company's efforts to promote EE and DG. Specifically, because the residential and small general service classes currently do not have a demand charge, the cost of at least some of the fixed cost items required to serve a customer (such as transformers and distribution conductors) should be included in the monthly basic service charge. It was even acknowledged in the

Commission's decoupling workshops that increased fixed charges would help minimize the revenues lost and ultimately recoverable in any decoupling adjustment (including a partial decoupler like the Company's LFCR mechanism.)

Q. Why does UNS Electric prefer increasing the monthly basic service charges over further increasing the energy (per kWh) charges to recover fixed costs?

A. For the smaller rate classes, UNS Electric currently collects the majority of its fixed costs through a volumetric energy charge, which is a conceptually flawed rate design. This is because the bulk of a utility's costs are fixed and do not vary with the quantity of energy the customer uses on a given day. The Company is in the business of providing safe and reliable energy service. This means that facilities and personnel must be in place to ensure that customer demand is met – 365 days a year, no matter where or when the service is requested in the Company's service territory. In short, the Company earns a regulated rate of return on the infrastructure necessary to provide electrical service – on demand - to its customers. The obligation to provide safe, adequate, and reliable service does not change, regardless of whether or how much energy UNS Electric's customers consume. This is why the majority of UNS Electric's costs are fixed.

Periodic variation in energy consumption has limited impact on the true, non-fuel cost of serving customers. Most non-fuel costs are fixed and will ultimately produce a mismatch between costs and revenues when a substantial portion of the revenues are recovered through weather-sensitive sales. Increasing basic service charges helps to address this disparity. When basic service charges are increased, energy charges are decreased (holding revenue requirement and other factors constant). Fixed basic service charge revenue stays relatively constant within a given month – despite weather variations, conservation efforts or (in the short run) economic activity. Consequently, basic service

charges provide a relatively stable and predictable source for funding fixed costs, which constitute the bulk of a utility's marginal costs.

Q. Will the Company's proposed rate designs guarantee it the ability to earn its authorized rate-of-return?

A. Absolutely not. The Company's rate design hardly guarantees achieving its Commission-authorized rate-of-return ("ROR"). For the majority of UNS Electric's customers, a significant percentage of *margin* (non-fuel revenue) recovery will still be collected through the energy charges (volumetric or per kWh). For example, UNS Electric's residential rate RES-01 (which is the rate responsible for approximately 42% of the system margin revenue) collects nearly 73% of classes' margin currently through energy charges. This is similar to the small general service class as well, and the small general service class accounts for another 8% of the Company's marginal revenues. This large allocation of fixed cost to an energy charge potentially causes large swings in the amount of revenue collected to provide the Company an opportunity to earn its authorized ROR. Warmer than normal summer weather could result in over-recovery and cool summer weather will result in under-recovery of margin revenues. Of course, any conservation effort or decreased use per customer will, by design, result in under earnings for the utility. Further, even with a three-year rate-case cycle, factors such as operating costs, material costs, and plant expansions have consistently increased. These factors work against the Company's ability to earn its authorized ROR.

1. **Residential Rates.**

a. **Monthly Charge.**

Q. How do UNS Electric's current residential monthly basic service charges compare to other Arizona electric utilities?

A. The Company's residential basic service charge covers a smaller portion of fixed costs than the residential basic service charges of other electric utilities in Arizona. UNS Electric's residential basic service charge is only $10.00 per month ($4.90 if currently on a CARES rate). In contrast, APS, Trico Electric Cooperative, Inc. and Salt River Project ("SRP") have basic service charges ranging $15.00 to $20.00 per month, with TOU basic service charges $18.00 to $36.00 per month range. APS also has a Demand Charge that applies in addition to the basic service charge in one of its residential rates. Considering that all electric utilities incur substantial fixed costs to serve residential customers, and that those fixed costs typically exceed the higher basic service charges approved, for those utilities, UNS Electric's current monthly service charge should be increased. While it is imperative to start addressing the issue of moving basic service charges towards reflecting actual fixed costs incurred, the Company realizes the difference cannot be fully addressed in a single rate case. Therefore, UNS Electric is proposing an increase in the monthly customer service charge that makes a step in the right direction, but does not necessarily fully address the issue.

Q. With that background in mind, what increase is UNS Electric proposing to the residential monthly basic service charge?

A. In an effort to move towards more appropriate monthly basic service charges for the residential rate class, UNS Electric proposes to increase residential basic service charges from the current $10.00 per month to $20.00 per month for both the standard and TOU

residential customers when new rates are implemented. The proposed basic service charge is still only approximately 37% of the $54.46 in combined customer (*e.g.* meter reading, billing, etc.) and demand related charges identified by the CCOSS for the residential customer and the charge is still below monthly basic service charges that this Commission has previously approved for other electric utilities.

Q. Will the gradual increases in the monthly basic service charges also smooth out the amount of revenues that will be recovered through the Company's proposed LFCR mechanism?

A. Yes. Besides reflecting sound rate design principles, increasing these basic service charges will also help to mitigate the amount of lost revenues to be recovered in the LFCR. This is because as the fixed charges are increased, the volumetric charges are proportionally decreased for each rate class. Further, because the energy rate is lower, the total lost margin will be smaller for each kWh lost as the result of Commission approved EE and DG programs.

b. <u>Volumetric Rate.</u>

Q. What volumetric rate is UNS Electric proposing for the residential rate classes?

A. Schedule H-3 shows the various rates and rate components for each of the Company's proposed rates. For the Residential RES-01 rate class, UNS Electric proposes an average overall volumetric rate of $0.0668 per kWh (exclusive of purchased power and fuel costs), resulting in a $0.0247 per kWh increase on the average volumetric rate for the RES-01 rate. This rate is identified as the "Delivery Services-Energy" charge on the tariffs and is designed to recover the portion of fixed costs not covered by the monthly basic service charge.

Q. Describe the change for Rate RES-01.

A. For Rate RES-01, which is the residential rate for nearly 80% of our customers, the Company is proposing only one substantial rate design change other than the increase to the basic service charge. The Company is proposing to eliminate the third tier in the residential rate class. It adds no cost-based value to the rate class other than exacerbating the issues of fixed cost being inequitably recovered from the higher usage customers. The Company would like to maintain only two tiered rates for the residential classes. Additionally, a trend toward a declining use per customer and any conservation related loss of sales would generally reduce consumption in the highest rate tier and exacerbate the impact of EE and DG losses as it relates to the Company being able to earn its authorized rate of return.

Q. Describe the changes to the two RES-01 TOU rates.

A. Except for the change in the basic service charge described above, the only substantial change that the Company is proposing to make to the residential TOU rate is to add a second tier similar to what is currently in place for the Residential Super Peak TOU rate and as described earlier in my testimony and the Company's proposal for the RES-01 rates.

2. <u>Non-residential Rates.</u>

Q. Describe the changes the Company is proposing for the general service customers and the large power service customers.

A. Much like what the Company is proposing for the residential customers, the changes for general service and large power service customers also are designed to more appropriately recover fixed costs in the fixed portion of rates. Basic service charges for the non-residential classes also need to be increased to amounts closer to levels indicated

by the CCOSS. The only other changes have been described earlier in my testimony and include the establishment of a maximum demand for eligibility in the new MGS rate and a higher minimum billing demand for the new LGS rate, with the qualifications for the LPS rate being changed to only include customers taking service at greater than or equal to 69 kV. The Small General Service rate ("SGS") will maintain the current third tier and no demand charge in the standard rate offering.

a. Monthly Charges – Basic Service Charge and Demand Charges.

Q. What monthly charge is UNS Electric proposing for non-residential customer classes?

A. For SGS customers, UNS Electric is proposing an increase to the basic service charges for the same reasons as discussed for the residential class-, since no Demand Charge is in place for this class of customers. The proposed basic service charge will reflect an increase from the current $14.50 and $16.50 per month to the proposed $30.00 per month for both standard and TOU rate classes. The SGS class will continue to have a provision that a customer will be moved to the new MGS rate in the subsequent month if the customer's consumption meets or exceeds 12,000 kWh in consecutive months.

For the MGS class, the basic service charge will reflect an increase from the current basic service charge in place for the former LGS class of $50 and $52 per month, to the proposed $100 per month. As set forth in Schedule G-6-1, line 32, the proposed MGS charges are still below the true costs of providing service. Additionally, the MGS class will maintain the current minimum billing demand as the former LGS class applied to all customers within the class. The minimum demand will be 20 kW. A new cap of 750 kW will be established such that any customer exceeding the cap for a billing month will automatically be moved, in the subsequent month, to the new LGS rate class. The

customer must remain there for at least 12 months without exceeding the 750 kW demand to qualify to move back to MGS.

For the LGS class, since this is only for the largest former LGS customers and select LPS customers, all exceeding 750 kW of measured demand, the basic service charge will be established at $300 per month. The TOU classes will be the same. As set forth in Schedule G-6-1, line 32, the proposed general service charges are close to the true costs of providing service. Additionally, the LGS class will have a minimum billing demand applied to all customers within the class. The minimum billing demand will be 450 kW, and there will be no cap on demand for eligibility in the LGS class.

The current LPS class has two types of customers. Service is taken at either less than 69 kV or greater than or equal to 69 kV, with the basic service charge currently established at $1,200 per month for either level of service. As mentioned earlier, the < 69 kV customers will now be in the new LGS rate class and will be served at a lower basic service charge in order to help move this class closer to the CCOSS based rates. Based on the results of the CCOSS the customers taking service at greater than or equal to 69 kV are also contributing at a level above the levelized return on plant, so the Company is not proposing to increase their basic service charge from the current $1,200 per month. For the redesigned LPS class, the current minimum billing demand will be applied to all customers within the class. The class currently has a 500 kW minimum billing demand which will be maintained.

Based on the results of the CCOSS, the Company believes these new basic service charges are just and reasonable as they will help levelize the class's contribution to the cost of service while still allowing the Company to recover more of its fixed costs through a fixed charge.

b. Calculation of Demand Charges.

Q. How is the Company proposing to calculate demand charges?

A. As discussed above, UNS Electric is proposing to maintain the way it calculates the Demand Charges in those firm rate tariffs where a Demand Charge is part of the rate design. This would include the existing Rate LGS, LGS-TOU, LGS-TOU-S, LPS, and LPS-TOU rate tariffs, as well as the new MGS rate classes.

Consistent with the criteria in the current tariffs, the LGS, LGS-TOU and LGS-TOU-S monthly billing demand shall be the greater of the following:

(i) the greatest measured fifteen-minute interval demand read of the meter during all hours of the billing period;

(ii) 75% of the greatest demand used for billing purposes in the preceding 11 months; or

(iii) the contract capacity or 450 kW, whichever is greater.

The LPS monthly billing demand shall be the greater of the following:

(i) the greatest measured fifteen-minute interval demand read of the meter during all hours of the billing period;

(ii) the greatest demand metered in the preceding 11 months; or

(iii) the contract capacity or 500 kW, whichever is greater.

The LPS-TOU monthly billing demand shall be the greater of the following:

(i) the greatest measured fifteen-minute interval demand read of the meter during the on-peak hours of the billing period;

(ii) one-half of the greatest measured fifteen-minute interval read of the meter during the off-peak hours of the billing period;

(iii) the greater of (i) or (ii) above during the preceding 11 months; or

(iv) the contract capacity or 500 kW, whichever is greater.

The Company is proposing to apply one general method to the MGS and LGS classes that is the same as the method used for the current LGS classes. In applying sound cost of service principles, the Company wishes to maintain the billing demand based on the "ratchet" being set at the levels defined above and in the tariffs.

Consistent with the current tariffs, the LPS class will maintain similar provisions except the prior 11 months will have a 100% ratchet applied to measured demand. For the LPS-TOU a fourth option would be used in the determination of the billing demand. This additional option would be based on one-half the greatest measured 15 minute interval read of the demand meter during the off-peak hours. This fourth option is compared to the on-peak demands in the prior 11 months in this LGS-TOU rate and the other two demand billing tests to determine the level of demand the customer is billed each month. These provisions add consistency between the classes and allow the LPS-TOU customer the opportunity to save costs in recognition of moving load to off-peak periods.

In all of the larger non-interruptible rate classes with a demand charge, the current CCOSS results indicate they are paying more than the levelized system return on plant as can be seen in Schedule G-2 – Summary at Proposed Rates, line 37. Therefore, the Company is proposing to either maintain demand charges at the current levels or decrease them where possible. Please refer to the proposed demand charges for each class in Schedule H-3.

This design continues to allow higher load factor customers to benefit from their current usage patterns, which reflect a more efficient utilization of the system and is consistent with sound rate making principles.

c. **Volumetric Rates.**

Q. What is the Company proposing for the non-residential volumetric rates?

A. Any remaining authorized revenue requirement allocated to these classes will be recovered through an adjustment to the per-kWh delivery rate for the specific class. The volumetric rates vary by class and can be found in Schedule H-3.

Q. Currently, the tariffs that apply to some of UNS Electric's large customers include a charge if they fall below a certain power factor. Is the Company proposing to change this tariff provision?

A. No. The Company is not proposing to change the way the power factor is applied and billed in the two large power service tariffs (Rate LPS and LPS-TOU). The Company is not proposing to change the current tariffs' power factor related charges which are based on a 95% power factor. UNS Electric will continue to apply the provision in its Rules and Regulations that allows the Company to require installation of power factor correcting equipment on a regular basis, if the provision in the tariffs does not encourage the customers to operate at improved power factors.

The Company is proposing to add language to the new LGS tariffs that will allow the Company to require a customer to install equipment that will allow for calculating Power Factor and billing it in the same manner as specified in the LPS tariff if the Company believes the customer's usage habits are having a detrimental impact on the system.

3. TOU Rates.

Q. What changes is the Company proposing to its TOU rates?

A. As discussed above, the Company is proposing to add a tier to all TOU rates at the same consumption level as the comparable standard delivery rate tier. In the interest of simplifying the TOU rates in the Company's last rate case, all the tiers were eliminated in the residential TOU rates and only a single on-peak and single off-peak rate are included in the tariff. After reviewing customers' usage and the associated bills, it was determined that the tier rate structure must be maintained between the standard and TOU rate or an inadvertent incentive is created for the largest customers to shift to TOU without changing consumption patterns. Obviously, the current tariff structure does not encourage customers to move consumption from the on-peak hours to the off-peak hours and must be modified. Adding the tiered rate back to the RES-01 TOU rate will result in price signals that are more consistent with the standard rate with an incentive to move their consumption from on-peak hours to off-peak hours in order to generate savings on their bill. The Company is also proposing to retain the current Residential Super Peak TOU rate with only conforming changes and updating the rates and basic service charge.

Additionally, with the proposed increase in the Basic Service Charge to a more appropriate level for all classes, the Company is proposing to eliminate the additional $2 per month historically added to the TOU customer's Basic Service Charge. No other structural changes will be made to the TOU rates.

The Company is proposing to retain the School TOU rates for the MGS and LGS classes, but eliminate the smaller SGS-TOU School rate. The SGS-TOU School rate classification is designed for a smaller customer, and as a result, no customers have requested service under that tariff. The SGS-TOU-S rate will be replaced by the new

MGS-TOU-S rate which will allow more schools to take advantage of the tariff. The rates are similar to the equivalent standard service rate with TOU based peak and off-peak fuel costs.

4. Lighting Rates.

Q. What changes are being proposed to UNS Electric's Lighting Rates?

A. The Company is proposing to continue updating the lighting rates. Lighting services are designed to be offered to private or public outside lighting conditions where no meter is installed. The prices vary by the wattage and type of light bulb. The service includes the recovery of the initial cost of the pole, wiring, and fixture, as well as a normalized cost to maintain the light itself. The maintenance costs have continued to increase, however the rates have not kept up.

The lighting rates were substantially below the cost of service based levels in UNS Electric's last rate case and required an increase to bring them up to the appropriate levels. The Company's current review indicates that the Lighting rates are being heavily subsidized and increases are warranted. The proposed rate increase, although higher on a percentage basis than most other classes, will not recover the costs incurred to serve the lighting customers.

5. Partial Requirement and Qualified Facility Rates.

Q. What changes is the Company proposing to make to the tariffs defining service to customers with Qualifying Facilities ("QF")?

A. The Company is proposing to maintain the current QF-A, QF-B and QF-C tariffs which define how service will be offered to customers installing Qualifying Facilities. For

these customers the only substantive change would be that, in our proposal, the standby demand would be based on the greater of the contract demand, the current month's measured peak demand or the greatest measured peak demand amount in the prior 23 months instead of the Standard Tariff's provisions. This change is necessary since a partial requirements customer can demand service from the Company at any time capacity is available. Equipment and capacity must be able to meet their full load at that time and will need to be available going forward. Therefore, it is appropriate for the customer to pay the demand charge for the greater of the current month or the preceding 23 months in order to compensate the system for the capacity used by the customer. All other rates will be consistent with those being proposed in the equivalent retail rate that the customer would have otherwise been served with the exception that any residential and small general service customer choosing this option must be on the newly proposed three-part rate for their rate class.

Q. Does the Company have pending Partial Requirements Service ("PRS") tariffs on file for consideration by the Commission and Commission Staff remaining from its most recent rate case?

A. Yes. The Company is proposing to withdraw those pending tariffs and submit the tariffs being submitted in this proceeding as its Partial Requirement Service tariffs.

Q. Besides the QF tariffs mentioned above, is the Company proposing additional Partial Requirement Service tariffs?

A. Yes. These tariffs and a related rider have been included in my **Exhibit CAJ-3,** Proposed Tariffs, and are explained in detail in the Company's witness Dallas J. Dukes' Direct Testimony.

6. Community Solar Rate.

Q. Will the Community Solar rate be changed?

A. Yes. The existing rate will be locked in place for the remainder of the customer's 20-year agreement. A new rate based on the revised fuel cost will be calculated and have the same, Commission approved, $0.02 per kWh premium added to it and placed on the Community Solar tariff for use by any customer signing up after the effective date of the new rates. This is the same process approved in the Company's last rate case.

The currently effective frozen Community Solar rates have their own 20-year term and are based on fuel costs established in prior rate cases. The rates being proposed in this rate case include reduced fuel costs in part resulting from the recent purchase of the Gila Generating facility discussed elsewhere in the Company's testimony. Since the existing tariff provisions do not prevent the customers from terminating their current Community Solar agreement, the Company believes customers may choose to terminate service under their existing Community Solar agreements and re-apply for service under the new rate if there is enough capacity for them to participate. The Company believes it would be appropriate to send a communication to existing Community Solar participants in order to be proactive and allow them to place their name in the queue for the new rate. Since the available capacity is limited, all of the existing customers may not be able to migrate to the new rate and should not cancel the old agreement until it is confirmed that capacity is available for their requested blocks.

7. **Interruptible Rates.**

Q. Will the current interruptible rate still be available to new customers?

A. No. The Company is proposing to freeze the current Interruptible Power Service ("IPS") rate. The provisions of the tariff will be unchanged for the customers currently being served on the rate and the rates will be increased. The increase proposed for this class is more than most customers since the CCOSS study shows them to be highly subsidized and since they have not historically been interrupted, the Company is proposing to increase these customer's rates more than most other rate classes.

Q. Will the frozen IPS rate still have a demand charge?

A. Yes. It will continue to have a demand charge. The charge will be increased substantially since this class has been subsidized historically. The demand charge will remain lower than the demand charge proposed for the equivalent firm service class. For billing purposes the demand charge will be calculated in the same way as the MGS and LGS classes, but consistent with the current tariff provisions, there will not be a ratchet applied.

Q. Please describe the changes the Company is proposing for the new Interruptible Rate class?

A. The current IPS rate currently has a demand charge that is approximately 61% lower (($12.81-$5.00 = $7.81)/$12.81=61%) than the LGS rates currently in effect. This results in a substantial subsidy for the IPS customer class with very little value to the Company or the other customers. They have not been interrupted in recent years and therefore provide no quantifiable benefit to the system. The company did add a provision in the last case that required a specific type of equipment be installed that would allow the Company to interrupt remotely. This provision will allow the Company to actually

interrupt the customers on this subsidized rate, but would not provide a level of value to the remaining customers in proportion to the existing subsidy. As a result, many of the former IPS customers have moved to firm service. The number of customers in this class has dropped from 39 to 29 since the test year used on the last rate case. The Company would like to freeze the existing IPS tariff and prevent any additional customers from being added.

In its place the Company would like to propose an interruptible rider similar to the rider that was recently approved for TEP. This not only allows a rate that is more cost based, but can be offered in a manner more consistent with TEP and allow for a more consistent application of the rate. This rider provides for a customer to pay standard tariff rates, but allows the customer to designate a portion of their load as interruptible and receive a credit on their bill for the amount of capacity they offered as interruptible. This results in a more cost based credit for the real value of interruptible capacity in the year it is offered and protects the remaining customers. The draft rider can be seen in the attached **Exhibit CAJ-3** (Sheet No. 712).

Q. In its last rate case, did the Company commit to create an interruptible offering that would encourage certain customers to reduce their purchases from the Company?

A. Yes. We are proposing an interruptible rider as an option that the Company believes protects the interest of other customers and still provides the interested customer with an option that is consistent with what was discussed in the settlement process. The proposed tariff is modeled after the tariff recently approved for TEP.

8. Economic Development Rate.

Q. Is the Company proposing an Economic Development Rate ("EDR")?

A. Yes. UNS Electric witness Dallas J. Dukes describes the EDR rider in detail. I have included the proposed rider in **Exhibit CAJ-3** (Sheet No. 713).

9. CARES Rates.

Q. What is the Company proposing with respect to its CARES rates?

A. The Company's low income rates are referred to as CARES rates. The Company proposes to simplify the CARES rate by offering a single uniform discount off of the RES-01 rate. The modifications would reduce the two existing tariffs (which contains six multi-leveled percentage discount variations and two fixed discount variations) down to a single provision within the RES-01 tariff with a flat $10.00 per month discount (limited to a reduction of the bill down to zero dollars.) UNS Electric also proposes to eliminate the exclusion of CARES customers from the DSM surcharge.

Q. Please describe the current CARES rate structures.

A. The current CARES tariffs establish two types service with only one being available to current customers. Both receive a reduction to the Basic Service Charge, when compared to standard residential customers. The current CARES monthly Basic Service Charge is discounted from $10.00 to $4.90. The customer receives an additional discount on the Basic Service Charge, energy and fuel charges (depending on a customer's usage). The standard CARES customer discount drops from 30% to 10% as usage approaches 1,000 kWh. For the frozen CARES-medical customers the discount drops from 30% to 10% as usage approaches 2,000 kWh. This discount is applied to per kWh rates that are already up to 3.7% below the standard residential rate. When the customer's consumption

exceeds the 2,000 kWh or 1,000 kWh cap, they receive a flat $8.00 discount to their already discounted bill.

The combination of these rate discounts totaled $581,326 during the test year for more than 6,236 CARES customers as of the end of the test year.

Q. Please describe the new CARES rates that UNS Electric is proposing?

A. Any new customer qualifying for the CARES program (or existing CARES customer moving to a new location) will become standard RES-01 customers and pay standard RES-01 rates with a flat $10.00 per month discount applied to the bill (with the discount limited to no more than the actual bill in order to prevent a bill from being below zero).

Q. What will happen to customers who are currently on a CARES rate?

A. The Company is proposing to freeze the currently available CARES rates in the same manner that it previously froze the CARES-Medical rates. The customers currently on the existing CARES rates will remain on those tariffs. Customers on the new frozen CARES rates will experience a rate increase, but the increase will be less than the standard RES-01 customer.

Q. Is the Company proposing to change whether CARES customers are exempt from the DSM surcharge?

A. Yes, consistent with what the Commission approved for TEP, CARES customers will no longer be exempt from the DSM surcharge. This will reduce the costs of testing and tracking this exemption.

10. Buy-Through Rider.

Q. Why is the Company presenting a buy-through tariff?

A. As part of the settlement agreement in the acquisition of UNS Energy by Fortis. UNS Energy agreed that UNS Electric and TEP would submit a buy-through tariff in their next rate case applications.

Q. Is the Company seeking approval of a buy-through rider in this proceeding?

A. No. The Company does not support it, and in fact, is opposed to the implementation of this tariff. It allows for certain large customers to "cherry pick" currently available capacity resulting from current economic conditions and will ultimately result in costs being passed on to the remaining customers. The Company is merely presenting the buy-through rider (Experimental Rider 14, Alternative Generation Service) in order to comply with the requirements of the settlement agreement related to the Fortis acquisition.

Q. Please describe Experimental Rider 14, Alternative Generation Service the Company is presenting?

A. Experimental Rider 14, Alternative Generation Service, if approved would be an optional, experimental program designed to provide an alternative generation arrangement for participating Large Power Service (LPS) customers. It would be available for a maximum of 10 MW of peak load and would be available for no more than four years from the effective date of new rates in this docket.

Under the program, the customer would select a wholesale generation service provider to sell power to the Company on the customer's behalf. The power must be delivered to one or more of the Company's points of delivery for wholesale power, as designated in a power supply agreement. The Company would take title to the power and provide it to the

customer, who in turn would pay for the power pursuant to the terms and conditions in the power supply agreement, the terms of Experimental Rider 14, and other program provisions. UNS Electric would continue to supply transmission, delivery and revenue cycle services to the customer under the provisions of the customer's current retail rate schedule. The customer would also be subject to all of the charges and adjustments in the retail rate schedule, except for Power Supply Charges and the PPFAC.

The Company would purchase and manage this generation on behalf of the customer for a management fee of $0.0060 per kWh. The Company would also provide scheduling and energy imbalance service. Furthermore, the billed amounts under the retail rate and applicable adjustments would be based on the total billed kWh, kW, or billed dollar amount, including the cost of the alternative generation.

Q. Who can participate?

A. The program would be available to customers in the LPS and LPS-TOU rate classes with peak demands of 2,500 kW or more. As stated above, the program is limited to a total of 10 MW of peak load.

Q. How would customers be selected?

A. The Company would establish an initial enrollment period during which eligible customers could apply for the program. If the total MW of peak load from the applications exceeded the program maximum, customers would be selected for enrollment through a lottery process to be developed by UNS Electric.

Q. What happens if the alternative Generation Service Provider defaults or the customer wants to return to standard UNS Electric generation service?

A. The customer will be required to contract for service under this schedule for at least one year, but no longer than the termination date of the offering, if approved. If the alternative Generation Service Provider defaults, the customer would have 60 days to find an alternate supplier or be considered a "returning customer". Default provisions would be specified in the power supply agreement.

If the customer desired to return to the standard UNS Electric generation service before the contract term, due to a default or other reason, they would be allowed to do so without charge if (i) they provide one year notice (or longer) to the Company; (ii) if the rider is discontinued at the end of the four-year experimental period; or (iii) the Commission terminates the program prior to the end of the four-year experimental period. Absent one of these three conditions, the Company would provide the customer with generation service at market rates specified in the rider until the Company was reasonably able to integrate the customer back into their generation planning and provide power at the applicable retail rate schedule.

Q. What other charges would the customer be responsible for?

A. In order to help mitigate some of the cost shift to the other customers, the customer would be required to pay 100% of the first year's generation related charges in the base retail rate and 25% of the generation related charges in the base retail rates as a Reserve Capacity charge in each subsequent year the customer participated in the described program.

Q. How would the Company recover the other 75% of the generation related charges in the customer's base retail rates while the customer enjoyed the special program that allowed them to avoid the cost during the years subsequent to year 1?

A. The Company would propose that any lost revenues resulting from this type of service should be recovered through the LFCR mechanism and paid for by the other customers. If this tariff is ultimately placed into effect a modification to the LFCR POA would need to be made to accommodate the recovery of these lost revenues.

C. Bill Impacts.

Q. What is the bill impact of UNS Electric's rate design proposals?

A. The impact of any rate case on the Company's customers is always a significant concern. A great deal of time and effort was put into creating a set of rates that would keep the impact on the customers within a reasonable range and generally consistent with other similarly situated customers. These impacts have been summarized in **Exhibit CAJ-2.**

Additional bill impact data has been provided in Schedule H. The data in this schedule must be reviewed in context. For sufficiency purposes, the Company is required to submit the information in comparison to test year rates. However, this comparison will be misleading given the rate design changes and the updated fuel costs and a credit resulting from the interim benefits generated by the Gila River Generating Station. That is why I prepared the comparison of current rates to proposed rates in **Exhibit CAJ-2** that is based on consistent fuel costs, estimated deferred savings, LFCR changes, TCA changes and old versus new rates for both bill calculations.

While Schedule H-4 reflects varying levels of energy consumption, I have created **Exhibit CAJ-2** to reflect an "all in" bill impact comparison by class by using "typical"

usage amounts for each rate class as of an assumed rate effective date of the Company's proposal. With respect to the residential classes, the comparisons reflect a customer that uses 983 kWh per month in the summer months and 669 kWh per month in the winter months. In year 1, residential customers under our basic residential rate (RES-01) will see just over a 2.26% increase which equates to just over $1.99 per month on average if the Company's full revenue requirement is approved. This impact includes the Company's proposed fuel cost reduction in the before and after comparison so the impact is not exaggerated by the Company's proposed change in fuel cost which reflects forecasted fuel costs. The CARES customers' existing rates are lower; therefore, even though the percentage impact appears nearly as high as the standard retail RES-01 customer, the actual dollar change to the total bill, for the same 826 kwh monthly usage, is nearly one-half of the dollar increase proposed for the RES-01 customer. The Residential TOU customers will experience even larger increases, but that is the result of bringing the TOU rate to the same level as the standard residential rate. Ideally, the customer should be required to adjust their usage habits to experience a savings on a TOU rate. That has not been the case under the current rates; therefore the Company has proposed to adjust the TOU rates to address the problem. The TOU customer that doesn't change their usage habits will pay approximately the same as a standard customer, but can experience a savings by shifting consumption to an off-peak period.

The impacts for the Residential and SGS classes are more than what is being proposed for the larger classes in order to move toward a more equitable contribution to the overall return on plant identified in the CCOSS.

The overall increase the SGS customers will see is an approximate 3.99% increase for the typical customer. In comparison to the former LGS rates, the MGS customers will see an approximate 9.67% decrease for the typical customer. The impact to the LGS customers

will vary somewhat due to blending of a few former LGS customers and a few LPS customers. In general, the LGS customers who were in the former LGS rate class will see an approximate 13.09% decrease while those in the former LPS rate class will see an approximate 15.45% decrease. The LPS customers will see an approximate decrease between 7.79% and 9.67%.

Schedule H increases will reflect higher overall percentage increases due to the timing of the rate changes in conjunction with other related rider changes such as the TCA and PPFAC which will mitigate a portion of the overall rate increase requested by the Company. All rates also reflect a realignment of non-fuel components to reflect results consistent with the CCOSS and an adjustment to fuel components where possible to move all customers closer to the average cost of fuel where appropriate. All of these changes are being proposed to reflect the recovery of costs more equitably between customers within a rate class and between rate classes.

Q. Are there other timing related changes that your Exhibit CAJ-2 reflects more accurately than the Schedule H presentation?

A. Yes. While required as part of the overall filing requirements, Schedule H simply looks at the rates at the end of the Test Year and incorporates the proposed rates and determines the bill impact of the various sizes of customers in each rate class. In reality, many things will be occurring during the time rates will be placed into effect. Fuel costs will be changing and TCA rates will need to change to reflect the inclusion of transmission services expense in base rates. The Company has also proposed to implement a credit to bills at the same time new rates become effective. As of the effective date of the new rates, fuel costs may be higher or lower than forecasted at the time of the filing, the reduction of the TCA rate should generate a decrease to the bill at that time and an approximate $9.3 million deferred credit will be included in rates to offset part of the rate increase for 12-months. The LFCR will likely increase slightly as of the rate effective

date, but on July 1, 2017, approximately 1 year after the new rate effective date it could decrease or be a minimal increase depending on the outcome of this proceeding. **Exhibit CAJ-2** attempts to estimate the true bill impact a customer will realize as of the rate effective date.

IV. PROPOSED TARIFFS.

Q. Are you sponsoring the rate related tariffs UNS Electric is proposing in this rate case?

A. Yes. The proposed rate-related tariffs are attached to my Direct Testimony as **Exhibit CAJ-3** (clean copy) and **Exhibit CAJ-4** (redlined copy).

V. PRO FORMA ADJUSTMENTS.

A. Weather Normalization Adjustment.

Q. What is the purpose of a weather normalization adjustment?

A. Weather normalization is a standard adjustment commonly performed in rate cases. It is performed to provide a best estimate of test year sales, revenues, and costs as they would have been under normal weather conditions. Energy consumption for some of UNS Electric's customer classes are weather sensitive. For instance, a significant portion of energy usage in the summer comes from air conditioning load. Some summers, however, are warmer than normal and result in the Company selling more power and receiving more revenues than in a "normal" year. The reverse of this occurs when cooler than normal summer weather is experienced. The purpose of weather normalization is to "average" out these differences, so one can get a better sense as to what the Company is likely to receive in revenues during a normalized year.

Q. How has the weather normalization adjustment traditionally been calculated?

A. Historically, a typical industry practice was to use a variable known as heating degree days ("HDD") to measure heating load and another variable known as cooling degree days ("CDD") to measure cooling load. The theory has been that electric heating requirements are smaller when average daily temperatures are greater than 65 degrees Fahrenheit, and cooling requirements are smaller when the average daily temperatures are less than 65 degrees Fahrenheit. An HDD is measured by subtracting the average of the maximum and minimum temperature for that day from 65 degrees and a CDD as measured by subtracting 65 degrees from the average of the maximum and minimum temperature for that day. Negative results for both CDD and HDD calculations were set to zero. To obtain monthly HDD and CDD values, the daily values for each day of the month are summed.

The normal weather for each calendar month was assumed to be the average of the previous 10-years monthly CDD and HDD values as reported by the National Oceanic and Atmospheric Administration ("NOAA"). Actual monthly CDD and HDD for the UNS Electric service area were then compared with the normal weather.

Q. Is this the method you are proposing to use in this proceeding?

A. No. The Company has developed a more precise method to forecast sales which it has been using for its internal sales forecasts. The Company's refined method has consistently produced forecasts that are more closely aligned with actual results. Therefore, I am proposing it be used in this proceeding.

Q. Please describe the method you are proposing to use in this proceeding?

A. Much like the former method, NOAA-published information for the most recent 10 year period excluding the test year is utilized for each of the geographic territories served by UNS Electric:

Kingman, AZ for Kingman, AZ
Needles, CA for Havasu, AZ
Nogales, AZ for Nogales, AZ

Instead of two data points for each day being used as in the former method (the former method used the average of the high and low temperatures for each day to determine HDD or CDD for the day) the proposed method uses hourly average temperatures and hourly average dew points for each month. This data is directly out of the NOAA data base and is scrutinized through NOAA's validation process. Therefore it accurately reflects the actual temperatures in the area. Using 10 years of historical data allows the determination of a reasonable estimation of normal temperature and weather.

Q. Why change from the former Degree Day method to the proposed Average Temperature method?

A. The main purposes of the change in methodology are to more accurately capture the weather variability of sales and to isolate it from non-weather related effects. To accomplish this: a more accurate approximation of monthly weather is used, a trend variable is used to capture annual changes, and auto-regressive terms are used to capture non-weather related seasonal effects.

Heating and Cooling Degree days were initially used as an approximation to daily weather and had several advantages to average temperature in the pre-computer era since only two data points per day needed to be recorded and analyzed, thereby producing relatively easy calculations and requiring relatively small amounts of storage space. With

the processing abilities of modern computers and available storage space, it is much easier, much less costly and much more accurate to use the more detailed average temperature (24 data points per day versus 2 data points per day) and average dew point data to approximate normal weather. Thus, it is appropriate to use the more accurate weather approximation since there is no required additional difficulty for their use.

Some other advantages to the proposed method result from the subjective definition of degree days. Degree days use a sense of "feel" to determine that heating dominates load below 65 degrees and cooling dominates load above 65 degrees. In reality, the Company's data indicates the residential class reacts to base temperatures of 62 degrees and the commercial class reacts to base temperatures closer to 50 degrees. Especially for the commercial class, this resulted in negative coefficients in winter months which the former method rejected and set to zero, thereby skewing the results and making them less accurate. The proposed method does not make subjective assertions as to which temperature heating or cooling load dominate, but instead allows the data to objectively establish that relationship.

Another disadvantage of degree days is they change linearly with temperature while the relationship of load to temperature is non-linear. To circumvent this problem, the degree day method used monthly weather coefficients where the new method accurately captures the non-linear relationship by using quadratic, and in some cases, cubic terms. The new method more robustly estimates the weather coefficients because each coefficient is based on more data points and they more accurately follow the load to temperature relationship. Further the model's accuracy was greatly improved but the model's complexity was actually reduced by eliminating variables. Thus, it is exceptionally clear that polynomial average weather coefficients are a superior weather variable compared to monthly degree days.

The proposed model also utilizes the effects of economic trends in its evaluation. Without a trend variable the regression process will attempt to explain some of the trend variation by changing the weather coefficients which reduces their ability to accurately capture how weather affects sales. Thus, if the goal is to isolate the weather effect as much as possible, as it should be, then it is best to include a statistically significant economic variable that helps to explain the annual changes in load.

The final change to the model was for the treatment of seasonal effects influencing load that are not caused by the weather. Examples of this include winter visitors, people flocking to Lake Havasu for spring break, or the timing of vegetable shipment through Nogales. All of these events occur roughly the same time each year and will influence load when they occur, but they are not events caused by the weather and should be isolated from the weather coefficients. In the degree day model, the use of monthly coefficients absorbed seasonal variations into the weather coefficient. Therefore, the degree day model did not properly separate weather from seasonal effects. In the average weather model, auto-regressive and moving average terms are used in conjunction with the weather variables in what is generally known as an ARIMAX model. The seasonal effects are handled very well by the auto-regressive and moving average terms which help to better isolate the weather from the seasonal effects. Thus, the average weather model estimates the true weather variability of load in a far superior way than the degree day model by isolating it from non-weather related seasonal effects.

Q. Was the weather normalization adjustment performed for all classes?

A. No. Weather normalization calculations were performed only for weather-sensitive residential and commercial classes, which were identified through regression analysis. Regression analysis revealed no statistically significant relationship between usage and

weather for the industrial, mining, or street lighting classes; therefore, no weather adjustment is proposed for these classes.

Q. What did your calculations show?

A. Overall, weather was more extreme than normal during the test year (*i.e.,* warmer than normal in the summer, on average). Therefore, actual sales were higher than normal resulting in a "negative" adjustment to sales volumes and thus sales revenues.

B. <u>Customer Annualization Adjustment.</u>

Q. Please describe the customer annualization adjustment.

A. The customer annualization adjustment revises the number of test year bills and volumes to be consistent with the number of customers on the system at the end of the test year. The Company is proposing to use the same method that has been approved by this Commission in prior electric rate cases. The early months of the test year typically reflect more adjustment in the number of customers. For instance, the first month of the test year must be adjusted for 11 months of growth to reach adjusted test year end levels, whereas the eleventh month of the test year only requires one month of adjustment. Adjustments to the monthly volumes were made by multiplying the monthly customer differences by the normalized UPC for the month.

Q. Why is your customer annualization adjustment reflective of test year-end customer values, as opposed to some other adjusting point?

A. The customer annualization adjustment – when added to normalized billing determinants – should result in adjusted billing determinants that will reflect the bills and volumes at the time rates will be effective. Under the conditions described above and existing in this case, there is a nominal positive growth rate in the number of customers, and the last

month of the test year reflects a customer count at or statistically close to the test year maximum. Therefore, the year-end adjustment technique results are the most accurate method to forecast the sales levels at the time new rates are effective. Also, adjusting to year-end values provides a larger reduction in the rate increase versus adjusting to other test year levels, such as a mid-year level. Accordingly, the year-end technique therefore is most effective in mitigating the rate increase UNS Electric is requesting in this application.

Q. What is the effect of the customer annualization adjustment on test year sales volumes?

A. As changes in the number of customers were reviewed and annualized, certain classes experienced increases, such as Residential and to some extent Small General Service, but the larger classes experienced reductions that will have a significant impact on sales levels due to the loss of two large customers in the current Large Power Service classes. Ultimately, the annualization of test year sales resulted in an overall reduction in the sales volumes used as billing determinants to determine annualized revenues.

Q. Why does the customer annualization adjustment have an impact on test year revenue and costs?

A. As I mentioned above, even small positive customer annualization adjustments can affect the number of customers, kWh consumed, and kW demand. Any increase, even a small one, means that adjusted billing determinants would typically be adjusted upward. So, increasing these billing determinants increases both adjusted revenues and expenses. More specifically, incremental customer growth will increase revenue and certain expenses. In evaluating the test year activity for this filing, the normal sales growth has been offset by the loss of the Company's largest customer and a second large customer. In this case, when all adjustments are made, the incremental net margin (the difference in

revenue and expenses) is negative. Therefore, because the incremental net margin is negative, that will decrease the total operating income and increase the total revenue increase thereby increasing the revenue deficiency identified in this proceeding.

As part of analyzing the impact of customer-related changes, we must also consider the customers who changed tariff rates during the test year. Because these customers largely moved to rate schedules that generate less total revenues for the same level of test year kWh or kW, they result in a reduction to the test year's revenues and increase the requested increase to rates.

C. Transmission Expense Adjustment.

Q. Please describe the Company's treatment of transmission costs.

A. UNS Electric's retail rates include transmission costs based on the FERC-approved Open Access Transmission Tariff ("OATT") rates. The OATT rate authorized by the FERC is applicable to UNS Electric's transmission. UNS Electric's retail customers use the transmission system to bring energy from the source to the UNS Electric distribution system. Accordingly, transmission expenses reflect the OATT revenue requirement associated with native load.

VI. MISCELLANEOUS SERVICE FEES.

Q. Please describe the proposed changes in charges reflected on the "Statement of Charges".

A. The Company has reviewed the costs associated with providing other miscellaneous services to customers. This is being done during the rate case so any change in revenues resulting from changes to the rates can be accurately reflected in the Company's total

revenue requirement. UNS Electric has calculated updated charges after quantifying the actual costs of providing these services. These charges were then applied to the actual number of units of each service occurring in the test year. The incremental increase produced by these changes will reduce the overall revenue requirement allocated to general rates based on the weighted proportion each rate class contributes to the total miscellaneous revenues. Please refer to attached **Exhibit CAJ-3** (Sheet No. 801), to see the specific charges the Company is proposing.

Q. Were any new miscellaneous service fees added?

A. Yes. The Company is proposing to establish a charge to provide customer usage data or interval data (if more than one request for standard usage data is made in a twelve-month period). The new charge is an hourly charge based on the time required to provide the data, is incremental to existing miscellaneous service fees and is included in the above miscellaneous revenue total. These charges can be found on **Exhibit CAJ-3** (Sheet No. 801).

Q. Will UNS Electric offer an opt-out option for those customers that do not want an Automated Meter Reading ("AMR") meter that uses radio frequency for meter readings?

A. Yes. The Company is proposing to add language to the Rules and Regulations that provide for the cost-based charges and conditions associated with a RES-01 customer choosing to either not have an AMR installed or to have an AMR unit replaced in order to have an "analog" meter measure their electrical usage.

Q. Have any UNS Electric customers requested to not have AMR meters installed?

A. Yes. So far, only 52 customers have told the Company they do not want an AMR unit installed.

Q. Why should these customers pay additional fees to not have an AMR unit installed?

A. Currently the Company is installing AMR units throughout its service territory. The UNS Electric service territory spreads over a substantial area of Arizona. The installation of AMR units allows for more automated meter reading and as a result a reduction in the cost to serve the customers. This reduction in cost is shared with all customers. AMR units also allow for better tracking of any fraudulent or unauthorized use as well, which provides savings to all customers. Meter technology is advancing and analog meters will soon be obsolete, thereby making them much more expensive to purchase and maintain than AMR units. This means that customers expressing a desire to keep analog meters will be costing the rest of the customers more and more each year. It is the Company's position that the other customers should not have to pay for added expenses created by these 50 or so customers who have decided to make a unique and more expensive choice.

Q. What other costs are associated with offering these customers the opportunity to opt-out of an AMR unit?

A. Because analog meters prevent the use of a fixed network system that remotely reads meters and provides the results to the Company remotely, actual meter readers will need to be dispatched on a regular basis to physically read the meters. The diverse nature of UNS Electric's territory could make this a very expensive activity, resulting incremental costs associated with labor, transportation, modified processes and equipment to maintain the manual reads and historical data, additional reporting requirements, etc. All of these are incremental costs that could be avoided if a standard AMR unit were installed. These costs should be paid by the customer with the desire to maintain soon to be obsolete equipment.

VII. MODIFICATIONS TO ADJUSTOR MECHANISMS.

Q. Is UNS Electric requesting any changes to its adjustor mechanisms in this case?

A. Yes. I will address the Company's proposed changes to how the PPFAC mechanism is administered to customers' rates and modifications to the LFCR mechanism. The Company's adjustor mechanisms will also be reset as certain costs are incorporated into UNS Electric's new base rates.

A. Purchased Power and Fuel Adjustment Clause.

Q. How is UNS Electric proposing to modify its PPFAC?

A. The PPFAC rate is currently adjusted monthly and charged to customers on a per kWh basis. The Company proposes to allocate the PPFAC costs, as currently calculated, on a percentage of the average base fuel rate established in this rate case. The monthly PPFAC charge will be a single percentage adjustment applied to all base fuel rates for all customer classes. I am also sponsoring the POA for the PPFAC, which is set forth in **Exhibit CAJ-5** in both clean and redline form.

Q. Why was the PPFAC percentage rate band changed from .83% per month to 1% per month?

A. The band was changed from .83% to 1% due to the reduction in fuel and purchased power expenses caused by the purchase of Gila River, as well as the low commodity prices implied in forward markets. UNS Electric's portion of Gila River will lower the amount of capacity payments made to third parties, reduce the amount of energy purchased, and reduce overall fuel expenses through wholesale power sales from the unit. Also, the current forecast utilizes a forward gas price of $3.03 per mmbtu of natural gas, which is lower than the gas costs expected when the .83% limit was established. The

change to 1% movement per month was made in order to maintain equivalent movements in monthly rates when the expected reduction in the Total Average Retail Fuel and Purchased Power Rate is considered.

Q. Why was the Base Rate Annual Adjustment added?

A. The Base Rate Annual Adjustment was added to improve the correlation between actual Base Rate collections and the approved Base Rate. The variances between actual and approved Based Rate collections are driven by changing customer behavior and are best captured by incorporating actual observed customer usage patterns. The Base Rate Annual Adjustment is based upon prior year actual collections, and is modeled to collect only the amount approved by the Commission. This change will not affect the base rates reflected in the tariffs.

Q. Will the Base Rate Annual Adjustment result in over collection of the Base Rate?

A. No, the Base Rate is based upon prior year actual collections. When actual collections of the base are considered, there is an observable Base Rate Factor which calculates the ratio of actual collections to approved Base Rate collections. The Base Rate Adjuster is based on the Base Rate Factor, thus making the Base Rate Annual Adjustment entirely based upon the approval of the Base Rate and actual collections.

Q. Is UNS Electric proposing revisions to the existing PPFAC POA?

A. Yes. **Exhibit CAJ-5** is the proposed PPFAC POA and reflects my recommended changes mentioned above. The Company will prepare and provide conforming schedules.

Q. Why is UNS Electric proposing to modify the methodology for allocating the PPFAC to the various classes of customers?

A. The Company believes this method better aligns the changes in fuel costs with each rate classes' base fuel costs. For example, suppose an LPS customer's base fuel is $0.03 per kWh and the residential base fuel cost is $0.05 per kWh. Under the current method a ($0.0003) per kWh PPFAC change is a 1% decrease to the LPS customer's fuel costs, but is only a 0.6% decrease to the residential customer's fuel costs and visa-versa if it were a $0.0003 increase. By using an overall percentage based adjustment to base fuel costs; a 0.5% PPFAC increase will equate to a 0.5% increase for all classes..

B. <u>Lost Fixed Cost Recovery Mechanism.</u>

Q. Describe what additional fixed costs the Company proposes to recover through the LFCR.

A. Currently, the LFCR mechanism excludes recovery of the Company's fixed costs attributable to generation that are not recovered from customers when sales decline as a result of EE programs and DG systems developed pursuant to the EE Standard and REST. Additionally, the current LFCR only allows the recovery of 50% of the non-generation demand charges. The Company is proposing a change to the LFCR that will allow recovery of lost fixed costs attributable to generation and the full recovery of lost demand revenues.

Q. Why do you believe the generation related costs should be included in the value of the lost sales?

A. As the last rate case was settled the recommendation for approval was that the generation component should be excluded from the rates used to quantify the lost revenues. The Company agreed to this provision as part of the settlement, not because we agreed to the

theory. Since that time, we have seen the magnitude of unrecovered revenues this inappropriate exclusion has caused and believe now is the time to add it back to the LFCR rates.

Q. Have you been able to recover any of the generation costs lost as the result of mandated EE or DG losses?

A. No. First, this is a vertically integrated utility. We own the generation and cannot simply get rid of it. Any generation owned by the Company is necessary to meet current and anticipated load (even EE or DG reduced load). There is no way to simply eliminate the cost. The cost was incurred to serve all customers, including the ones benefitting from EE and DG. They should be responsible for the costs. Second, there has been no wholesale market in the UNS Electric territory to market available generation, even at a discounted price. So that opportunity does not exist. Third, even if the Company was able to market its available generation, any revenue from that sale would go to the benefit of the PPFAC customers as a reduction to fuel costs, thereby reducing the end-users costs, but in no way aiding the Company in the recovery of its lost revenue.

Q. What is the Company's estimate of the lost revenues from compliance with the EE Standard and REST attributable to generation and the reduced demand charge?

A. Based on the kWh and kW losses reported in UNS Electric's 2015 LFCR filing, the Company's estimate is that the lost revenue associated with excluding the generation components and reducing the demand charges is approximately $573,000.

Q. What is the Company proposing to do to fix this under-recovery associated with removing 50% of the demand charge and all of the generation costs from the LFCR calculation?

A. The LFCR rates used in the schedules to quantify the dollar value assigned to the lost kWh and kW should be fully reflective of the non-fuel retail rate in each class. For tiered rates it should be the tail block rate or the weighted average of the tail block rates since that is the most likely level where lost sales would occur. Since the calculation of Demand related losses specifically identifies the actual amount of offset to the customer's peak demand, the Demand losses should be valued at the entire demand rate, not the current 50%.

Q. What other changes to the LFCR POA is the Company proposing?

A. Some clarifying language has been included to make it consistent with the intent of the process. The main example is for DG related losses, the current spreadsheet specifies that last year's total losses be added to this year's new total. However, since we are calculating DG losses based on current production meter reads less the production reads during the test year, it inherently captures most losses during that test year and does not need to include the carry-over from the prior year. We have removed that reference in the worksheets. Another example is our proposal to eliminate the residential LFCR Fixed Charge Option. As of the 2015 LFCR filing, there were no collections from this option. Therefore, the Company is proposing to remove the option of paying the LFCR as a fixed charge.

Another revision is the change from a 1% year-over-year cap to a 2% year-over-year cap. This was done because the current LFCR (with the 1% cap) removes generation related components and 50% of the demand in the rates for the calculation of lost revenue. When the generation costs and full demand charges are appropriately added back into the

LFCR, it would also be appropriate to increase the cap to 2%. While the Company agreed to the exclusion of generation in the settlement in the last rate case, the Company believes this unfairly understates the value of the lost sales and contributes to substantial under-recovery of lost revenues with no opportunity to recover them. Modifying the LFCR as proposed also promotes rate gradualism for customers.

The Company is also proposing to simplify the percentage-based LFCR Adjustment to be a single rate applied to customers' bills, rather than split the adjustment into two separate rates for EE and DG. Aside from these main changes, we have also updated the LFCR to add consistency between the POA and the related schedules, and we have also updated the schedules to include sections for any new rate classes proposed in this filing. The Company's proposed changes to the LFCR POA and schedules are included as **Exhibit CAJ-6** in both clean and redline form.

Q. Does the Company wish to maintain the option for residential customers to choose to contribute to the LFCR in the form of a fixed charge instead of the volumetric rate?

A. No. No customers have selected this option since it was adopted in the last rate case.

Q. Has the LFCR resulted in a large surcharge to customers?

A. No. First, the current annual 1% year-over-year cap reduces the impact of the LFCR to the customer. The combined EE and DG surcharge from the first UNS Electric LFCR filing was less than 0.6% and the 2015 LFCR filing will result in approximately a 0.3% incremental increase. These small increases would be slightly larger for the Company if the generation-related components were added back to the LFCR rates in order to include more of the lost revenues. Based on the 2015 LFCR filing, the Company estimates that the incremental increase would be higher by approximately 0.36%. However, our

proposed increase to the basic service charges would also reduce the total dollars subject to adjustment in the LFCR.

Although UNS Electric anticipates any LFCR-related adjustments to be small, even with putting the Generation related costs back into the LFCR rate, the Company is proposing an annual year-over-year cap of 2% of total applicable revenues to provide for such predictability.

C. Transmission Cost Adjustor.

Q. Please describe how the TCA will be reset in this proceeding.

A. Yes. Consistent with methodology approved in UNS Electric's last rate case, the Company's 2015 OATT rate will be included in base rates and allocated to each rate class based on their contribution to the use of the transmission system. Upon the effective date of new base rates, the TCA rate will reflect the difference between the OATT rate included in base rates and the OATT rate in effect at that time.

VIII. OTHER.

Q. Are there any other topics or issues you would like to discuss?

A. Yes. As part of the Company's last rate case we agreed to evaluate the results of creating a rate for the largest customer class that was based on the allocation of demand costs on a 4CP basis. The Company performed this evaluation and determined not to propose such a rate at this time. Several factors led to this conclusion including (i) the loss of the largest LPS customer and other large customers within the LPS class, (ii) the redesign of the LGS and LPS rates, and (iii) the proposal to minimize the increase in rates to the larger classes.

Q. Does this conclude your Direct Testimony?

A. Yes, it does.

Exhibit CAJ-1

UNSE
Marginal Cost Study (2013-2014)
Summary

CAJ-1
Schedule 1

Line	FERC A/C	Description	Residential Service	Small General Service
1		**Billing Determinants**		
2		kWh - Sales	823,953,185	118,683,796
3		Customer-Months	991,280	105,096
4		Demand		
5				
6		**Customer Installation Annual Carrying Costs ($)**		
7	370	Meters	$ 39.95	$ 47.63
8	369	Services - Overhead/Underground	$ 10.37	$ 9.77
9	368	Line Transformers	$ 166.17	$ 166.17
10	365-367	Conductors & Devices - Overhead/Underground	$ 90.97	$ 268.58
11	364	Poles, Towers & Fixtures	$ 234.94	$ 621.06
12	389-398	General Plant	$ 0.72	$ 1.23
13		**Subtotal: Customer Annual Carrying Costs**	**$ 543.12**	**$ 1,114.45**
14				
15		**Customer O&M Costs**		
16	902	Meter Reading Expenses	$ 7.03	$ 7.03
17	903	Customer Records & Collection Expenses	$ 30.37	$ 30.37
18	904	Uncollectible Accounts	$ 2.94	$ 5.09
19	905	Customer Accounts Expenses Supervision	$ (0.03)	$ (0.03)
20	908	Customer Assistance Expenses	$ 1.27	$ 1.27
21	909	Informational and Instructional Advertising Exp.	$ 4.29	$ 4.29
22	910	Misc. Customer Service & Informational Exp.	$ 0.03	$ 0.03
23	920-935	Customer A&G Costs	$ 32.81	$ 61.85
24		**Subtotal: Customer O&M Costs**	**$ 78.70**	**$ 109.89**
25				
26		**Marginal Cost per Customer (Annual)**	**$ 621.82**	**$ 1,224.34**
27		**Marginal Cost per Customer (Per Month)**	**$ 51.82**	**$ 102.03**
28		**Marginal Revenue Requirement**	**$ 51,366,450**	**$ 10,722,791**
29				
30		**Current Rates (Customer Charge)**	$ 10.00	$ 14.50
31		**Deficiency**	**$ 41,453,650**	**$ 9,198,899**

UNSE
Marginal Cost Study (2013-2014)
Customer Installation Investment Costs

CAJ-1
Schedule 2

Line	FERC A/C	Description	Residential Service	Small General Service
1		**Billing Determinants**		
2		kWh - Sales	823,953,185	118,683,796
3		Customer-Months	991,280	105,096
4		Demand		
5				
6	370	**Meters**		
7		Investment ($/Meter)	$ 208.00	$ 248.00
8		ECCR	19.20%	19.20%
9		Unit Annual Carrying Cost ($/Meter)	$ 39.95	$ 47.63
10		Total Annual Carrying Cost ($)	$ 3,299,815	$ 417,127
11				
12	369	**Services - Overhead/Underground**		
13		Unit Cost ($/Ft, New Service)	$ 1.47	$ 1.47
14		Footage (Ft)	87.00	82.00
15		Investment ($/Meter)	$ 127.89	$ 120.54
16		ECCR	8.11%	8.11%
17		Unit Annual Carrying Cost ($/Meter)	$ 10.37	$ 9.77
18		Total Annual Carrying Cost ($)	$ 856,621	$ 85,600
19				
20	368	**Line Transformers**		
21		Unit Cost ($/Transformer, New)	$ 1,967	$ 1,967
22		Transformers per Customer (Transfer/Cust.)	1.00	1.00
23		Investment ($/Cust.)	$ 1,967	$ 1,967
24		ECCR	8.45%	8.45%
25		Unit Annual Carrying Cost ($/Cust.)	$ 166.17	$ 166.17
26		Total Annual Carrying Cost ($)	$ 13,727,057	$ 1,455,349
27				
28				

UNSE **CAJ-1**

Marginal Cost Study (2013-2014) **Schedule 2**

Customer Installation Investment Costs

Line	FERC A/C	Description	Residential Service	Small General Service
29	365-367	**Conductors & Devices - Overhead/Underground**		
30		OH Conductor - Unit Cost ($/Ft)	$ 1.90	$ 1.90
31		OH Conductor - Footage (Ft/Install)	1,200	760
32		OH Conductor Investment ($/Install)	$ 2,280	$ 1,444
33		UG Conductor - Unit Cost ($/Ft)	$ 3.04	$ 3.04
34		UG Conductor - Footage (Ft/Install)	510	570
35		UG Conductor Investment ($/Install)	$ 1,550	$ 1,733
36		OH+UG Conductor Investment ($/Install)	$ 3,830	$ 3,177
37		% Customers that require new facilities	25.0%	89.0%
38		Avg. Conductor Investment ($/Cust.)	$ 958	$ 2,827
39		ECCR	9.50%	9.50%
40		Unit Annual Carrying Cost ($/Cust.)	$ 90.97	$ 268.58
41		Total Annual Carrying Cost ($)	$ 7,514,329	$ 2,352,208
42				
43	364	**Poles, Towers & Fixtures**		
44		Unit Cost ($/Pole)	$ 1,488	$ 1,488
45		Number of Poles per Customer	4	2
46		Investment - Poles ($/Install)	$ 5,952	$ 2,976
47		Investment - Fixtures ($/Install)	$ 5,608	$ 5,608
48		Investment - Poles + Fixtures ($/Install)	$ 11,560	$ 8,584
49		% Customers that require new facilities	25.0%	89.0%
50		Avg Investment - Poles + Fixtures ($/Cust.)	$ 2,890	$ 7,639
51		ECCR	8.13%	8.13%
52		Unit Annual Carrying Cost ($/Cust.)	$ 234.94	$ 621.06
53		Total Annual Carrying Cost ($)	$ 19,407,658	$ 5,439,248
54				
55	389-398	**General Plant**		
56		General Plant - ECOSS Customer Allocation	$ 7,220,290	$ 1,312,341
57		Less: Accumulated Depreciation	$ (3,342,754)	$ (607,570)
58		Net General Plant - Customer Allocation	$ 3,877,536	$ 704,771
59		Return on Ratebase (Pre Tax)	11.1%	11.1%
60		Return on Ratebase (Pre Tax)	$ 430,311	$ 78,212
61		Depreciation Expence	$ 283,425	$ 51,515
62		Total Annual Carrying Costs ($)	$713,736	$129,727
63		Unit Annual Carrying Costs ($/Cust.)	$ 0.72	$ 1.23

UNSE
Marginal Cost Study (2013-2014)
Customer O&M Costs

CAJ-1
Schedule 3

Line	FERC A/C	Description	Residential Service	Small General Service
1		**Billing Determinants**		
2		kWh - Sales	823,953,185	118,683,796
3		Customer-Months	991,280	105,096
4				
5	902	**Meter Reading Expenses**		
6		Meter Reading Expenses	$ 580,400	$ 61,534
7		Expenses per customer	$ 7.03	$ 7.03
8				
9	903	**Customer Records & Collection Expenses**		
10		Customer Records & Collection Expenses	$ 2,509,015	$ 266,007
11		Expenses per customer	$ 30.37	$ 30.37
12				
13	904	**Uncollectible Accounts**		
14		Uncollectible Accounts	$ 242,660	$ 44,550
15		Expenses per customer	$ 2.94	$ 5.09
16				
17	905	**Customer Accounts Expenses Supervision**		
18		Customer Accounts Expenses Supervision	$ (2,199)	$ (233)
19		Expenses per customer	$ (0.03)	$ (0.03)
20				
21	908	**Customer Assistance Expenses**		
22		Customer Assistance Expenses	$ 105,145	$ 11,147
23		Expenses per customer	$ 1.27	$ 1.27
24				
25	909	**Informational and Instructional Advertising Exp.**		
26		Informational and Instructional Advertising Exp.	$ 354,054	$ 37,537
27		Expenses per customer	$ 4.29	$ 4.29
28				
29	910	**Misc. Customer Service & Informational Exp.**		
30		Misc. Customer Service & Informational Exp.	$ 2,167	$ 230
31		Expenses per customer	$ 0.03	$ 0.03
32				
33	920-935	**Administrative and General Expense**		
34		Administrative and General Expense	$ 5,515,882	$ 942,575
35		A&G Expense - Customer Allocation	$ 2,710,250	$ 541,675
36		Expenses per customer	$ 32.81	$ 61.85
37				
38		**Total Customer Expense**	$ 78.70	$ 109.89

Exhibit CAJ-2

UNS ELECTRIC, INC.
BILL IMPACTS
TEST PERIOD ENDING DECEMBER 31, 2014

Exhibit CAJ-2

Line No.	Class Description	Customer Counts To-date (Mar 2015)	TEST YEAR ADJUSTED - FUEL TRUE-UP AND MARGIN INCREASE			TEST YEAR ADJUSTED WITH MARGIN INCREASE, FUEL/PPAFC TRU-UP, TCA AND DEFERRED CREDIT			COS RETURNS
			Annual Bill Change	Monthly Bill Change	Percent Change to Total Bill With Fuel Increase	Annual Bill Change	Monthly Bill Change	Percent Change to Total Bill With Fuel Increase	
1	Residential	74,788	$118.26	$9.86	**11.62%**	$23.82	$1.99	**2.26%**	
2	Residential CARES	6,026	$61.02	$5.09	**8.00%**	($16.25)	($1.35)	**-2.05%**	
	Residential CARES-M	289	$69.42	$5.79	**6.89%**	($31.97)	($2.66)	**-3.06%**	6.00%
3	Residential TOU	258	$222.64	$18.55	**19.88%**	$108.66	$9.06	**9.34%**	
4	Residential TOU Super Peak	2	$223.84	$18.65	**19.43%**	$105.90	$8.83	**8.86%**	
5	Small General Service	8,732	$187.81	$15.65	**12.92%**	$59.89	$4.99	**3.99%**	
6	Small General Service TOU	8	$228.63	$19.05	**9.70%**	$9.03	$0.75	**0.37%**	6.40%
7	Interruptible Service	28	$13,833.34	$1,152.78	**15.85%**	$7,561.90	$630.16	**8.74%**	
8	Medium General Service	1321	($1,515.11)	($126.26)	**-4.65%**	($3,127.79)	($260.65)	**-9.67%**	
9	Medium General Service TOU	8	($2,123.34)	($176.95)	**-2.62%**	($1,451.94)	($121.00)	**-1.81%**	
10	Large General Service	10	($35,007.40)	($2,917.28)	**-7.05%**	($64,587.76)	($5,382.31)	**-13.09%**	12.96%
11	Large General Service (Formally LPS)	7	($48,807.40)	($4,067.28)	**-9.56%**	($78,387.76)	($6,532.31)	**-15.45%**	
12	Large General Service TOU	2	($19,907.58)	($1,658.97)	**-2.96%**	($61,483.02)	($5,123.59)	**-9.20%**	
13	Large Power Service	3	($5,904.66)	($492.06)	**-0.44%**	($104,261.34)	($8,688.45)	**-7.79%**	
14	Large Power Service TOU	1	$3,544.56	$295.38	**0.17%**	($209,410.02)	($17,450.84)	**-9.67%**	9.06%
15	Lighting Service	2,377	$29.28	$2.44	**18.36%**	$26.40	$2.20	**16.55%**	7.87%
16	TOTAL COMPANY	93,860							**7.93%**

Exhibit CAJ-3

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 101
Superseding: _____

Residential Service (RES-01)

AVAILABILITY
Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY
To all single-phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter.

Not applicable to resale, breakdown, temporary, standby, auxiliary service, or service to electrical equipment that causes excessive voltage fluctuations.

CHARACTER OF SERVICE
The service shall be single-phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery.

RATE
A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF BASIC SERVICE AND ENERGY CHARGES

Basic Service Charge: $20.00 per month

Energy Charges (per kWh):

	Delivery Services-Energy[1]	Power Supply Charges[2]		Total[3]
		Base Power	PPFAC[2]	
0 - 400 kWh	$0.030810	$0.049260	Varies	$0.080070
Over 400 kWh	$0.050810	$0.049260	Varies	$0.100070

1. Delivery Services-Energy is a bundled charge that includes: Local Delivery, Generation Capacity and Transmission.
2. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent adjustment in accordance with Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel. Please see Rider-1 for current rate.
3. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

MONTHLY CUSTOMER ASSISTANCE RESIDENTIAL ENERGY SUPPORT (CARES) DISCOUNT:
This discount is only available to new and eligible CARES Customers whose monthly bill shall be in accordance to the rate above except that a discount of $10.00 per month shall be applied. No CARES discount will be applied that will reduce the bill to less than zero.

CARES ELIGIBILITY

1. The UNS Electric account must be in the Customer's name applying for a CARES discount.
2. Applicant must be a UNS Electric residential Customer residing at the premise.
3. Applicant must have a combined household income at or below 150% of the federal poverty level. See Income Guidelines Chart on UNS Electric's website at www.uesaz.com or contact a UNS Electric customer care representative.

DIRECT ACCESS
A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES
For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS
The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 101-2
Superseding: _____

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Basic Service Charge Components (Unbundled):

Description	
Meter Services	$ 1.38 per month
Meter Reading	$ 0.89 per month
Billing & Collection	$ 6.01 per month
Customer Delivery	$11.72 per month
Total	$20.00 per month

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	
0 – 400 kWh	$0.009160
Over 400 kWh	$0.029160
Generation Capacity	$0.010980
Transmission	$0.010670

Power Supply Charges:

Component	
Base Power Supply (per kWh)	$0.049260
PPFAC (%) (see Rider-1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 102
Superseding: _____

Residential Service Time-of-Use (RES-01 TOU)

AVAILABILITY
Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY
To all single-phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter.

Not applicable to resale, breakdown, temporary, standby, auxiliary service, or service to electrical equipment that causes excessive voltage fluctuations.

Customers must stay on this rate for a minimum period of one (1) year, unless the Customer is disqualified by one of the other Applicability conditions.

Service under this rate will commence when the appropriate meter has been installed.

CHARACTER OF SERVICE
The service shall be single-phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery.

RATE
A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF BASIC SERVICE AND ENERGY CHARGES

Basic Service Charge: $20.00 per month

Energy Charges (per kWh)

Summer (May – October)	Delivery Services-Energy[1]	Power Supply Charges[2] Base Power	PPFAC[2]	Total[3]
0 – 400 kWh				
On-Peak	$0.030810	$0.101110	Varies	$0.131920
Off-Peak	$0.030810	$0.033900	Varies	$0.064710
Over 400 kWh				
On-Peak	$0.050810	$0.101110	Varies	$0.151920
Off-Peak	$0.050810	$0.033900	Varies	$0.084710

Winter (November – April)	Delivery Services-Energy[1]	Power Supply Charges[2] Base Power	PPFAC[2]	Total[3]
0 – 400 kWh				
On-Peak	$0.030810	$0.098960	Varies	$0.129770
Off-Peak	$0.030810	$0.033579	Varies	$0.064389
Over 400 kWh				
On-Peak	$0.050810	$0.098960	Varies	$0.149770
Off-Peak	$0.050810	$0.033579	Varies	$0.084389

1. Delivery Services-Energy is a bundled charge that includes: Local Delivery, Generation Capacity and Transmission.
2. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent adjustment in accordance with Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel. Please see Rider-1 for current rate.
3. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

Calculation of Tiered (Block) Usage by TOU Period:

Step 1: Calculate percent usage by TOU period.
Step 2: Calculate the kWh usage by tier (block).
Step 3: Multiply percent usage by TOU period by kWh usage by tier to obtain tiered usage by TOU period.
Example: A Customer using 2,000 kWh in a month, with 20% on-peak usage and 80% off-peak usage will have 80 kWh in on-peak first tier and 320 kWh in on-peak second tier, and will have 320 kWh in off-peak first tier and 1280 kWh in off-peak second tier.

kWh	On-Peak	Off-Peak	Total
0 – 400 kWh	80	320	400
Over 400 kWh	320	1,280	1,600
Total	400	1,600	2,000

TIME-OF-USE TIME PERIODS

The Summer On-Peak period is 2:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The Winter On-Peak periods are 5:00 a.m. - 9:00 a.m. and 5:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Basic Service Charge Components (Unbundled):

Description	
Meter Services	$ 1.38 per month
Meter Reading	$ 0.89 per month
Billing & Collection	$ 6.01 per month
Customer Delivery	$11.72 per month
Total	$20.00 per month

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	
0 – 400 kWh	$0.009160
Over 400 kWh	$0.029160
Generation	$0.010980
Transmission	$0.010670

Power Supply Charges:

Component	
Base Power Supply Summer (May – October) On-Peak (per kWh)	$0.101110
Base Power Supply Summer (May – October) Off-Peak (per kWh)	$0.033900
Base Power Supply Winter (November – April) On-Peak (per kWh)	$0.098960
Base Power Supply Winter (November – April) Off-Peak (per kWh)	$0.033579
PPFAC (%) (see Rider-1 for current rate)	Varies

Customer Assistance Residential Energy Support (CARES-F)

AVAILABILITY
New Customers, including current Customers who move, are not eligible for service under this rate.

APPLICABILITY
To all single-phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter.

Not applicable to resale, breakdown, temporary, standby, auxiliary service, or service to electrical equipment that causes excessive voltage fluctuations.

ELIGIBILITY
1. The UNS Electric account must be in the Customer's name applying for a CARES discount.
2. Applicant must be a UNS Electric residential Customer residing at the premise.
3. Applicant must have a combined household income at or below 150% of the federal poverty level. See Income Guidelines Chart on UNS Electric's website at www.uesaz.com or contact a UNS Electric customer care representative.

CHARACTER OF SERVICE
The service shall be single-phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery.

RATE
A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF BASIC SERVICE AND ENERGY CHARGES

Basic Service Charge: $9.00 per month

Energy Charges (per kWh):

	Delivery Services-Energy[1]	Power Supply Charges[2]		Total[3]
		Base Power	PPFAC[2]	
0 - 400 kWh	$0.030810	$0.049260	Varies	$0.080070
Over 400 kWh	$0.050810	$0.049260	Varies	$0.100070

1. Delivery Services-Energy is a bundled charge that includes: Local Delivery, Generation Capacity and Transmission.
2. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent adjustment in accordance with Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel. Please see Rider-1 for current rate.
3. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

MONTHLY CUSTOMER ASSISTANCE RESIDENTIAL ENERGY SUPPORT (CARES) DISCOUNT

The following monthly discount applies to the rate incorporated herein:

For Bills with Usage of:	Monthly Discount will be applied to the Basic Service Charge, Delivery Charges, and Power Supply Charges:
0 – 300 kWh	30%
301 – 600 kWh	20%
601- 1,000 kWh	10%
Over 1,000 kWh	$10.00

No CARES discount will be applied that will reduce the bill to less than zero.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 103-2
Superseding: _____

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Basic Service Charge Components (Unbundled):

Description	
Meter Services	$0.62 per month
Meter Reading	$0.40 per month
Billing & Collection	$2.71 per month
Customer Delivery	$5.27 per month
Total	$9.00 per month

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	
0 - 400 kWh	$0.009160
Over 400 kWh	$0.029160
Generation Capacity	$0.010980
Transmission	$0.010670

Power Supply Charges:

Component	
Base Power Supply (per kWh)	$0.049260
PPFAC (%) (see Rider-1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 104
Superseding: _____

Customer Assistance Residential Energy Support
Low Income Medical Life Support Program (CARES-M-F)

AVAILABILITY

New Customers, including those who move are not eligible for service under this rate.

APPLICABILITY

To all single-phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter.

This CARES Low Income Medical Life Support Program is available to all qualified CARES residential customers who are medically life-support dependent and who meet the eligibility requirements.

Not applicable to resale, breakdown, temporary, standby, auxiliary service, or service to electrical equipment that causes excessive voltage fluctuations.

ELIGIBILITY REQUIREMENTS

To be eligible for the CARES Low Income Medical Life Support Program, a Customer must meet the following requirements:

A. Require the use of medical equipment that is considered essential for sustaining life and is operated at the residence;
B. Submit to UNS Electric a statement signed by the attending physician that verifies that the customer is medically life-support dependent and states the type of essential medical equipment in use at the residence; and
C. Submit to UNS Electric verification by the physician to remain eligible for the program beyond two years.

The following equipment is representative of that which may be qualified as being essential under the program:

- Ventilator
- Oxygen concentrator
- Peritoneal Dialysis Cycler
- Hemo Dialysis Equipment
- Feeding Pump
- Infusion Pump
- Suction Machine
- Small Volume Nebulizer

CHARACTER OF SERVICE

The service shall be single-phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery.

RATE

A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF BASIC SERVICE AND ENERGY CHARGES

Basic Service Charge:	$9.00 per month

Energy Charges (per kWh):

	Delivery Services-Energy[1]	Power Supply Charges[2]		Total[3]
		Base Power	PPFAC[2]	
0 - 400 kWh	$0.030810	$0.049260	Varies	$0.080070
Over 400 kWh	$0.050810	$0.049260	Varies	$0.100070

1. Delivery Services-Energy is a bundled charge that includes: Local Delivery, Generation Capacity and Transmission.
2. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent adjustment in accordance with Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel. Please see Rider-1 for current rate.
3. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

CARES LOW INCOME MEDICAL LIFE SUPPORT PROGRAM DISCOUNT

The monthly bill for customers eligible under the CARES Low Income Medical Life Support Program shall be computed in accordance to the rates above including the following discount:

For Bills with Usage of:	Monthly Discount will be applied to the Basic Service Charge, Delivery Charges, and Power Supply Charges:
0 – 600 kWh	30%
601 – 1,200 kWh	20%
1,201- 2,000 kWh	10%
Over 2,000 kWh	$10.00

No CARES discount will be applied that will reduce the bill to less than zero.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Basic Service Charge Components (Unbundled):

Description	
Meter Services	$0.62 per month
Meter Reading	$0.40 per month
Billing & Collection	$2.71 per month
Customer Delivery	$5.27 per month
Total	$9.00 per month

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	
0 - 400 kWh	$0.009160
Over 400 kWh	$0.029160
Generation Capacity	$0.010980
Transmission	$0.010670

Power Supply Charges:

Component	
Base Power Supply (per kWh)	$0.049260
PPFAC (%) (see Rider-1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 105
Superseding:

Residential Service Time-of-Use Super Peak (RES-01 TOU SuperPeak)

AVAILABILITY
Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY
To all single-phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter.

Not applicable to resale, breakdown, temporary, standby, auxiliary service, or service to electrical equipment that causes excessive voltage fluctuations.

Customers must stay on this rate for a minimum period of one (1) year, unless the Customer is disqualified by one of the other Applicability conditions.

Service under this rate will commence when the appropriate meter has been installed.

CHARACTER OF SERVICE
The service shall be single-phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery.

RATE
A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF BASIC SERVICE AND ENERGY CHARGES

Basic Service Charge: $20.00 per month

Energy Charges (per kWh):

Summer (May – October)	Delivery Services-Energy[1]	Power Supply Charges[2] Base Power	PPFAC[2]	Total[3]
0 – 400 kWh				
On-Peak	$0.030810	$0.149700	Varies	$0.180510
Off-Peak	$0.030810	$0.038250	Varies	$0.069060
Over 400 kWh				
On-Peak	$0.050810	$0.149700	Varies	$0.200510
Off-Peak	$0.050810	$0.038250	Varies	$0.089060

Winter (November – April)	Delivery Services-Energy[1]	Power Supply Charges[2] Base Power	PPFAC[2]	Total[3]
0 – 400 kWh				
On-Peak	$0.030810	$0.149700	Varies	$0.180510
Off-Peak	$0.030810	$0.038250	Varies	$0.069060
Over 400 kWh				
On-Peak	$0.050810	$0.149700	Varies	$0.200510
Off-Peak	$0.050810	$0.038250	Varies	$0.089060

1. Delivery Services-Energy is a bundled charge that includes: Local Delivery, Generation Capacity and Transmission.
2. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent adjustment in accordance with Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel. Please see Rider-1 for current rate.
3. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

Calculation of Tiered (Block) Usage by TOU Period:

Step 1: Calculate percent usage by TOU period.
Step 2: Calculate the kWh usage by tier (block).
Step 3: Multiply percent usage by TOU period by kWh usage by tier to obtain tiered usage by TOU period.
Example: A Customer using 2,000 kWh in a month, with 20% on-peak usage and 80% off-peak usage will have 80 kWh in on-peak first tier and 320 kWh in on-peak second tier, and will have 320 kWh in off-peak first tier and 1280 kWh in off-peak second tier.

kWh	On-Peak	Off-Peak	Total
0 – 400 kWh	80	320	400
Over 400 kWh	320	1,280	1,600
Total	400	1,600	2,000

TIME-OF-USE TIME PERIODS

The Summer On-Peak period is 5:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The Winter On-Peak period is 5:00 p.m. - 8:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Basic Service Charge Components (Unbundled):

Description	
Meter Services	$ 1.38 per month
Meter Reading	$ 0.89 per month
Billing & Collection	$ 6.01 per month
Customer Delivery	$11.72 per month
Total	$20.00 per month

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	
0 – 400 kWh	$0.009160
Over 400 kWh	$0.029160
Generation	$0.010980
Transmission	$0.010670

Power Supply Charges:

Component	
Base Power Supply Summer (May – October) On-Peak (per kWh)	$0.149700
Base Power Supply Summer (May – October) Off-Peak (per kWh)	$0.038250
Base Power Supply Winter (November – April) On-Peak (per kWh)	$0.149700
Base Power Supply Winter (November – April) Off-Peak (per kWh)	$0.038250
PPFAC (%) (see Rider-1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 106
Superseding: _____

Residential Service Demand (RES-01 Demand)

AVAILABILITY

Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all single-phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter.

This rate is optional for Residential Service Customers, but mandatory for non-Time-of-Use Residential Service Customers taking service under Rider-10, Net Metering for Certain Partial Requirements Service (NM-PRS), Post June 1, 2015.

Not applicable to resale, breakdown, temporary, standby, auxiliary service, or service to electrical equipment that causes excessive voltage fluctuations.

Customers must stay on this rate for a minimum period of one (1) year, unless the Customer is disqualified by one of the other Applicability conditions.

CHARACTER OF SERVICE

The service shall be single-phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery.

RATE

A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF BASIC SERVICE, DEMAND, AND ENERGY CHARGES

Basic Service Charge: $20.00 per month

Demand Charges (per kW):

	Delivery Services-Demand
0 - 7 kW	$6.00
Over 7 kW	$9.95

Energy Charge (per kWh)

	Delivery Services-Energy	Power Supply Charges[1]		Total[2]
		Base Power	PPFAC[1]	
All kWh	$0.010000	$0.049260	Varies	$0.059260

1. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent adjustment in accordance with Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel. Please see Rider-1 for current rate.
2. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

BILLING DEMAND

The monthly billing demand shall be the maximum 1-hour measured demand in the billing month.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 106-2
Superseding: _____

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Basic Service Charge Components (Unbundled):

Description	
Meter Services	$ 1.38 (per month)
Meter Reading	$ 0.89 (per month)
Billing & Collection	$ 6.01 (per month)
Customer Delivery	$11.72 (per month)
Total	$20.00 (per month)

Demand Charges (per kW) (Unbundled):

Component	
Demand Delivery	
0 – 7 kW	$2.89
Over 7 kW	$6.84
Generation Capacity	$1.58
Transmission	$1.53

Energy Charge Components (per kWh) (Unbundled):

Component	
Local Delivery	$0.010000

Power Supply Charges:

Component	
Base Power Supply (per kWh)	$0.049260
PPFAC (%) (see Rider-1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 107
Superseding: _____

Residential Service Demand Time-of-Use (RES-01 Demand TOU)

AVAILABILITY
Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY
To all single-phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter.

This rate is optional for Residential Service Time-of-Use Customers, but mandatory for Residential Service Time-of-Use Customers taking service under Rider-10, Net Metering for Certain Partial Requirements Service (NM-PRS), Post June 1, 2015.

Not applicable to resale, breakdown, temporary, standby, auxiliary service, or service to electrical equipment that causes excessive voltage fluctuations.

Customers must stay on this rate for a minimum period of one (1) year, unless the Customer is disqualified by one of the other Applicability conditions.

CHARACTER OF SERVICE
The service shall be single-phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery.

RATE
A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF BASIC SERVICE, DEMAND, AND ENERGY CHARGES

Basic Service Charge: $20.00 per month

Demand Charges (per kW)

	Delivery Services-Demand
0 - 7 kW	$6.00
Over 7 kW	$9.95

Energy Charges (per kWh)

Summer (May – October)	Delivery Services-Energy	Power Supply Charges[1] Base Power	PPFAC[1]	Total[2]
All kWh				
On-Peak	$0.010000	$0.101110	Varies	$0.111110
Off-Peak	$0.010000	$0.033900	Varies	$0.043900

Winter (November – April)	Delivery Services-Energy	Power Supply Charges[1] Base Power	PPFAC[1]	Total[2]
All kWh				
On-Peak	$0.010000	$0.098960	Varies	$0.108960
Off-Peak	$0.010000	$0.033579	Varies	$0.043579

1. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent adjustment in accordance with Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel. Please see Rider-1 for current rate.
2. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

BILLING DEMAND
The monthly billing demand shall be the maximum 1-hour measured demand in the billing month.

TIME-OF-USE TIME PERIODS
The Summer On-Peak period is 2:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The Winter On-Peak periods are 5:00 a.m. - 9:00 a.m. and 5:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

DIRECT ACCESS
A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES
For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS
The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 107-2
Superseding: _____

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Basic Service Charge Components (Unbundled):

Description	
Meter Services	$ 1.38 per month
Meter Reading	$ 0.89 per month
Billing & Collection	$ 6.01 per month
Customer Delivery	$11.72 per month
Total	$20.00 per month

Demand Charge Components (per kW) (Unbundled):

Component	
Demand Delivery	
0 – 7 kW	$2.89
Over 7 kW	$6.84
Generation Capacity	$1.58
Transmission	$1.53

Energy Charge Components (per kWh) (Unbundled):

Component	
Local Delivery	$0.010000

Power Supply Charges:

Component	
Base Power Supply Summer (May – October) On-Peak (per kWh)	$0.101110
Base Power Supply Summer (May – October) Off-Peak (per kWh)	$0.033900
Base Power Supply Winter (November – April) On-Peak (per kWh)	$0.098960
Base Power Supply Winter (November – April) Off-Peak (per kWh)	$0.033579
PPFAC (%) (see Rider-1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 201
Superseding: _____

Small General Service (SGS-10)

AVAILABILITY

Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all general power and lighting service unless otherwise addressed by specific rates, when all energy is supplied at one point of delivery and through one metered service.

The supply of electric service under a residential rate to a dwelling involving some business or professional activity will be permitted only where such activity is of only occasional occurrence, or where the electricity used in connection with such activity is small in amount and used only by equipment which would normally be in use if the space were used as living quarters. Where the portion of a dwelling is used regularly for business, professional or other gainful purposes, and any considerable amount of electricity is used for other than domestic purposes, or electrical equipment not normally used in living quarters is installed in connection with such activities referred to above, the entire premises must be classified as non-residential and the appropriate general service rate will be applied.

Not applicable to resale, breakdown, standby, or auxiliary service.

Customers must stay on this rate for a minimum period of one (1) year, unless the Customer is disqualified by one of the other Applicability conditions.

In the event a Customer meets or exceeds 12,000 kWh in two consecutive months the Customer will be moved to the Medium General Service tariff.

CHARACTER OF SERVICE

The service shall be single-phase or three-phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery.

RATE

A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF BASIC SERVICE AND ENERGY CHARGES

Basic Service Charge: $30.00 per month

Energy Charges (per kWh):

	Delivery Services-Energy[1]	Power Supply Charges[2]		Total[3]
		Base Power	PPFAC[2]	
0 - 400 kWh	$0.039497	$0.048610	Varies	$0.088107
401 – 7,500 kWh	$0.049497	$0.048610	Varies	$0.098107
Over 7,500 kwh	$0.086950	$0.048610	Varies	$0.135560

1. Delivery Services-Energy is a bundled charge that includes: Local Delivery, Generation Capacity and Transmission.
2. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent adjustment in accordance with Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel. Please see Rider-1 for current rate.
3. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS

Basic Service Charge Components (Unbundled):

Description	Basic Service Charge
Meter Services	$ 1.18 per month
Meter Reading	$11.51 per month
Billing & Collection	$ 5.17 per month
Customer Delivery	$12.14 per month
Total	$30.00 per month

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	Rate
0 – 400 kWh	$0.018127
401 – 7,500 kWh	$0.028127
Over 7,500 kWh	$0.065580
Generation Capacity	$0.010840
Transmission	$0.010530

Power Supply Charges:

Component	Rate
Base Power Supply (per kWh)	$0.048610
PPFAC (%) (see Rider-1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 202
Superseding: _____

Small General Service Time-of-Use (SGS-10 TOU)

AVAILABILITY
Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY
To all general power and lighting service unless otherwise addressed by specific Rates, when all energy is supplied at one point of delivery and through one metered service.

The supply of electric service under a residential Rate to a dwelling involving some business or professional activity will be permitted only where such activity is of only occasional occurrence, or where the electricity used in connection with such activity is small in amount and used only by equipment which would normally be in use if the space were used as living quarters. Where the portion of a dwelling is used regularly for business, professional or other gainful purposes, and any considerable amount of electricity is used for other than domestic purposes, or electrical equipment not normally used in living quarters is installed in connection with such activities referred to above, the entire premises must be classified as non-residential and the appropriate general service rate will be applied.

Service under this rate will commence when the appropriate meter has been installed.

Not applicable to resale, breakdown, temporary, standby, or auxiliary service.

Customers must stay on this rate for a minimum period of one (1) year, unless the Customer is disqualified by one of the other Applicability conditions.

In the event a Customer meets or exceeds 12,000 kWh in two consecutive months the Customer will be moved to the Medium General Service Time-of-Use tariff.

CHARACTER OF SERVICE
The service shall be single-phase or three-phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery.

RATE
A monthly bill at the following rate plus any adjustments incorporated herein:

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 202-1
Superseding: _____

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF BASIC SERVICE AND ENERGY CHARGES

Basic Service Charge: $30.00 per month

Energy Charges (per kWh):

Summer (May – October)	Delivery Services-Energy[1]	Power Supply Charges[2] Base Power	PPFAC[2]	Total[3]
0 - 400 kWh				
On-Peak	$0.039497	$0.126510	Varies	$0.166007
Off-Peak	$0.039497	$0.033010	Varies	$0.072507
401 – 7,500 kWh				
On-Peak	$0.049497	$0.126510	Varies	$0.176007
Off-Peak	$0.049497	$0.033010	Varies	$0.082507
Over 7,500 kWh				
On-Peak	$0.086950	$0.126510	Varies	$0.213460
Off-Peak	$0.086950	$0.033010	Varies	$0.119960

Winter (November – April)	Delivery Services-Energy[1]	Power Supply Charges[2] Base Power	PPFAC[2]	Total[3]
0 - 400 kWh				
On-Peak	$0.039497	$0.108510	Varies	$0.148007
Off-Peak	$0.039497	$0.032910	Varies	$0.072407
401 – 7,500 kWh				
On-Peak	$0.049497	$0.108510	Varies	$0.158007
Off-Peak	$0.049497	$0.032910	Varies	$0.082407
Over 7,500 kWh				
On-Peak	$0.086950	$0.108510	Varies	$0.195460
Off-Peak	$0.086950	$0.032910	Varies	$0.119860

1. Delivery Services-Energy is a bundled charge that includes: Local Delivery, Generation Capacity and Transmission.
2. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent adjustment in accordance with Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel. Please see Rider-1 for current rate.
3. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month

Calculation of Tiered (Block) Usage by TOU Period:

Step 1: Calculate percent usage by TOU period.
Step 2: Calculate the kWh usage by tier (block).
Step 3: Multiply percent usage by TOU period by kWh usage by tier to obtain tiered usage by TOU period.

Example: A Customer using 10,000 kWh in a month, with 20% on-peak usage and 80% off-peak usage will have 80 kWh in on-peak first tier, 1,420 kWh in on-peak second tier and 500 kWh in on-peak third tier and 320 kWh in off-peak first tier, 5,680 kWh in off-peak second tier and 2,000 kWh in off-peak third tier.

kWh	On-Peak	Off-Peak	Total
0 – 400 kWh	80	320	400
401 – 7,500 kWh	1,420	5,680	7,100
Over 7,500 kWh	500	2,000	2,500
Total	2,000	8,000	10,000

TIME-OF-USE TIME PERIODS

The Summer On-Peak period is 2:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The Winter On-Peak periods are 5:00 a.m. - 9:00 a.m. and 5:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 202-3
Superseding: _____

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS

Basic Service Charge Components (Unbundled):

Description	
Meter Services	$ 1.18 per month
Meter Reading	$11.51 per month
Billing & Collection	$ 5.17 per month
Customer Delivery	$12.14 per month
Total	$30.00 per month

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	
0 – 400 kWh	$0.018127
401 – 7,500 kWh	$0.028127
Over 7,500 kWh	$0.065580
Generation Capacity	$0.010840
Transmission	$0.010530

Power Supply Charges:

Component	
Base Power Supply Summer (May – October) On-Peak (per kWh)	$0.126510
Base Power Supply Summer (May – October) Off-Peak (per kWh)	$0.033010
Base Power Supply Winter (November – April) On-Peak (per kWh)	$0.108510
Base Power Supply Winter (November – April) Off-Peak (per kWh)	$0.032910
PPFAC (%) (see Rider -1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 203
Superseding: _____

Time-of-Use for Small General Service Schools (SGS-10 TOU-S)

AVAILABILITY
Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY
To all private and public schools (K-12) unless otherwise addressed by specific Rates, when all energy is supplied at one point of delivery and through one metered service.

Service under this Rate will commence when the appropriate meter has been installed.

Only available to Customers with imputed demand less than 500 KW.

Not applicable to resale, breakdown, temporary, standby, or auxiliary service.

Customers must stay on this rate for a minimum period of one (1) year.

CHARACTER OF SERVICE
The service shall be single-phase or three-phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery.

RATE
A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF CUSTOMER AND ENERGY CHARGES

Customer Charge: $16.50 per month

Energy Charges (per kWh):

Summer (May – October)	Delivery Services-Energy[1]	Power Supply Charges[2] Base Power	PPFAC[2]	Total[3]
0 - 400 kWh				
On-Peak	$0.030176	$0.137405	Varies	$0.167581
Off-Peak	$0.030176	$0.047405	Varies	$0.077581
401 – 7,500 kWh				
On-Peak	$0.043176	$0.137405	Varies	$0.180581
Off-Peak	$0.043176	$0.047405	Varies	$0.090581
Over 7,500 kWh				
On-Peak	$0.076042	$0.137405	Varies	$0.213447
Off-Peak	$0.076042	$0.047405	Varies	$0.123447

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 203-1
Superseding: _____

Winter (November – April)	Delivery Services-Energy[1]	Power Supply Charges[2] Base Power	PPFAC[2]	Total[3]
0 - 400 kWh				
On-Peak	$0.030176	$0.137405	Varies	$0.167581
Off-Peak	$0.030176	$0.039185	Varies	$0.069361
401 – 7,500 kWh				
On-Peak	$0.043176	$0.137405	Varies	$0.180581
Off-Peak	$0.043176	$0.039185	Varies	$0.082361
Over 7,500 kWh				
On-Peak	$0.076042	$0.137405	Varies	$0.213447
Off-Peak	$0.076042	$0.039185	Varies	$0.115227

1. Delivery Services-Energy is a bundled charge that includes: Transmission, Sub-transmission, Local Delivery Energy and Production not included in Power Supply.
2. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a per kWh adjustment in accordance with Rate Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold. Please see Rider-1 for current rate.
3. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

TIME-OF-USE PERIODS

The Summer On-Peak period is 3:00 p.m. to 7:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The Winter On-Peak periods are 5:00 a.m. - 9:00 a.m. and 5:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this Rate.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS

Customer Charge Components (Unbundled):

Description	Customer Charge
Meter Services	$ 2.69 per month
Meter Reading	$ 5.24 per month
Billing & Collection	$ 7.23 per month
Customer Delivery	$ 1.34 per month
Total	$16.50 per month

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	Rate
0 – 400 kWh	$0.013662
401 – 7,500 kWh	$0.026662
Over 7,500 kWh	$0.059528
Generation Capacity	$0.010400
Transmission	$0.006114

Power Supply Charges (per kWh):

Component	Rate
Base Power Supply Summer (May – October) On-Peak	$0.137405
Base Power Supply Summer (May – October) Off-Peak	$0.047405
Base Power Supply Winter (November – April) On-Peak	$0.137405
Base Power Supply Winter (November – April) Off-Peak	$0.039185
PPFAC (see Rider -1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 204
Superseding: _____

Small General Service Demand (SGS-10 Demand)

AVAILABILITY

Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all general power and lighting service unless otherwise addressed by specific rates, when all energy is supplied at one point of delivery and through one metered service.

This rate is optional for Small General Service Customers, but mandatory for non-Time-of-Use Small General Service Customers taking service under Rider-10, Net Metering for Certain Partial Requirements Service (NM-PRS), Post June 1, 2015.

The supply of electric service under a residential rate to a dwelling involving some business or professional activity will be permitted only where such activity is of only occasional occurrence, or where the electricity used in connection with such activity is small in amount and used only by equipment which would normally be in use if the space were used as living quarters. Where the portion of a dwelling is used regularly for business, professional or other gainful purposes, and any considerable amount of electricity is used for other than domestic purposes, or electrical equipment not normally used in living quarters is installed in connection with such activities referred to above, the entire premises must be classified as non-residential and the appropriate general service rate will be applied.

Not applicable to resale, breakdown, temporary, standby, or auxiliary service.

Customers must stay on this rate for a minimum period of one (1) year, unless the Customer is disqualified by one of the other Applicability conditions.

In the event measured kW meets or exceeds 40 kW, the Customer will be moved to the Medium General Service rate.

CHARACTER OF SERVICE

The service shall be single-phase or three-phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery.

RATE

A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF BASIC SERVICE, DEMAND, AND ENERGY CHARGES

Basic Service Charge:	$30.00 per month

Demand Charges (per kW)

	Delivery Services-Demand
0 - 15 kW	$6.85
Over 15 kW	$7.85

Energy Charges (per kWh)

	Delivery Services-Energy	Power Supply Charges[1]		Total[2]
		Base Power	PPFAC[1]	
0 – 7,500 kWh	$0.011100	$0.048610	Varies	$0.059710
Over 7,500 kWh	$0.055000	$0.048610	Varies	$0.103610

1. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent adjustment in accordance with Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel. Please see Rider-1 for current rate.
2. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

BILLING DEMAND

The monthly billing demand shall be the maximum 1-hour measured demand in the billing month.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 204-1
Superseding: _____

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Basic Service Charge Components (Unbundled):

Description	
Meter Services	$ 1.18 per month
Meter Reading	$ 11.51 per month
Billing & Collection	$ 5.17 per month
Customer Delivery	$12.14 per month
Total	$30.00 per month

Demand Charge Components (per kW) (Unbundled):

Demand Delivery	
0 – 15 kW	$3.77
Over 15 kW	$4.77
Generation Capacity	$1.56
Transmission	$1.52

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	
0 – 7,500 kWh	$0.011100
Over 7,500 kWh	$0.055000

Power Supply Charges:

Component	
Base Power Supply (per kWh)	$0.048610
PPFAC (%) (see Rider-1 for current rate)	Varies

Small General Service Demand Time-of-Use (SGS-10 Demand TOU)

AVAILABILITY

Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all general power and lighting service unless otherwise addressed by specific rates, when all energy is supplied at one point of delivery and through one metered service.

This rate is optional for Small General Service Time-of-Use Customers, but mandatory for Small General Service Time-of-Use Customers taking service under Rider-10, Net Metering for Certain Partial Requirements Service (NM-PRS), Post June 1, 2015.

The supply of electric service under a residential rate to a dwelling involving some business or professional activity will be permitted only where such activity is of only occasional occurrence, or where the electricity used in connection with such activity is small in amount and used only by equipment which would normally be in use if the space were used as living quarters. Where the portion of a dwelling is used regularly for business, professional or other gainful purposes, and any considerable amount of electricity is used for other than domestic purposes, or electrical equipment not normally used in living quarters is installed in connection with such activities referred to above, the entire premises must be classified as non-residential and the appropriate general service rate will be applied.

Service under this rate will commence when the appropriate meter has been installed.

Not applicable to resale, breakdown, temporary, standby, or auxiliary service.

Customers must stay on this rate for a minimum period of one (1) year, unless the Customer is disqualified by one of the other Applicability conditions.

In the event measured kW meets or exceeds 40 kW, the Customer will be moved to the Medium General Service Time-of-Use rate.

CHARACTER OF SERVICE

The service shall be single-phase or three-phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery.

RATE

A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF BASIC SERVICE, DEMAND, AND ENERGY CHARGES

Basic Service Charge:	$30.00 per month

Demand Charges (per kW)

	Delivery Services-Demand
0 - 15 kW	$6.85
Over 15 kW	$7.85

Energy Charges (per kWh)

Summer (May – October)	Delivery Services-Energy	Power Supply Charges[1]		Total[2]
		Base Power	PPFAC[1]	
0 – 7,500 kWh				
On-Peak	$0.011100	$0.126510	Varies	$0.137610
Off-Peak	$0.011100	$0.033010	Varies	$0.044110
Over 7,500 kWh				
On-Peak	$0.055000	$0.126510	Varies	$0.181510
Off-Peak	$0.055000	$0.033010	Varies	$0.088010

Winter (November – April)	Delivery Services-Energy	Power Supply Charges[1]		Total[2]
		Base Power	PPFAC[1]	
0 – 7,500 kWh				
On-Peak	$0.011100	$0.108510	Varies	$0.119610
Off-Peak	$0.011100	$0.032910	Varies	$0.044010
Over 7,500 kWh				
On-Peak	$0.055000	$0.108510	Varies	$0.163510
Off-Peak	$0.055000	$0.032910	Varies	$0.087910

1. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent adjustment in accordance with Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel. Please see Rider-1 for current rate.
2. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

Calculation of Tiered (Block) Usage by TOU Period:

Step 1: Calculate percent usage by TOU period.
Step 2: Calculate the kWh usage by tier (block).
Step 3: Multiply percent usage by TOU period by kWh usage by tier to obtain tiered usage by TOU period.

Example: A Customer using 10,000 kWh in a month, with 20% on-peak usage and 80% off-peak usage will have 1,500 kWh in on-peak first tier, 500 kWh in on-peak second tier, 6,000 kWh in off-peak first tier and 2,000 kWh in off-peak second tier.

kWh	On-Peak	Off-Peak	Total
0 – 7,500 kWh	1,500	6,000	7,500
Over 7,500 kWh	500	2,000	2,500
Total	2,000	8,000	10,000

BILLING DEMAND
The monthly billing demand shall be the maximum 1-hour measured demand in the billing month.

TIME-OF-USE TIME PERIODS
The Summer On-Peak period is 2:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The Winter On-Peak periods are 5:00 a.m. - 9:00 a.m. and 5:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

DIRECT ACCESS
A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES
For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS
The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Basic Service Charge Components (Unbundled):

Description	
Meter Services	$ 1.18 per month
Meter Reading	$11.51 per month
Billing & Collection	$ 5.17 per month
Customer Delivery	$12.14 per month
Total	$30.00 per month

Demand Charge Components (per kW) (Unbundled):

Demand Delivery	
0 – 15 kW	$3.77
Over 15 kW	$4.77
Generation Capacity	$1.56
Transmission	$1.52

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	
0 – 7,500 kWh	$0.011100
Over 7,500 kWh	$0.055000

Power Supply Charges:

Component	
Base Power Supply Summer (May – October) On-Peak (per kWh)	$0.126510
Base Power Supply Summer (May – October) Off-Peak (per kWh)	$0.033010
Base Power Supply Winter (November – April) On-Peak (per kWh)	$0.108510
Base Power Supply Winter (November – April) Off-Peak (per kWh)	$0.032910
PPFAC (%) (see Rider-1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 210
Superseding: _____

Medium General Service (MGS)

AVAILABILITY
Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY
To all general power and lighting service on an optional basis when all energy is supplied at one point of delivery and through one metered service.

In the event measured kW meets or exceeds 750 kW the Customer will be moved to the Large General Service rate.

Not applicable to resale, breakdown, temporary, standby or auxiliary service.

Customers must stay on this rate for a minimum period of one (1) year, unless the Customer is disqualified by one of the other Applicability conditions.

CHARACTER OF SERVICE
The service shall be single-phase or three-phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery.

RATE
A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF BASIC SERVICE, DEMAND AND ENERGY CHARGES

Basic Service Charge: $100.00 per month

Demand Charge: $13.05 per kW

Energy Charge (per kWh):

	Delivery Services-Energy	Power Supply Charges[1]		Total[2]
		Base Power	PPFAC[1]	
All kWh	$0.005500	$0.048440	Varies	$0.053940

1. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent adjustment in accordance with Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel. Please see Rider-1 for current rate.
2. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

BILLING DEMAND

The monthly billing demand shall be the the greater of the following:

1. The greatest measured 15 minute interval demand read of the meter during all hours of the billing period;
2. 75% of the greatest demand used for billing purposes in the preceding 11 months; or
3. The contract capacity or 20 kW, whichever is greater.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

ADDITIONAL NOTES

Additional charges may be directly assigned to a Customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 210-2
Superseding: _____

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS

Basic Service Charge Components (Unbundled):

Description	
Meter Services	$ 1.67 per month
Meter Reading	$ 10.44 per month
Billing & Collection	$ 7.38 per month
Customer Delivery	$ 80.51 per month
Total	$100.00 per month

Demand Charges (per kW) (Unbundled):

Component	
Demand Delivery	$ 8.38
Generation Capacity	$ 2.37
Transmission	$ 2.30

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	$0.005500

Power Supply Charges:

Component	
Base Power Supply (per kWh)	$0.048440
PPFAC (%) (see Rider-1 for current rate)	Varies

Filed By: Kentton C. Grant
Title: Vice President
District: Entire Electric Service Area

Rate: MGS
Effective: Pending
Decision No: Pending

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 211
Superseding: _____

Medium General Service Time-of-Use (MGS TOU)

AVAILABILITY

Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all general power and lighting service on an optional basis when all energy is supplied at one point of delivery and through one metered service.

In the event measured kW meets or exceeds 750 kW the Customer will be moved to the Large General Service Time-of-Use rate.

Not applicable to resale, breakdown, temporary, standby or auxiliary service.

Customers must stay on this rate for a minimum period of one (1) year, unless the Customer is disqualified by one of the other Applicability conditions.

CHARACTER OF SERVICE

The service shall be single-phase or three-phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery.

RATE

A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF BASIC SERVICE, DEMAND AND ENERGY CHARGES

Basic Service Charge: $100.00 per month

Demand Charge: $13.05 per kW

Energy Charges (per kWh):

Summer (May – October)	Delivery Services-Energy	Power Supply Charges[1] Base Power	PPFAC[1]	Total[2]
On-Peak	$0.005500	$0.109900	Varies	$0.115400
Off-Peak	$0.005500	$0.033500	Varies	$0.039000

Winter (November – April)	Delivery Services-Energy	Power Supply Charges[1] Base Power	PPFAC[1]	Total[2]
On-Peak	$0.005500	$0.089900	Varies	$0.095400
Off-Peak	$0.005500	$0.031600	Varies	$0.037100

1. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent adjustment in accordance with Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel. Please see Rider-1 for current rate.
2. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

BILLING DEMAND

The monthly billing demand shall be the the greater of the following:

1. The greatest measured 15 minute interval demand read of the meter during all hours of the billing period;
2. 75% of the greatest demand used for billing purposes in the preceding 11 months; or
3. The contract capacity or 20 kW, whichever is greater.

TIME-OF-USE TIME PERIODS

The Summer On-Peak period is 2:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The Winter On-Peak periods are 5:00 a.m. - 9:00 a.m. and 5:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the Customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS

Basic Service Charge Components (Unbundled):

Description	
Meter Services	$ 1.67 per month
Meter Reading	$ 10.44 per month
Billing & Collection	$ 7.38 per month
Customer Delivery	$ 80.51 per month
Total	$100.00 per month

Demand Charge (per kW) (Unbundled):

Component	
Demand Delivery	$ 8.38
Generation Capacity	$ 2.37
Transmission	$ 2.30

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	$0.005500

Power Supply Charges:

Component	
Base Power Supply Summer (May – October) On-Peak (per kWh)	$0.109900
Base Power Supply Summer (May – October) Off-Peak (per kWh)	$0.033500
Base Power Supply Winter (November – April) On-Peak (per kWh)	$0.089900
Base Power Supply Winter (November – April) Off-Peak (per kWh)	$0.031600
PPFAC (%) (see Rider -1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 212
Superseding: _____

Time-of-Use for Medium General Service Schools (MGS-TOU-S)

AVAILABILITY

Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all private and public schools (K-12) unless otherwise addressed by specific rates, when all energy is supplied at one point of delivery and through one metered service.

In the event measured kW meets or exceeds 750 kW the Customer will be moved to the Large General Service Schools TOU-S rate.

Service under this rate will commence when the appropriate meter has been installed.

Not applicable to resale, breakdown, temporary, standby, or auxiliary service.

Customers must stay on this rate for a minimum period of one (1) year, unless the Customer is disqualified by one of the other Applicability conditions.

CHARACTER OF SERVICE

The service shall be single-phase or three-phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery.

RATE

A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF BASIC SERVICE, DEMAND AND ENERGY CHARGES

Basic Service Charge: $100.00 per month

Demand Charge: $13.05 per kW

Energy Charges (per kWh):

Summer (May – October)	Delivery Services-Energy	Power Supply Charges[1] Base Power	PPFAC[1]	Total[2]
On-Peak	$0.005500	$0.115600	Varies	$0.121100
Off-Peak	$0.005500	$0.039200	Varies	$0.044700

Winter (November – April)	Delivery Services-Energy	Power Supply Charges[1] Base Power	PPFAC[1]	Total[2]
On-Peak	$0.005500	$0.095600	Varies	$0.101100
Off-Peak	$0.005500	$0.037300	Varies	$0.042800

1. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent adjustment in accordance with Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel. Please see Rider-1 for current rate.
2. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month

BILLING DEMAND

The monthly billing demand shall be the the greater of the following:

1. The greatest measured 15 minute interval demand read of the meter during all hours of the billing period;
2. 75% of the greatest demand used for billing purposes in the preceding 11 months; or
3. The contract capacity or 20 kW, whichever is greater.

TIME-OF-USE PERIODS

The Summer On-Peak period is 3:00 p.m. to 7:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The Winter On-Peak periods are 5:00 a.m. - 9:00 a.m. and 5:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS

Basic Service Charge Components (Unbundled):

Description	
Meter Services	$ 1.67 per month
Meter Reading	$ 10.44 per month
Billing & Collection	$ 7.38 per month
Customer Delivery	$ 80.51 per month
Total	$100.00 per month

Demand Charge (per kW) (Unbundled):

Component	
Demand Delivery	$ 8.38
Generation Capacity	$ 2.37
Transmission	$ 2.30

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	$0.005500

Power Supply Charges:

Component	
Base Power Supply Summer (May – October) On-Peak (per kWh)	$0.115600
Base Power Supply Summer (May – October) Off-Peak (per kWh)	$0.039200
Base Power Supply Winter (November – April) On-Peak (per kWh)	$0.095600
Base Power Supply Winter (November – April) Off-Peak (per kWh)	$0.037300
PPFAC (%) (see Rider -1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 220
Superseding: _____

Large General Service (LGS)

AVAILABILITY
Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY
To all general power and lighting service on an optional basis when all energy is supplied at one point of delivery and through one metered service.

Not applicable to resale, breakdown, temporary, standby or auxiliary service.

Customers must stay on this rate for a minimum period of one (1) year, unless the Customer is disqualified by one of the other Applicability conditions.

CHARACTER OF SERVICE
The service shall be single-phase or three-phase, 60 Hertz, and at a voltage of less than 69 kV and subject to availability at point of delivery.

Primary metering shall be required for new installations with service requirements in excess of 2,500 kW.

RATE
A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF BASIC SERVICE, DEMAND AND ENERGY CHARGES

Basic Service Charge: $300.00 per month

Demand Charge: $12.96 per kW

Energy Charge (per kWh):

	Delivery Services-Energy	Power Supply Charges[1]		Total[2]
		Base Power	PPFAC[1]	
All kWh	$0.005400	$0.048400	Varies	$0.053800

1. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent adjustment in accordance with Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel. Please see Rider-1 for current rate.
2. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

BILLING DEMAND

The monthly billing demand shall be the greater of the following:

1. The greatest measured 15 minute interval demand read of the meter during all hours of the billing period;
2. 75% of the greatest demand used for billing purposes in the preceding 11 months; or
3. The contract capacity or 450 kW, whichever is greater.

The Company reserves the right to require a Customer to install equipment to maintain an acceptable power factor at the Customer's expense.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 220-2
Superseding: _____

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS

Basic Service Charge Components (Unbundled):

Description	Basic Service Charge
Meter Services	$ 5.01 per month
Meter Reading	$ 31.32 per month
Billing & Collection	$ 22.15 per month
Customer Delivery	$241.52 per month
Total	$300.00 per month

Demand Charges (per kW) (Unbundled):

Component	Rate
Demand Delivery	$ 8.29
Generation Capacity	$ 2.37
Transmission	$ 2.30

Energy Charge Components (per kWh) (Unbundled):

	Rate
Local Delivery	$0.005400

Power Supply Charges:

Component	Rate
Base Power Supply (per kWh)	$0.048400
PPFAC (%) (see Rider-1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 221
Superseding: _____

Large General Service Time-of-Use (LGS TOU)

AVAILABILITY
Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY
To all general power and lighting service on an optional basis when all energy is supplied at one point of delivery and through one metered service.

Service under this rate will commence when the appropriate meter has been installed.

Not applicable to resale, breakdown, temporary, standby or auxiliary service.

Customers must stay on this rate for a minimum period of one (1) year, unless the Customer is disqualified by one of the other Applicability conditions.

CHARACTER OF SERVICE
The service shall be single-phase or three-phase, 60 Hertz, and at a voltage of less than 69 kV and subject to availability at point of delivery.

Primary metering shall be required for new installations with service requirements in excess of 2,500 kW.

RATE
A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF BASIC SERVICE, DEMAND AND ENERGY CHARGES

Basic Service Charge: $300.00 per month

Demand Charge: $12.96 per kW

Energy Charges (per kWh):

Summer (May – October)	Delivery Services-Energy	Power Supply Charges[1] Base Power	PPFAC[1]	Total[2]
On-Peak	$0.005400	$0.145510	Varies	$0.150910
Off-Peak	$0.005400	$0.034510	Varies	$0.039910

Winter (November – April)	Delivery Services-Energy	Power Supply Charges[1] Base Power	PPFAC[1]	Total[2]
On-Peak	$0.005400	$0.124510	Varies	$0.129910
Off-Peak	$0.005400	$0.032910	Varies	$0.038310

1. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent adjustment in accordance with Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel. Please see Rider-1 for current rate.
2. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

BILLING DEMAND

The monthly billing demand shall be the greater of the following:

1. The greatest measured 15 minute interval demand read of the meter during all hours of the billing period;
2. 75% of the greatest demand used for billing purposes in the preceding 11 months; or
3. The contract capacity or 450 kW, whichever is greater.

The Company reserves the right to require a Customer to install equipment to maintain an acceptable power factor at the Customer's expense.

TIME-OF-USE TIME PERIODS

The Summer On-Peak period is 2:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The Winter On-Peak periods are 5:00 a.m. - 9:00 a.m. and 5:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 221-2
Superseding: _____

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS

Basic Service Charge Components (Unbundled):

Description	
Meter Services	$ 5.01 per month
Meter Reading	$ 31.32 per month
Billing & Collection	$ 22.15 per month
Customer Delivery	$241.52 per month
Total	$300.00 per month

Demand Charge (per kW) (Unbundled):

Component	
Demand Delivery	$ 8.29
Generation Capacity	$ 2.37
Transmission	$ 2.30

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	$0.005400

Power Supply Charges:

Component	
Base Power Supply Summer (May – October) On-Peak (per kWh)	$0.145510
Base Power Supply Summer (May – October) Off-Peak (per kWh)	$0.034510
Base Power Supply Winter (November – April) On-Peak (per kWh)	$0.124510
Base Power Supply Winter (November – April) Off-Peak (per kWh)	$0.032910
PPFAC (%) (see Rider -1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 222
Superseding: _____

Time-of-Use for Large General Service Schools (LGS-TOU-S)

AVAILABILITY

Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all private and public schools (K-12) unless otherwise addressed by specific rate schedules, when all energy is supplied at one point of delivery and through one metered service.

Service under this rate will commence when the appropriate meter has been installed.

Not applicable to resale, breakdown, temporary, standby, or auxiliary service.

Customers must stay on this rate for a minimum period of one (1) year, unless the Customer is disqualified by one of the other Applicability conditions.

CHARACTER OF SERVICE

The service shall be single-phase or three-phase, 60 Hertz, and at a voltage of less than 69 kV and subject to availability at point of delivery.

Primary metering shall be required for new installations with service requirements in excess of 2,500 kW.

RATE

A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF BASIC SERVICE, DEMAND AND ENERGY CHARGES

Basic Service Charge: $300.00 per month

Demand Charge: $12.96 per kW

Energy Charges (per kWh):

Summer (May – October)	Delivery Services-Energy	Power Supply Charges[1] Base Power	PPFAC[1]	Total[2]
On-Peak	$0.005400	$0.150210	Varies	$0.155610
Off-Peak	$0.005400	$0.039210	Varies	$0.044610

Winter (November – April)	Delivery Services-Energy	Power Supply Charges[1] Base Power	PPFAC[1]	Total[2]
On-Peak	$0.005400	$0.129210	Varies	$0.134610
Off-Peak	$0.005400	$0.037610	Varies	$0.043010

1. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent adjustment in accordance with Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel. Please see Rider-1 for current rate.
2. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month

BILLING DEMAND

The monthly billing demand shall be the greater of the following:

1. The greatest measured 15 minute interval demand read of the meter during all hours of the billing period;
2. 75% of the greatest demand used for billing purposes in the preceding 11 months; or
3. The contract capacity or 450 kW, whichever is greater.

The Company reserves the right to require a Customer to install equipment to maintain an acceptable power factor at the Customer's expense.

TIME-OF-USE PERIODS

The Summer On-Peak period is 3:00 p.m. to 7:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The Winter On-Peak periods are 5:00 a.m. - 9:00 a.m. and 5:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS

Basic Service Charge Components (Unbundled):

Description	
Meter Services	$ 5.01 per month
Meter Reading	$ 31.32 per month
Billing & Collection	$ 22.15 per month
Customer Delivery	$241.52 per month
Total	$300.00 per month

Demand Charge (per kW) (Unbundled):

Component	
Demand Delivery	$8.29
Generation Capacity	$2.37
Transmission	$2.30

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	$0.005400

Power Supply Charges:

Component	
Base Power Supply Summer (May – October) On-Peak (per kWh)	$0.150210
Base Power Supply Summer (May – October) Off-Peak (per kWh)	$0.039210
Base Power Supply Winter (November – April) On-Peak (per kWh)	$0.129210
Base Power Supply Winter (November – April) Off-Peak (per kWh)	$0.037610
PPFAC (%) (see Rider -1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 301
Superseding: _____

Large Power Service (LPS)

AVAILABILITY
Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY
To all general power and lighting service on an optional basis when all energy is supplied at one point of delivery and through one metered service.

Not applicable to resale, breakdown, temporary, standby or auxiliary service.

CHARACTER OF SERVICE
The service shall be three-phase, 60 Hertz, and at the Company's standard transmission voltages that are available within the vicinity of the Customer's premises.

Primary metering at primary voltages greater than or equal to 69 kV shall be required for service under this tariff.

RATE
A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF BASIC SERVICE, DEMAND AND ENERGY CHARGES

Basic Service Charge: $1,200.00 per month

Demand Charge: $12.48 per kW

Energy Charge (per kWh):

	Delivery Services-Energy	Power Supply Charges[1]		Total[2]
		Base Power	PPFAC[1]	
All kWh	$0.000520	$0.048410	Varies	$0.048930

1. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent adjustment in accordance with Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel. Please see Rider-1 for current rate.
2. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

BILLING DEMAND

The monthly billing demand shall be the greater of the following:

1. The greatest measured 15 minute interval demand read of the meter during all hours of the billing period;
2. The greatest demand metered in the preceding eleven (11) months; or
3. The contract capacity or 500 kW, whichever is greater.

The Customer agrees to maintain, as nearly as practicable, a unity power factor. In the event that the Customer's power factor for any billing month is less than ninety-five percent (95%), an adjustment shall be applied to the bill as follows:

POWER FACTOR ADJUSTMENT

(Maximum Demand / (.05 + PF)) - Maximum Demand) x Demand Charge Where Maximum Demand is the highest measured fifteen (15) minute demand in kilowatts during the billing period.

POWER FACTOR

1. The Company may require the Customer by written notice to either maintain a specified minimum lagging power factor or the Company may after thirty (30) days install power factor corrective equipment and bill the Customer for the total costs of this equipment and installation.
2. In the case of apparatus and devices having low power factor, now in service, which may hereafter be replaced, and all similar equipment hereafter installed or replaced, served under general commercial schedules, the Company may require the Customer to provide, at the Customer's own expense, power factor corrective equipment to increase the power factor of any such devices to not less than ninety (90) percent.
3. If the Customer installs and owns the capacitors needed to supply his reactive power requirements, then the Customer must equip them with suitable disconnecting switches, so installed that the capacitors will be disconnected from the Company's lines whenever the Customer's load is disconnected from the Company's facilities.
4. Gaseous tube installations totaling more than one thousand (1,000) volt-amperes must be equipped with capacitors of sufficient rating to maintain a minimum of ninety percent (90%) lagging power factor.
5. Company installation and removal of metering equipment to measure power factor will be at the discretion of the Company.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the Customer or pursuant to the Customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

OTHER PROVISIONS

Service hereunder shall remain in full force and in effect until terminated by the Customer unless otherwise provided for in the Service Agreement. Termination of service requires twelve (12) months advance notice in writing to the Company.

Service hereunder may require the Customer to enter into a Service Agreement with the Company for a term of two (2) years or longer, with a minimum contract demand capacity at the Company's option in view of the anticipated demand of the Customer.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS

Basic Service Charge Components (Unbundled):

Description	
Meter Services	$ 101.86 per month
Meter Reading	$ 145.57 per month
Billing & Collection	$ 451.63 per month
Customer Delivery	$ 500.94 per month
Total	$1,200.00 per month

Demand Charge (per kW) (Unbundled):

Component	
Delivery Services- All kW	
Local Delivery	$5.22
Generation Capacity	$3.68
Transmission	$3.58

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	$0.000520

Power Supply Charges:

Component	
Base Power Supply (per kWh)	$0.048410
PPFAC (%) (see Rider-1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 302
Superseding: _____

Large Power Service Time-of-Use (LPS-TOU)

AVAILABILITY
Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY
To all general power and lighting service on an optional basis when all energy is supplied at one point of delivery and through one metered service.

Not applicable to resale, breakdown, temporary, standby or auxiliary service.

CHARACTER OF SERVICE
The service shall be three-phase, 60 Hertz, and at the Company's standard transmission voltages that are available within the vicinity of the Customer's premises.

Primary metering at primary voltages greater than or equal to 69kV shall be required for service under this tariff.

RATE
A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF BASIC SERVICE, DEMAND AND ENERGY CHARGES

Basic Service Charge: $1,200.00 per month

Demand Charge $12.48 per kW

Energy Charges (per kWh):

Summer (May – October)	Delivery Services-Energy	Power Supply Charges[1] Base Power	PPFAC[1]	Total[2]
On-Peak	$0.000520	$0.122510	Varies	$0.123030
Off-Peak	$0.000520	$0.032110	Varies	$0.032630

Winter (November – April)	Delivery Services-Energy	Power Supply Charges[1] Base Power	PPFAC[1]	Total[2]
On-Peak	$0.000520	$0.092110	Varies	$0.092630
Off-Peak	$0.000520	$0.030910	Varies	$0.031430

1. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent adjustment in accordance with Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel. Please see Rider-1 for current rate.
2. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

BILLING DEMAND
The monthly billing demand shall be the greater of the following:

1. The greatest measured 15 minute interval demand read of the meter during the on-peak hours of the billing period;
2. One-half of the greatest measured 15 minute interval demand read of the meter during the off-peak hours of the billing period;
3. The greater of (1) or (2) above during the preceding 11 months; or
4. The contract capacity or 500 kW, whichever is greater.

TIME-OF-USE TIME PERIODS
The Summer On-Peak period is 2:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The Winter On-Peak periods are 6:00 a.m. - 12:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

The Customer agrees to maintain, as nearly as practicable, a unity power factor. In the event that the Customer's power factor for any billing month is less than ninety-five percent (95%), an adjustment shall be applied to the bill as follows:

POWER FACTOR ADJUSTMENT
(Maximum Demand / (.05 + PF)) - Maximum Demand) x Demand Charge Where Maximum Demand is the highest measured fifteen (15) minute demand in kilowatts during the billing period.

POWER FACTOR

1. The Company may require the Customer by written notice to either maintain a specified minimum lagging power factor or the Company may after thirty (30) days install power factor corrective equipment and bill the Customer for the total costs of this equipment and installation.

2. In the case of apparatus and devices having low power factor, now in service, which may hereafter be replaced, and all similar equipment hereafter installed or replaced, served under general commercial schedules, the Company may require the Customer to provide, at the Customer's own expense, power factor corrective equipment to increase the power factor of any such devices to not less than ninety (90) percent.
3. If the Customer installs and owns the capacitors needed to supply his reactive power requirements, then the Customer must equip them with suitable disconnecting switches, so installed that the capacitors will be disconnected from the Company's lines whenever the Customer's load is disconnected from the Company's facilities.
4. Gaseous tube installations totaling more than one thousand (1,000) volt-amperes must be equipped with capacitors of sufficient rating to maintain a minimum of ninety percent (90%) lagging power factor.
5. Company installation and removal of metering equipment to measure power factor will be at the discretion of the Company.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the Customer or pursuant to the Customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

OTHER PROVISIONS

Service hereunder shall remain in full force and in effect until terminated by the Customer unless otherwise provided for in the Service Agreement. Termination of service requires twelve (12) months advance notice in writing to the Company.

Service hereunder may require the Customer to enter into a Service Agreement with the Company for a term of two (2) years or longer, with a minimum contract demand capacity at the Company's option in view of the anticipated demand of the Customer.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 302-3
Superseding: _____

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS

Basic Service Charge Components (Unbundled):

Description	
Meter Services	$ 101.86 per month
Meter Reading	$ 145.57 per month
Billing & Collection	$ 451.63 per month
Customer Delivery	$ 500.94 per month
Total	$1,200.00 per month

Demand Charge (per kW) (Unbundled):

Component	
Delivery Services- All kW	
Local Delivery	$5.22
Generation Capacity	$3.68
Transmission	$3.58

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	$0.000520

Power Supply Charges:

Component	
Base Power Supply Summer (May – October) On-Peak (per kWh)	$0.122510
Base Power Supply Summer (May – October) Off-Peak (per kWh)	$0.032110
Base Power Supply Winter (November – April) On-Peak (per kWh)	$0.092110
Base Power Supply Winter (November – April) Off-Peak (per kWh)	$0.030910
PPFAC (%) (see Rider -1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 501
Superseding: _____

Lighting Service (LTG)

AVAILABILITY
At any point where the Company in its judgment has facilities of adequate capacity and suitable voltage available.

APPLICABILITY
Applicable to any Customer for private and public street lighting or outdoor area lighting where this service can be supplied from existing facilities of the Company. The Company will install, own, operate, and maintain the complete lighting installation including lamp and globe replacements. Not applicable to resale service.

To any Customer, including public agencies, for the lighting of streets, alleys, thoroughfares, public parks, playgrounds, or other public or private property where such lighting is controlled by a photocell and a contract for service is entered into with the Company.

CHARACTER OF SERVICE
Service is supplied on Company-owned fixtures and poles which are maintained by the Company. The poles, fixtures, and lamps available are the standard items stocked by the Company, and service is rendered at standard available voltages. Multiple or series street lighting systems may be installed at the option of the Company and at one standard nominal voltage.

RATE
A monthly bill at the following rate plus any adjustments incorporated herein:

The monthly bill shall be the sum of the following charges and adjustments for each light:

Service Charge (per month):	Overhead Service	Underground Service
Existing Wood Pole	$ 2.35	$ 2.35
New 30' Wood Pole (Class 6)	$ 4.68	$ 7.04
New 30' Metal or Fiberglass	$ 9.35	$11.67

Lighting Charge:
Based on the rated wattage value of each lamp installed per month: $0.060516 per watt

Base Power Supply Charge: based on the rated wattage value of each lamp installed per month: $0.013110 per kWh

The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent adjustment in accordance with Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel. Please see Rate Rider-1 for current rate.

CONTRACT PERIOD

All lighting installations will require a contract for service as follows:

Three (3) years initial term for installations on existing facilities.

TERMS AND CONDITIONS

1. For each light, overhead extensions beyond one hundred fifty (150) feet and underground extensions beyond one hundred (100) feet will require specific agreements providing adequate revenue or arrangements for construction financing.
2. The Customer is not authorized to make connections to the lighting circuit or make attachments or alterations to the Company-owned pole.
3. Should a Customer request a relocation of a dusk-to-dawn lighting installation, the costs of such relocation must be borne by the Customer.
4. The Customer is expected to notify the Company when lamp outages occur.
5. The Company will use diligence in maintaining service; however, monthly bills will not be reduced because of lamp outages.
6. The Company will require a non-refundable contribution for the installation of new construction for facilities of $150.00.
7. A late payment charge as stated in the general rules and regulations will be applied to account balances carried forward from prior billings.
8. When a residential Customer's privately owned underground service cable has failed, the Customer has two (2) options. The Customer can have their cable repaired by a private electrical contractor which must comply with local governmental codes and ordinances or the Customer can bring their service entrance up to current Company standards. The Customer will be required to provide a service trench, conduit, conduit installation, backfill, landscape restoration and paving. The Company will furnish, install, own and maintain the underground single-phase cables to Customer's Company-approved Point of Delivery.

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

New 30' Wood Pole (Class 6) - Overhead	
Billing and Collections	$2.57 per unit
Customer Delivery	$2.11 per unit
New 30' Metal or Fiberglass - Overhead	
Billing and Collections	$5.14 per unit
Customer Delivery	$4.21 per unit
Existing Wood Pole – Underground	
Billing and Collections	$1.29 per unit
Customer Delivery	$1.06 per unit
New 30' Wood Pole Class 6 – Underground	
Billing and Collections	$3.87 per unit
Customer Delivery	$3.17 per unit
New 30' Metal or Fiberglass – Underground	
Billing and Collections	$6.42 per unit
Customer Delivery	$5.25 per unit
Lighting Charge	
Local Delivery	$0.054106 per watt
Generation Capacity	$0.003250 per watt
Transmission	$0.003160 per watt

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 601
Superseding: _____

Interruptible Power Service (IPS-F)

AVAILABILITY
New Customers, including current Customers who relocate, are not eligible for service under this rate.

TRANSITION PERIOD
Customers taking service under this rate prior to January 1, 2014 will be given twenty-four (24) months from January 1, 2014 to furnish, install, own, and maintain at each point of delivery all necessary Company approved equipment which will enable the Company to interrupt service with its master control station. After December 31, 2015, if the Customer has not installed this equipment, they will be placed on the otherwise applicable firm rate.

APPLICABILITY
This service is normally provided at one point of delivery measured through one meter. More than one service and meter may be provided in instances where such is permitted under 230.2 (A) through (D) of the National Electric Code with prior approval of the UNS Electric Engineering Department.

To any Customer with a minimum demand of 50 kW and is interruptible within fifteen (15) minutes of notice by the Company. The Customer must be able to interrupt service for up to eight (8) hours per day.

Not applicable to resale, breakdown, temporary, standby or auxiliary service.

CHARACTER OF SERVICE
Service shall be three phase, 60 hertz, at the Company's standard voltages that are available within the vicinity of the Customer's premises.

RATE
A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF BASIC SERVICE, DEMAND AND ENERGY CHARGES:

Basic Service Charge: $75.00 per month

Demand Charge: $6.52 per kW

Energy Charge (per kWh):

	Delivery Services-Energy	Power Supply Charges[1]		Total[2]
		Base Power	PPFAC[1]	
All kWh	$0.019790	$0.049821	Varies	$0.069611

1. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent adjustment in accordance with Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel. Please see Rider-1 for current rate.
2. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

PENALTY FOR FAILURE TO INTERRUPT:
In the event that the Customer fails to interrupt its load when requested to do so by the Company, the Customer shall pay an additional charge as follows:

Billing Demand Charge per kW @ $25.00
Unbundled $/kWh Charge is entirely a Delivery Charge

For a second failure to interrupt in any twelve (12) month period, the Customer will revert to the otherwise applicable firm Rate for a period of at least twelve (12) months.

DETERMINATION OF BILLING DEMAND
The monthly billing demand shall be the highest measured fifteen (15) minute integrated reading of the demand meter during the billing month. If demand is not metered, the billing demand shall be based on nameplate ratings of connected motors and equipment, or by a test as approved by the Company.

TERMS AND CONDITIONS
A late payment charge as stated in the Company's Rules and Regulations will be applied to account balances carried forward from prior billings.

The Company reserves the right to interrupt service to the Customer at any time.

Customers who qualify for service under this Rate must remain on the Rate for a twelve (12) month period, unless, in the judgment of the Company, conditions require a different strategy or approach. Service hereunder shall require the Customer to enter into a Service Agreement with the Company for a term of one (1) year or longer, with a minimum Contract Demand at the Company's option in view of the anticipated demand of the Customer.

The Company will endeavor to provide the Customer with as much advance notice as possible of the required interruptions. However, the Customer shall interrupt service within fifteen (15) minutes.

The Company reserves the right to have automatic equipment installed for immediate interruption of the Customer's load. Should the Company's automatic equipment fail to interrupt the load, no penalty will be assessed.

The Company shall not be responsible for any loss or damage caused by or resulting from interruption of service under this Rate.

Standby, supplemental or breakdown service shall not be rendered under this Rate.
Service under this Rate is for the exclusive use of the Customer and shall not be resold or shared with others, unless authorized by the Company.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Commission shall apply where not inconsistent with this rate.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Basic Service Charge Components (Unbundled):

Description	
Meter Services	$ 1.25 per month
Meter Reading	$ 7.83 per month
Billing & Collection	$ 5.54 per month
Customer Delivery	$60.38 per month
Total	$75.00 per month

Demand Charge (per kW) (Unbundled):

Local Delivery	$1.85
Generation Capacity	$2.37
Transmission	$2.30

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	$0.019790

Power Supply Charges:

Component	
Base Power Supply (per kWh)	$0.049821
PPFAC (%) (see Rider-1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 701
Superseding: _____

Rider R-1
Purchased Power and Fuel Adjustment Clause (PPFAC)

APPLICABILITY

The Purchased Power and Fuel Adjustment Clause (PPFAC) will be applied to all Customers taking service from the Company pursuant to the Arizona Corporation Commission (ACC) Decision No. 70360 (May 27, 2008) and as updated and defined in the Company's PPFAC Plan of Administration approved in ACC Decision No. XXXXX.

RATE

The Customer's monthly bill shall consist of applicable rate charges and adjustments in addition to the PPFAC. The percentage-based PPFAC adjustment, as shown below which reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel. The percentage-based PPFAC adjustment will apply to the Customer's Base Power Charge.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE

To the charges computed under this rider, 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.

RULES AND REGULATIONS

This standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rider.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 701-1
Superseding : _____

Purchased Power Fuel Adjustment Clause
RIDER R-1

APPLICABILITY: To all Company Rates, unless otherwise specified.
Redesign table due to the purposed changes for the percentage PPFAC

Issued: _____
Month Day Year

Effective: _____
Month Day Year

Filed By: Kentton C. Grant
Title: Vice President
District: Entire Electric Service Area

Rate: R-1
Effective: Pending
Decision No.: Pending

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 702
Superseding: _____

Rider R-2
Demand Side Management Surcharge (DSMS)

APPLICABILITY
The Demand Side Management Surcharge (DSMS) will be applied to all Customers taking service from the Company as mandated by the Arizona Corporation Commission (ACC), unless otherwise specified.

RATES
The DSMS shall be applied to all monthly bills. The DSMS will be assessed on a per kWh basis. The rates are shown in the UNS Electric Statement of Charges.

UNS ELECTRIC STATEMENT OF CHARGES
For all additional charges and assessments approved by the ACC see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE
To the charges computed under this rider, 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 of, or revenue from, electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS
The standard Rules and Regulations of the Company as on file from time to time with the ACC shall apply where not inconsistent with this rider.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 703
Superseding: _____

Rider-3
Market Cost of Comparable Conventional Generation (MCCCG)
Calculation as Applicable to Rider-4 NM-PRS-F

AVAILABILITY

The Market Cost of Comparable Conventional Generation (MCCCG) calculation, Rider-3, is restricted solely to Rider-4, Net Metering for Certain Partial Requirements Service (NM-PRS-F). If for a billing month a Rider-4 NM-PRS-F Customer's generation facility's energy production exceeds the energy supplied by the Company, the Customer's bill for the next billing period shall be credited for the excess generation as described in Rider-4 NM-PRS-F. The excess kWh during the billing period shall be used to reduce the kWh supplied (not kW or kVA demand or customer/facilities charges) and billed by the Company during the following billing period. Each calendar year, for the customer bills produced in October (September usage) or a customer's "Final" bill - the Company shall credit the Customer for the positive balance of excess kWhs (if any) after netting against billing period usage. The payment for the purchase of the excess kWhs will be at the Company's applicable avoided cost, which for purposes of Rider-4 NM-PRS-F shall be the simple average of the hourly MCCCG as described below for the applicable year.

The Arizona Corporation Commission (ACC) provided guidance on defining MCCCG in the context of its REST Rules and identified the MCCCG as "the Affected Utility's energy and capacity cost of producing or procuring the incremental electricity that would be avoided by the resources used to meet the Annual Renewable Energy Requirement, taking into account hourly, seasonal and long term supply and demand circumstances. Avoided costs include any avoided transmission and distribution costs and any avoided environmental compliance costs." R14-2-1801.11.

CALCULATION/METHODOLOGY

For purposes of calculating credits to the Customer for Excess Generation, the unit price paid (Credit for Excess Generation) shall be the simple average of the MCCCG over the 8,760 hours (8,784 in a leap year) hours in the forecasted year. The MCCCG in each hour is based on whether native load requirements will be met by internally owned or contracted generation resources or if market purchases will be required to meet native load requirements. The following table provides a description of the MCCCG methodology. The hourly MCCCG cost determination criteria is based on the Market Condition and Dispatch Type. This method of cost determination is very data intensive and will be calculated annually by running UNS Electric's "Planning and Risk" modeling software, and the rate will be filed with the Commission by April 1 of each year.

RATE

The Customer monthly bill shall consist of the applicable rate charges and adjustments in addition to the Credit for Excess Generation based on the MCCCG. The MCCCG rate is an amount expressed as a rate per kWh charge that is approved by the ACC on or before June 1 of each year and effective with the first billing cycle in June, as shown in the UNS Electric Statement of Charges.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the ACC see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 703-1
Superseding: _____

MCCCG Cost Determination Matrix

Market Condition and Dispatch Type		
	Selling to Market from In House Real and Contracted Generation Sources	MCCCG Cost Based on Incremental Production/Purchase Cost of Base Load Generation for that hour
	No Market Transactions from/to In House and Contracted Generation Sources	
	Purchasing from Day Ahead Market, but not Spot Market, to meet Native Load Requirements	MCCCG Cost Based on Average Day Ahead Market Price of Purchased Power for that hour
	Purchasing from Spot Market to meet Native Load Requirements	MCCCG Cost Based on Average Spot Market Price of Purchased Power for that hour

Incremental Production / Purchase of Base Load - The cost of the next kWh (incremental) amount of load that has to be provided by UNS Electric generation sources and/or purchased power. This will be dependent on the season, month and time of day.

If Day Ahead Market or Spot Market purchases are being used to provide for reliability support capacity to meet native load requirements by freeing up in house or contracted generation resources for regulation or spinning reserve purposes for support of native load requirements, that would still represent a Market Purchase for purposes of determining which matrix box is applicable.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 704
Superseding: _____

Rider-4
Net Metering for Certain
Partial Requirements Service (NM-PRS-F)

AVAILABILITY

Available throughout the Company's entire electric service area to any Customer with a facility for the production of electricity on its premises using Renewable Resources[1], a Fuel Cell [2] or Combined Heat and Power (CHP)[3] to generate electricity, which is operated by or on behalf of the Customer, is intended to provide all or part of the Customer's electricity requirements, has a generating capacity less than or equal to 125% of the Customer's total connected load at the metered premise, or in the absence of load data, has capacity less than the Customer's electric service drop capacity, and is interconnected with and can operate in parallel and in phase with the Company's existing distribution system. Customer shall comply with all applicable federal, state, and local laws, regulations, ordinances and codes governing the production and/or sale of electricity.

For purposes of this rate, the following notes and/or definitions apply:

[1] Renewable Resources means natural resources that can be replenished by natural process. Renewable Resources include biogas, biomass, geothermal, hydroelectric, solar, or wind.

[2] Fuel Cell means a device that converts the chemical energy of a fuel directly into electricity without intermediate combustion or thermal cycles. The source of the chemical reaction must be derived from Renewable Resources.

[3] Combined Heat and Power (CHP) also known as cogeneration means a system that generates electricity and useful thermal energy in a single integrated system such that the useful power output of the facility plus one-half the useful thermal energy output during any 12-month period must be no less than 42.5 percent of the total energy input of fuel to the facility.

CHARACTER OF SERVICE

The service shall be single- or three-phase, 60 Hertz, at one standard nominal voltage as mutually agreed and subject to availability at the point of delivery. Primary metering will be used by mutual agreement between the Company and the Customer.

RATE

Basic Service Charges shall be billed pursuant to the Customer's standard offer rate otherwise applicable under full requirements of service.

Power sales and special services supplied by the Company to the Customer in order to meet the Customer's supplemental or interruptible electric requirements will be priced pursuant to the Customer's standard offer rate otherwise applicable under full requirements service.

Non-Time-of-Use Rates: For Customers taking service under a Standard Retail Rate that is not a Time-of-Use rate, the Customer Supplied kWh shall be credited against the Company Supplied kWh. The Customer's monthly bill shall be based on this net kWh amount. Any monthly Excess Generation will be treated in accordance with the provisions outlined below.

Time-of-Use Rates: For Customers taking service under a Standard Retail Rate that is a Time-of-Use rate, the Customer Supplied kWh during on-peak hours shall be credited against the Company Supplied kWh during on-peak hours. All Customer Supplied kWh during off-peak hours shall be credited against the Company Supplied kWh during off-peak hours. The Customer's monthly bill shall be based on this net kWh amount. Any monthly Excess Generation will be treated in accordance with the provisions outlined below.

EXCESS GENERATION

If for a billing month the Customer's generation facility's energy production exceeds the energy supplied by the Company, the Customer's bill for the next billing period shall be credited for the excess generation. That is, the excess kWh during the billing period shall be used to reduce the kWh supplied (not kW or kVA demand or customer/facilities charges) and billed by the Company during the following billing period. Customers taking service under a time-of-use rate who are to receive credit in a subsequent billing period for excess kWh generated shall receive such credit in the next billing period for the on-peak, or off-peak periods in which the kWh were generated by the Customer. Time-of-Use Customer's taking service in the billing month of April shall receive a credit to summer on-peak and summer off-peak usage in the billing month of May for any winter on-peak and/or winter off-peak excess generation for April.

Each calendar year, for the customer bills produced in October (September usage) or a customer's "Final" bill - the Company shall credit the Customer for the balance of excess kWhs after netting. The payment for the purchase of the excess kWhs will be at the Company's applicable avoided cost, which for purposes of this rate shall be the simple average of the hourly Market Cost of Comparable Conventional Generation (MCCCG) Rider-3 for the applicable year. The MCCCG, as it applies to this rate, is specified in Rider-3 MCCCG - Market Cost of Comparable Conventional Generation (MCCCG) Calculation as Applicable to Rider-4 NM-PRS-F (Net Metering for Certain Partial Requirements Service).

METERING

The Company will install a bi-directional meter at the point of delivery to the customer and meter at the point of output from each of the Customer's generators. At the Company's request a dedicated phone line will be provided by the customer to the metering to allow remote interegation of the meters at each site. If by mutal agreement between company and customer that a phone line is impractical or can not be provided - the customer will work with company to allow for the installation of equipment, on or with customer facilities or equipment to allow remote acces to each meter. Any additional cost of communication, such as but not limited too, cell phone service fees will be the responsibility of the customer.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission (ACC) see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE

To the charges computed under this rider, 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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rider.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 705
Superseding: _____

Rider-5
Electric Service Solar Rider
(Bright Arizona Community Solar™)

APPLICABILITY

Rider-5 is for individually metered Customers who wish to participate in the Bright Arizona Community Solar Program. Under Rider-5, Customers will be able to purchase blocks of electricity from solar generation sources. Participation in Rider-5 is limited in the Company's sole discretion to the amount of solar generation available and subscription will be made on a first come, first served basis. In order to maximize subscription under Rider-5, the Company may limit the amount of solar block energy purchased by individual Customers. Rider-5 is further restricted to Customers being served under one of the following rates:

1. Residential Service Rate, RES-01 (RES-01 TOU is not applicable)
2. Small General Service Rate, SGS-10 (SGS-10 TOU is not applicable)
3. Medium General Service Rate, MGS (MGS-TOU is not applicable)

Customers being served under self-generation riders or plans may not purchase power under Rider-5 (including, but not limited to Rider-4 Net Metering for Certain Partial Requirements Service (NM-PRS-F) and Rider-10 Net Metering for Certain Partial Requirements Service (NM-PRS), Post June 1, 2015.

RATE

Customers can contract for a portion or up to their average annual usage in solar blocks of 150 kilowatt hours (kWh) each. Transmission and distribution charges will be applied to all energy delivered, including energy delivered under Rider-5. The Customer is responsible for paying (each month) all charges incurred under their applicable rate, and the total solar energy contracted for multiplied by the applicable solar block energy rate. Any demand based charges under the Customer's current rate will not be affected by elections under Rider-5. No discounts specified in any of the above-listed standard offer tariffs will apply to this rider. The rates are shown in the UNS Electric Statement of Charges.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission (ACC) see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rider.

TAX CLAUSE

To the charges computed under this rider, 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.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 705-1
Superseding: _____

TERMS AND CONDITIONS

1. Customers may contract for a portion or up to their average annual usage in solar blocks of 150 kWh. If Customer's annual average usage is not available, UNS Electric will apply the appropriate class average. This limit can be reviewed annually at the request of the Customer.

2. Each solar block's energy rate will be maintained for twenty years from the date of purchase. For the purposes of the twenty year energy rate, solar blocks will be attributed to the Customer's original service address. Transfer of service under Rider-5 is prohibited. Should the Customer cancel service for any reason, his or her subscription under Rider-5 will expire.

3. Customers may add or delete solar blocks once within a twelve month period. Any addition of solar blocks will be at the then offered solar block energy rate.

4. Solar blocks will be applied to the actual energy usage each month. Electricity used in excess of the purchased solar blocks will be billed at the Customer's regular energy rate. If electricity usage is below the amount covered by the solar block(s), then the excess kWhs will be rolled forward and credited again the Customer's usage in the following month. The Customer will still be responsible for the full cost of the block(s) each month.

5. Customers will be credited for the balance of any excess kWhs annually, or on their final bill should the Customer terminate service under Rider-5. Each year, for the bills produced in October (September usage), UNS Electric will credit Customers their excess kWhs after netting and reset their balance to zero. Credit for excess kWhs will be at the energy rate of the oldest solar block.

6. All contracted solar block kWhs and associated charges in a billing month will be excluded from the calculation of PPFAC and REST charges and/or credits.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 706
Superseding: _____

Rider-6
Renewable Energy Standard and Tariff (REST) Surcharge
REST-TS1 Renewable Energy Program Expense Recovery

APPLICABILITY
Mandatory, non-bypassable surcharge applied to all energy consumed by all Customers throughout Company's entire electric service area.

RATES
For all energy billed which is supplied by the Company to the Customer. The REST surcharge shall be applied to all monthly bills. The REST rates are shown in the UNS Electric Statement of Charges.

Note: An industrial Customer is one with monthly demand equal to or greater than 3,000 kW.

For non-metered services, the lesser of the load profile or otherwise estimated kWh required to provide the service in question, or the service's contract kWh shall be used in the calculation of the surcharge.

This charge will be a line item on Customer bills reading "Renewable Energy Standard Tariff."

Per Decision No. 73638, effective March 21, 2013, any Customer who has received incentives under the REST Rules, shall pay the average of the REST surcharge paid by members of their Customer class. This requirement shall apply to renewable systems reserved on and after January 1, 2012. Any Customer who has a renewable installation without incentives that is interconnected with UNS Electric's system shall pay the average of the REST surcharge paid by members of their Customer class. This requirement shall apply to renewable systems reserved on and after February 1, 2013. The average price is shown in the UNS Electric Statement of Charges.

UNS ELECTRIC STATEMENT OF CHARGES
For all additional charges and assessments approved by the Arizona Corporation Commission (ACC) see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

RULES AND REGULATIONS
The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rider.

TAX CLAUSE
To the charges computed under this rider, 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.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 707
Superseding: _____

Rider-7
Customer Self-Directed Renewable Energy Option
REST-TS2 Renewable Energy Standard Tariff

AVAILABILITY
Open to all Eligible Customers as defined at A.A.C. R14-02-1801.H.

APPLICABILITY
Any Eligible Customer that applies to the Company under this program and receives approval shall participate at its option.

PARTICIPATION PROCESS
An Eligible Customer seeking to participate shall submit to the Company a written application that describes the Distributed Renewable Energy (DRE) resources or facilities that it proposes to install and the estimated costs of the project. The Company shall have sixty (60) calendar days to evaluate and respond in writing to the Eligible Customer, either accepting or declining the project. If accepted, the Customer shall be reimbursed up to the actual dollar amounts of customer surcharge paid under the REST-TS1Tariff in any calendar year in which DRE facilities are installed as part of the accepted project. To qualify for such funds, the Customer shall provide at least half of the funding necessary to complete the project described in the accepted application, and shall provide the Company with sufficient and reasonable written documentation of the project's costs. Customer shall submit their application prior to May 1 of a given year to apply for funding in the following calendar year.

FACILITIES INSTALLED
The maintenance and repair of the facilities installed by a Customer under this program shall be the responsibility of the Customer following completion of the project. In order to be accepted by the Company for reimbursement purposes, the project shall, at a minimum, conform to the Company's System Qualification standards on file with the Commission. (REST Impolementation Plan, Renewable Energy Credit Purchase Program – RECPP, Distributed Generation Interconnection Requirements, Net Metering Tariff, Company's Interconnection Manual)

PAYMENTS AND CREDITS
All funds reimbursed by the Company to the Customer for installation of approved DRE facilities shall be paid on an annual basis no later than March 30th of each calendar year. All Renewable Energy Credits derived from a project, including generation and Extra Credit Multipliers, shall become the property of the Company and shall be applied towards the Company's Annual Renewable Energy Requirement as defined in A.A.C. R14-2-1801.B.

RULES AND REGULATIONS
The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rider.

RELATED RIDER

- REST-TS1 - Renewable Energy Program Expense Recovery

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 708
Superseding: _____

Rider R-8
Lost Fixed Cost Recovery (LFCR)

APPLICABILITY

The Lost Fixed Cost Recovery (LFCR) will be applied to all Customers taking service from the Company other than lighting as defined in the Company's LFCR Plan of Administration (POA).

CHANGE IN RATE

The LFCR recovers a portion of the authorized margin approved in the Company's most recent rate case that has been lost as the result of implementing Arizona Corporation Commission (ACC)-mandated Energy Efficiency and Distributed Generation programs. Each year, a percentage-based rate will be placed in effect and charged to the participating rate classes for the 12-month period the LFCR adjustment is applicable. The total year-on-year adjustment cannot exceed 2% of the Company's most recent total combined retail calendar year revenues for all participating rate classes. The LFCR rate is shown in the UNS Electric Statement of Charges.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the ACC see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE

To the charges computed under this rider, 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 energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rider.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 709
Superseding: _____

Rider R-9
Transmission Cost Adjustor (TCA)

APPLICABILITY

The Transmission Cost Adjustor (TCA) will be applied to all Customers taking service from the Company as defined in the Company's TCA Plan of Administration (POA).

CHANGE IN RATE

The TCA recovers the change in transmission costs resulting from the Federal Energy Regulatory Commission (FERC) approved formula rate that is updated annually in accordance with the provisions of the Company's Open Access Transmission Tariff (OATT), available through the FERC eTariff website at: http://etariff.ferc.gov/TariffBrowser.aspx?tid=1697. The adjustment captures the difference between the level of transmission costs approved in the Company's last rate case and the amount calculated based on the FERC-approved formula rate. The adjustment can be a charge or a credit and will be updated annually as of the date set forth in the OATT.

The TCA shall apply to all monthly bills either as a per kWh charge or as a per kW rate, depending on the Customer's effective service tariff, and is anticipated to become effective on the date the TCA is updated. The TCA rates are shown in the UNS Electric Statement of Charges.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission (ACC) see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE

To the charges computed under this rider, 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.

RULES AND REGULATIONS

This standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rider.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 710
Superseding: _____

Rider-10
Net Metering for Certain
Partial Requirements Service (NM-PRS), Post June 1, 2015

AVAILABILITY

Available throughout the Company's entire electric service area to any Customer with a facility for the production of electricity on its premises using Renewable Resources[1], a Fuel Cell [2] or Combined Heat and Power (CHP)[3] to generate electricity, which is operated by or on behalf of the Customer, is intended to provide all or part of the Customer's electricity requirements, has a generating capacity less than or equal to 125% of the Customer's total connected load at the metered premise, or in the absence of load data, has capacity less than the Customer's electric service drop capacity, and is interconnected with and can operate in parallel and in phase with the Company's existing distribution system. Customer shall comply with all applicable federal, state, and local laws, regulations, ordinances and codes governing the production and/or sale of electricity.

For purposes of this Rate, the following notes and/or definitions apply:

[1] Renewable Resources means natural resources that can be replenished by natural process. Renewable Resources include biogas, biomass, geothermal, hydroelectric, solar, or wind.

[2] Fuel Cell means a device that converts the chemical energy of a fuel directly into electricity without intermediate combustion or thermal cycles. The source of the chemical reaction must be derived from Renewable Resources.

[3] Combined Heat and Power (CHP) also known as cogeneration means a system that generates electricity and useful thermal energy in a single integrated system such that the useful power output of the facility plus one-half the useful thermal energy output during any 12-month period must be no less than 42.5 percent of the total energy input of fuel to the facility.

CHARACTER OF SERVICE

The service shall be single- or three-phase, 60 Hertz, at one standard nominal voltage as mutually agreed and subject to availability at the point of delivery. Primary metering will be used by mutual agreement between the Company and the Customer.

RATE

Residential or Small General Service Customers taking service under this rider must take service in accordance with the "Demand" option of the applicable standard offer rate.

Basic Service Charges shall be billed pursuant to the Customer's standard offer rate otherwise applicable under full requirements service.

All power sales defined as "kW", "kWh" and special services supplied by the Company to the Customer in order to meet the Customer's electric requirements will be priced pursuant to the Customer's standard offer rate otherwise applicable under full requirements service.

All energy produced by the Customer's generator in excess of the Customer's consumption at the time of the production is defined as excess generation and will be tracked throughout the month as excess generation and will be treated in accordance with the provisions outlined below.

EXCESS GENERATION

If at any time within a billing month the Customer's generation facility's energy production exceeds the energy consumed by the Customer, the Customer's bill for the same billing period shall be credited for the excess generation priced at the approved Renewable Credit Rate. In the event the credit exceeds the billable amount during that billing period, the unused credit will carry forward to the bill for the next billing period. The excess generation is treated the same for Standard Offer service Customers and Time-of-Use service Customers.

METERING

The Company will install a bi-directional meter at the point of delivery to the Customer and meter at the point of output from each of the Customer's generators. At the Company's request a dedicated phone line will be provided by the Customer to the metering to allow remote interrogation of the meters at each site. If by mutual agreement between Company and Customer that a phone line is impractical or cannot be provided - the Customer will work with Company to allow for the installation of equipment, on or with Customer facilities or equipment to allow remote access to each meter. Any additional cost of communication, such as but not limited to, cell phone service fees will be the responsibility of the Customer.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission (ACC) see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE

To the charges computed under this rider, 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.

RENEWABLE CREDIT RATE

The "Renewable Credit Rate" is the rate equivalent to the most recent utility scale renewable energy purchased power agreement connected to the distribution system of the Company's affiliate, Tucson Electric Power Company, and is set forth in the UNS Electric Statement of Charges.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rider.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 711
Superseding: _____

Rider R–11
Renewable Credit Rate

AVAILABILITY

The Renewable Credit Rate, Rider R-11, is restricted solely to Rider-10, Net Metering for Certain Partial Requirements Service (NM-PRS), Post June 1, 2015. If at any time within a billing month the Customer's generation facility's energy production exceeds the energy consumed by the Customer, the Customer's bill for the same billing period shall be credited for the excess generation priced at the approved Renewable Credit Rate as described in Rider-10 NM-PRS.

CALCULATION/METHODOLOGY

For production of electricity from a Customer generation facility using Renewable Resources as defined in Rider-10 NM-PRS, the Renewable Credit Rate is the rate equivalent to the most recent utility scale renewable energy Power Purchase Agreement (PPA) connected to the distribution system of the Company's affiliate, Tucson Electric Power Company.

For production of electricity from a Customer generation facility using a Fuel Cell or Combined Heat and Power (CHP) as defined in Rider-10 NM-PRS, the Renewable Credit Rate is the rate equivalent to the most recent utility scale energy PPA connected to the distribution system of the Company's affiliate, Tucson Electric Power Company, that uses a technology specific to the Customer's generation facility at the time service is requested.

If no utility scale PPA meeting the criteria above exists, the Renewable Credit Rate is equal to the UNS Electric Market Cost of Comparable Generation (MCCCG) as defined in Rider-3 MCCCG.

RATE

The Customer monthly bill shall consist of the applicable Rate charges and adjustments in addition to the Credit for Excess Generation based on the RCR as described in Rider-10 NM-PRS. The RCR rate is an amount expressed as a rate per kWh charge that is approved by the ACC on or before January 1 of each year and effective with the first billing cycle in January, as shown in the UNS Electric Statement of Charges.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the ACC see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 712
Superseding: _____

Rider R–12
Interruptible Service

AVAILABILITY

Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

Available to Customers qualifying for and receiving electric service under rates applicable to service over 1,000 kW (either Time-of-Use or Non-Time-of-Use) and are willing to subscribe to at least 500 kW of interruptible load at a contiguous facility. This rider is not available for standby, temporary, resale or in conjunction with other interruptible rates.

CHARACTER OF SERVICE

Must meet all service requirements for the Customer's applicable Standard Offer tariff.

TERMS AND CONDITIONS OF SERVICE

1. Customers taking service under this rider are eligible for credits in exchange for curtailing load at the request of the Company.

2. Interruptions can be called for economic or non-economic reasons and are to be called at the sole discretion of the Company.

3. The Customer must designate each service point that may be available for interruption with a 10 minute notice. Interruption will be at the discretion of the Company.

4. No more than two interruption events will occur in a given calendar day.

5. A Customer will be limited to no more than two interruptions in a day during the five summer months for a maximum of six (6) hours for each daily interruption event, even if the duration per event is less than 6 hours.

6. To receive service under this Rider–12, the Customer will install, at the Customer's expense, all necessary communication, relay and breaker equipment to qualify for service under this rate, subject to Company approval and will pay for associated hardware cost. The Customer must maintain all Company-approved equipment at their service location necessary for the Company to provide interruption notification and to remotely interrupt the Customer from its master control station.

7. Company shall not be liable for any loss or damage caused by or resulting from any interruption of service.

8. Nothing herein prevents the Company from interrupting service for emergency circumstances, determined at the Company's sole discretion. Emergency interruptions, as defined by the Company's Rules and Regulations, shall not count as interruption events for purposes of this rider.

9. The standard Rules and Regulations of the Company, as on file with the Arizona Corporation Commission, shall apply where not inconsistent with this rider.

10. The total of all interruption events (excluding Emergency interruptions) will not exceed 120 hours per year.

BID COMMITMENT PERIOD

The Company will post Market Value Capacity Price (MVCP) (defined below) and available Interruptible Credits ($/kW) based on market value capacity for day-ahead dispatch notice for the coming months of May through September by March 15 in the same calendar year.

NOMINATION OF INTERRUPTIBLE LOAD BY CUSTOMER

Nomination will occur before April 15 of the calendar year of each interruption season. Participating Customers shall designate by service point the portion of their load that is Interruptible Load (in kW). A minimum of a thirty minute notice requirement, and a maximum interruption of six hours per event applies to all load nominated at a single service point. Customers with multiple service points may designate different maximum load (kW) for different contiguous service points. If the Customer intends to interrupt a specific activity or function at its operation, the Customer should state this activity or function at the time Interruptible Load is nominated. The minimum nomination of interruptible load summed over a participating Customer's contiguous service points shall be 1,000 kW.

INTERRUPTIBLE CREDIT

Customers who elect service under this Rider–12 will receive a monthly Interruptible credit for each of the five summer months in which an interruption may occur. The credit will be calculated by taking the Market Value Capacity Price applicable for the interruptible load season (May through September) times the nominated interruptible load of the individual Customer.

MARKET VALUE CAPACITY PRICE (MVCP)

The Market Value Capacity Price (MVCP) reflects opportunity cost of capacity as revealed through the Company's resource procurement process, adjusted to reflect line losses, and reserves avoided. Resource prices are sensitive and confidential information based on competitive bids; however this information will be made available to the Commission Staff and/or an Independent Monitor(s) for review. The MVCP is a price applicable to the five summer months only.

RECOVERY OF PROGRAM COSTS

The cost of the interruptible resource under this Rider–12 (the credits applied to qualifying Customers' bills) shall be treated as "Purchased Power" and shall be recorded in FERC account 555 and appropriately treated through the Purchased Power and Fuel Adjustment Clause (PPFAC) as any other prudent fuel or purchased power cost.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission (ACC) see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE

To the charges computed under this rider, 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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rider.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 713
Superseding: _____

Rider-13
Economic Development Rider (EDR)

AVAILABILITY

Available throughout the Company's entire electric service area at all points where facilities of adequate capacity and required phase and suitable voltage are adjacent to the sites served. This rider is available for commercial or industrial standard offer Customers with a projected peak demand of 1,000 kW or more and a load factor of 75% or higher for the highest 4 coincident-peak months in a rolling 12-month period.

APPLICABILITY

This rider is applicable to the qualifying additional load of an existing or new Customer meeting the criteria specified herein. All provisions of the Customer's applicable standard offer rate will apply to the qualifying additional load, except as modified herein. This rider shall be available for five years from the effective date of the Economic Development Rider. Total program participation shall be limited to 50 MW of applicable Customer load.

New and existing Customers taking service under this rider must provide written documentation that they have qualified for at least one of the following Arizona state tax credits designed to promote business recruitment and expansion:

- Arizona's Quality Jobs Tax Credit (A.R.S. § 41-1525). The program provides a tax credit for net increases in full-time employees residing in the state and hired in qualified employment positions.
    - If located in a city or town with a population of 50,000 persons or more and a county of 800,000 or more, companies must make at least a $5 million capital investment, create at least 25 net new full-time jobs that pay 100 percent of the median county wage, and cover at least 65 percent of employee health insurance costs.
    - In any other location, companies must invest at least $1 million of capital and create at least 5 qualified employment positions.
- Qualified Facility Tax Credit (A.R.S. § 41-1512). The program provides a refundable tax credit for qualifying capital investment in a manufacturing facility – including a manufacturing-related research and development or headquarters facility – that creates new jobs paying at least 125 percent of the median county wage and covering at least 80 percent of employees' health care premiums.

If either or both of the above Arizona Revised Statutes are superseded by subsequent legislation, the effective Statute shall apply. Exceptions to any of the above criteria will be reviewed and evaluated by the Company on a case-by-case basis.

For purposes of this rider, the following notes and/or definitions apply:

[1] Economic Development means new or expanding business operations that build new facilities.

[2] Economic Redevelopment means new or expanding business operations that occupy existing vacant facilities.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 713-1
Superseding: _____

CHARACTER OF SERVICE
Must meet all service requirements for the Customer's applicable Standard Offer tariff.

RATE
All provisions, charges, and adjustments in the Customer's applicable Standard Offer retail rate schedule will continue to apply to the qualifying additional load except as follows:

Category	Program Term	Discount on Total Bill before Taxes	Qualifications
Economic Development	5 years	Year 1: 20% Year 2: 15% Year 3: 10% Year 4: 5% Year 5: 2.5%	Meet (i) criteria for Arizona's Quality Jobs Tax Credit or (ii) Qualified Facility Tax Credit and create new/expanding load of 1,000 kW.
Economic Redevelopment	5 years	Year 1: 30% Year 2: 25% Year 3: 20% Year 4: 10% Year 5: 5%	Meet (i) criteria for Arizona's Quality Jobs Tax Credit or (ii) Qualified Facility Tax Credit and create new/expanding load of 1,000 kW, plus the business moves into an existing site.

ECONOMIC DEVELOPMENT RIDER SERVICE AGREEMENT
The Customer must execute an Economic Development Rider Service Agreement with the Company. The Service Agreement establishes the terms and conditions of participation in the program consistent with A.R.S. § 41-1525 and A.R.S. § 41-1512, the Arizona Corporation Commission's regulations, and this rider.

UNS ELECTRIC STATEMENT OF CHARGES
For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE
To the charges computed under this rider, 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.

RULES AND REGULATIONS
The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rider.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 714
Superseding: _____

Experimental Rider-14
Alternative Generation Service (AGS)

AVAILABILITY

Available throughout the Company's entire electric service area at all points where facilities of adequate capacity and required phase and suitable voltage are adjacent to the sites served. This rider is available for standard offer Customers who have a peak load of 2,500 kW or more at a single service point and are served under rates LPS or LPS-TOU.

Customers must have interval metering, advanced metering infrastructure, or an alternative in place at all times under this rider. Customers shall comply with all applicable federal, state, and local laws, regulations, ordinances and codes governing the production and/or sale of electricity.

All provisions of the Customer's applicable standard offer rate will apply in addition to this Experimental Rider-14, except as modified herein. This rider shall be available for four years from the effective date of Experimental Rider-14, unless extended by the Arizona Corporation Commission. Total program participation shall be limited to 10 MW of Customer load.

For purposes of this rider, the following notes and/or definitions apply:

[1] Generation Service means wholesale power delivered to UNS Electric by a Generation Service Provider.

[2] Generation Service Provider means a third party entity that provides wholesale power to the Company on behalf of a Customer. This entity must be legally capable of selling and delivering wholesale power to the Company.

[3] Imbalance Energy means the difference between the hourly delivered energy from the Generation Service Provider and the actual hourly metered loads for each Customer for all Customers that have selected the Generation Service Provider under this rider. Imbalance energy will be calculated by the Company.

[4] Imbalance Service means the calculation and management of the hourly deviations in energy supply for imbalance energy.

[5] Standard Generation Service means power provided by the Company to a retail Customer in conjunction with transmission and delivery services, at terms and prices according to a retail rate other than Experimental Rider-14.

[6] Total Load Requirements means the Customer's hourly load including losses from the point of delivery to the Company's transmission system to the Company's sites for the duration of the contract.

CHARACTER OF SERVICE

The service shall be three-phase, 60 Hertz, and at the Company's standard transmission or distribution voltages that are available within the vicinity of the Customer's premises.

CUSTOMER PARTICIPATION PROCESS

The Company shall establish an initial enrollment period during which Customers can apply for service under this rider. If the applications for service are greater than the program maximum amount, then Customers shall be selected for enrollment through a lottery process as detailed in the program guidelines, which may be revised from time-to-time during the term of this rider.

DESCRIPTION OF SERVICES AND OBLIGATIONS

The Customer shall apply for service under this rider.

The Company shall conduct the enrollment process in accordance with the provisions of this rider.

The Customer shall select a Generation Service Provider to provide Generation Service in accordance with the timeline specified in the program guidelines.

The Company shall enter into a contract with the Generation Service Provider to receive delivery and title to the power on the Customer's behalf.

The Generation Service Provider shall provide to the Company on behalf of the Customer firm power sufficient to meet the Customer's Total Load Requirements for each of the elected metered accounts, and will attest in its contract with the Company that this condition is met. For the purposes of this rider, "firm power" refers to generation resources identified in Western System Power Pool Schedule C or a reasonable equivalent as determined by the Company.

Any incremental costs or penalties incurred by the Company as the result of actions or inactions of the Generation Service Provider will be the responsibility of the Customer to pay or arrange for resolution of or service under this rider will be terminated immediately and the provisions of the section referring to the Default of the Generation Service Provider will be applied.

The Company shall provide transmission, delivery and network services to the Customer according to normal retail electric service.

The Company will settle with the Generation Service Provider for Imbalance Service and other relevant costs on a monthly basis according to the program guidelines.

The Generation Service Provider shall bill the Company the monthly billed amounts for each Customer for Generation Service and Imbalance Service according to the program guidelines.

The Company shall bill the Customer for the Generation Service Provider's charged amounts and remit the amounts to the Generation Service provider including any applicable taxes and assessments.

The Customer will be responsible for paying for the cost of the power provided by the Generation Service Provider, as specified in the contract and this rider and will be subject to disconnection in the manner consistent with the Rules and Regulations for the equivalent retail service in the event of non-payment or late payment.

RATE

All provisions, charges, and adjustments in the Customer's applicable retail rate schedule will continue to apply except as follows:

1. The Base Power Charge will not apply.
2. The unbundled Generation components of the Demand Charge and Energy Charge for Delivery Services will not apply.
3. The Purchased Power and Fuel Adjustment Clause (PPFAC) will not apply, except that the Historical Component will apply for the first twelve months of service under this rider.

Experimental Rider-14 charges determined and billed by the Company include:

1. A monthly Management Fee of $0.0040 per kWh applied to the Customer's metered kWh.
2. A monthly Reserve Capacity charge equal to the applicable unbundled Generation components of the Demand Charge and the Energy Charge for Delivery Services will be applied to the Customer's billed kW and kWh, respectively. The Reserve Capacity charge will be applied to 100% of the Customer's monthly billed kW and kWh during the first twelve months of service under this rider and 25% of the Customer's billed kW and kWh thereafter until the expiration date of this Rider.
3. An initial charge or credit for fuel hedging costs, as describe herein.
4. Returning Customer charge, where applicable, as described herein.
5. Generation Service Provider Default charge, where applicable, as described herein.

Experimental Rider-14 Generation Service and Imbalance Service charges billed by the Company include:

1. Generation Service charges shall be charged at a rate specified in the contract between the Customer and the Generation Service Provider.
2. Imbalance Service charges shall be charged at a rate greater than $0.00 per kWh and less than or equal to the rate that the Company charges the Generation Service Provider for Imbalance Service as specified herein.

DELIVERY OF POWER TO THE COMPANY'S SYSTEM

Power provided by the Generation Service Provider must be firm power as defined above and delivered to the Company at a point of delivery as agreed to by the Company. The Generation Service Provider is responsible for the cost of transmission service to deliver the power to the Company's delivery point.

SCHEDULING

The Company shall serve as the scheduling coordinator. The Generation Service Provider shall provide monthly schedules of hourly loads along with day-ahead hourly load deviations from the monthly schedule to the Company according to the program guidelines. Line losses, in the amount of 3.3%, from the point of delivery to the Customer's sites shall be either scheduled or financially settled.

IMBALANCE SERVICE

The Company will provide Imbalance Service according to the terms and provisions in the Company's Open Access Transmission Tariff, Schedule 4. Imbalance Energy will be based on the Generation Service Provider's portfolio of Customer loads.

PPFAC AND HEDGE COST TRUE-UP

The Customer will be subject to the Purchased Power and Fuel Adjustment Clause (PPFAC) – historical component for the first twelve months of service under this rider. The Customer will also pay for the hedge cost associated with the Customer's Standard Generation Service at the time the Customer takes service under this rider. For the purpose of this rider, the Company will determine the applicable pro rata hedge cost based on the market price for hedge costs at the time the Customer takes service under this rider.

CONTRACT TERM AND REQUIREMENTS

The term of the contract with the Generation Service Provider shall be for not less than one year and shall not exceed the termination date of this rider or 4 years, whichever is shorter.

The Generation Service Provider and Customer will enter into a contract or contracts with the Company, stating the pertinent details of the transaction with the Generation Service Provider, including but not limited to the scheduling of power, location of delivery, and other terms related to the Company's management of the generation resource.

DEFAULT OF THE THIRD PARTY GENERATION SERVICE PROVIDER

In the event that the Generation Service Provider is unable to meet its contractual obligations, the Customer must notify the Company and select another Generation Service Provider within 60 days. Prior to execution of any new power contract, the Company shall provide the required power to the Customer, which will be charged at the Dow Jones Electricity Palo Verde Daily Index price for the power delivery date plus $20 per MWh. In addition, all other provisions of this rider will continue to apply.

If the Customer is unable to select another Generation Service Provider within sixty days, the Customer will automatically return to Standard Generation Service, and be subject to the conditions below.

RETURN TO COMPANY'S STANDARD GENERATION SERVICE

Customer may return to the Company's Standard Generation Service under their applicable retail rate schedule without charge if: (1) they provide one year notice (or longer) to the Company; or (2) if this rider is discontinued at the end of the 4-year experimental period; or (3) the Commission terminates the program prior to the end of the initial 4-year experimental period. Absent one of these three conditions, the Company will provide the Customer with generation service at the Dow Jones Electricity Palo Verde Daily Index price for the power delivery date plus $20 per MWh until the Company is reasonably able to integrate the Customer back into their generation planning and provide power at the applicable retail rate schedule. This transition will be at the Company's determination but no longer than 1 year. The returning Customer must remain with the Company's Standard Generation Service for at least 1 year and compensate the Company for all fixed generation costs avoided by the Customer during the period the Customer was receiving service under this rider.

LOST FIXED COST RECOVERY

UNS Electric will track all non-recovered revenues related to generation fixed costs for future recovery in the Company's Lost Fixed Cost Recovery (LFCR).

CREDIT REQUIREMENTS

A Generation Service Provider or its parent company must have at least an investment grade credit rating or demonstrate creditworthiness in the form of either a 3rd-party guarantee from an investment grade rated company, surety bond, letter of credit, or cash in accordance with the Company's standard credit support rules.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE

To the charges computed under this rider, 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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rider.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 801

Superseding: _____

UNS ELECTRIC STATEMENT OF CHARGES

Fee No.	Description	Rate	Effective Date	Decision No.
1.	Service Transfer Fee	$26.00	Pending	Pending
2.	Customer-Requested Meter Re-read	$26.00	Pending	Pending
3.	Special Meter Reading Fee (including Customer Self-Reads)	$26.00	Pending	Pending
4.	Service Establishment, Reestablishment or Reconnection of Service under usual operating procedures During Regular Business Hours	$47.00	Pending	Pending
5.	Service Establishment, Reestablishment or Reconnection of Service under usual operating procedures After Regular Business Hours (includes Saturdays, Sundays and Holidays)	$149.00	Pending	Pending
6.	Service Reestablishment under other than usual operating procedures (including Automated Meter Opt-Out Set Up Fee)	$196.00	Pending	Pending
7.	Meter Test	$79.00	Pending	Pending
8.	Consumption History Request and Interval History Request	$65.00 per hour	Pending	Pending
9.	Returned Payment Fee	$10.00	Pending	Pending
10.	Late Payment Finance Charge	1.5%	Pending	Pending

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 801-1

Superseding: _____

UNS ELECTRIC STATEMENT OF CHARGES

Description	Rate	Effective Date	Decision No.
Rider R-1 – Purchased Power and Fuel Adjustment Clause (PPFAC)	Varies–See Rider-1	January 1, 2014	74235
Rider R-2 – Demand Side Management Surcharge (DSMS)	$0.0015 per kWh	August 1, 2014	74599
Rider R-3 – Market Cost of Comparable Conventional Generation (MCCCG) Calculation as Applicable to Rider-4 NM-PRS	$0.03697 per kWh	June 1, 2014	74387
Rider R-5 – Electric Service Solar Rider (Bright Arizona Community Solar™) Solar Block Energy Rate for Residential Electric Service, Rate R-01 Solar Block Energy Rate for General Service, Rate SGS-10 Solar Block Energy Rate for Large General Service, Rate LGS	 $0.087445 per kWh $0.085495 per kWh $0.077991 per kWh	January 1, 2011 through December 31, 2013	72034
Rider R-5 – Electric Service Solar Rider (Bright Arizona Community Solar™) Solar Block Energy Rate for Residential Electric Service, Rate R-01 Solar Block Energy Rate for General Service, Rate SGS-10 Solar Block Energy Rate for Large General Service, Rate LGS	 $0.084510 per kWh $0.078241 per kWh $0.076603 per kWh	January 1, 2014 Through pending	74235
Rider R-5 – Electric Service Solar Rider (Bright Arizona Community Solar™) Solar Block Energy Rate for Residential Electric Service, Rate R-01 Solar Block Energy Rate for General Service, Rate SGS-10 Solar Block Energy Rate for Large General Service, Rate LGS	 $0.069260 per kWh $0.068610 per kWh $0.068440 per kWh	Pending	Pending
Rider R-6 – Renewable Energy Standard and Tariff Surcharge REST-TS1 Renewable Energy Program Expense Recovery <u>Monthly Cap</u> For Residential Customers: For Commercial Customers: For Industrial Customers: For Lighting (PSHL):	$0.01000 per kWh <u>Monthly Cap</u> $3.40 per month $90.00 per month $10,000 per month $90.00 per month	January 1, 2015	74877

Filed By: Kentton C. Grant
Title: Vice President
District: Entire Electric Service Area

Rate: Statement of Charges
Effective: Pending
Decision No.: Pending

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 801-2

Superseding :

UNS ELECTRIC STATEMENT OF CHARGES

Description	Rate	Effective Date	Decision No.
Rider R-6 – Renewable Energy Standard and Tariff Surcharge REST-TS1 Renewable Energy Program Expense Recovery Per Decision No. 73638, customers receiving incentives on or after January 1, 2012 shall pay the average of the REST surcharge paid by members of their customer class. Customer with renewable installations without incentives that is interconnected with UNSE's system on or after February 1, 2013 shall pay the average of the REST surcharge paid by members of their customer class. The average price by class shall be the following: Monthly Cap For Residential Customers: For Commercial Customers: For Industrial Customers: For Lighting (PSHL):	Monthly Cap $3.00 per month $19.50 per month $9,763 per month $1.30 per month	January 1, 2015	74877
Rider R-8 Lost Fixed Cost Recovery (LFCR) Mechanism – Energy Efficiency Lost Fixed Cost Recovery (LFCR) Mechanism – Distributed Generation	pending	pending	pending
Rider R-9 Transmission Cost Adjustor (TCA) – $/kWh charge (Non-Demand) Transmission Cost Adjustor (TCA) – $/kW charge (Demand)	$0.00114 per kWh $0.4329 per kW	June 9, 2014	74235
Rider R-10 Renewable Credit Rate	Pending	Pending	Pending

Filed By: Kentton C. Grant
Title: Vice President
District: Entire Electric Service Area

Rate: Statement of Charges
Effective: Pending
Decision No.: Pending

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 802
Superseding: _____

Bill Estimation Methodologies

UNS Electric, Inc. (UNS Electric) regularly encounters situations in which UNS Electric cannot obtain a complete and valid meter read. No matter the cause of the need to estimate the read, the following methods are used depending on the circumstances.

PREVIOUS YEAR FORMULA

SAME CUSTOMER WITH AT LEAST ONE YEAR OF HISTORY

UNS Electric would generate a bill based on Customer usage from the previous year using the "PREVIOUS YEAR" formula as follows:

LAST YEAR'S USAGE FOR SAME MONTH / NUMBER OF DAYS IN BILLING PERIOD = PER DAY USAGE
(FOR "TIME OF USE" (TOU) THIS WOULD BE APPLIED TO EACH PERIOD)

PER DAY USAGE X NUMBER OF DAYS IN THIS MONTH'S CYCLE = ESTIMATED USAGE
(FOR TOU THIS WOULD BE APPLIED TO EACH PERIOD)

PREVIOUS MONTH FORMULA

SAME CUSTOMER AT SAME PREMISE WITH LESS THAN ONE YEAR OF HISTORY

UNS Electric would generate a bill based on Customer usage from the previous month using the "PREVIOUS MONTH" formula as follows:

LAST MONTHS USAGE / NUMBER OF DAYS IN BILLING PERIOD = PER DAY USAGE
(FOR TOU THIS WOULD BE APPLIED TO EACH PERIOD)

PER DAY USAGE x NUMBER OF DAYS IN THIS MONTH'S CYCLE = ESTIMATED USAGE
(FOR TOU THIS WOULD BE APPLIED TO EACH PERIOD)

TREND FORMULA

NEW CUSTOMER AT SAME PREMISE

UNS Electric would generate a bill using the "TREND" formula, based on Customer's usage trend as described below:

UNS Electric's customer information system (CIS) would generate a bill based on trend. Customers are assigned to a Trend area which differentiate consumption based on different geographic areas. Secondly, the Customer is assigned to a Trend class which is used to differentiate consumption trends based on the type of service and type of property. An example of this would be residential, commercial, and industrial usage. Thirdly, all consumption is identified using unit of measure code and a time of use code. Within UNS Electric's CIS, a trend record is created from each billed service. This record becomes part of a trend table. During estimation, consumption from three prior bill cycles is compared to the consumption from the same cycle in the previous month to determine a trend. This trend, plus a tolerance, is used to create a usage amount for bill estimation.

CUSTOMER'S USAGE IN PREVIOUS PERIOD/ AVERAGE CUSTOMER'S USAGE IN PREVIOUS PERIOD X AVERAGE CUSTOMER'S USAGE IN CURRENT PERIOD = ESTIMATED CONSUMPTION FOR REGISTER READ

NO HISTORY

UNS Electric would not generate a bill until a good meter read was acquired then use known consumption to estimate previous bills.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 802-1
Superseding: _____

Demand Estimate

For accounts that have a demand billing component UNS Electric collects interval data. This interval data is used to manually estimate demands using the following methodologies:

SAME CUSTOMER AT SAME PREMISE WITH AT LEAST ONE YEAR OF HISTORY

UNS Electric would generate a bill based on Customer usage from the previous year using the following formula:

LAST YEAR'S DEMAND FOR SAME MONTH = ESTIMATED DEMAND

NEW CUSTOMER AT SAME PREMISE WITH AT LEAST ONE YEAR OF HISTORY

UNS Electric would generate a bill based on Customer usage from the previous month using the following formula:

LAST MONTHS DEMAND = ESTIMATED DEMAND

SAME CUSTOMER AT SAME PREMISE WITH LESS THAN ONE YEAR OF HISTORY

UNS Electric would generate a bill based on Customer usage from the previous month using the following formula:

LAST MONTHS DEMAND = ESTIMATED DEMAND

NEW CUSTOMER AT SAME PREMISE WITH LESS THAN ONE YEAR OF HISTORY

UNS Electric would generate a bill based on Customer usage from the previous month using the following formula:

LAST MONTHS DEMAND = ESTIMATED DEMAND

NO HISTORY

UNS Electric would not generate a bill until a good demand read was acquired then use known demand to estimate previous bills.

UNS Electric, Inc.

Original Sheet No.: 803
Superseding:

GUIDELINES FOR ELECTRIC LOAD CURTAILMENT

INTRODUCTION

While UNS Electric, Inc. (UNS Electric) strives to provide an uninterrupted supply of electricity, conditions could exist on UNS Electric's electric power system where:

- The power supply would be insufficient to meet the electric load demands during peak period. This condition will be classified as a "Bulk Power Supply Emergency".
- The transmission delivery would be insufficient to meet electric load demands. This will be considered a "Transmission Emergency".

Should a "Bulk Power Supply Emergency" or a "Transmission Emergency" seem imminent the following steps will be implemented as appropriate.

1. Evaluate alternative power supplies or Company owned generation.
2. Call on Interruptible Customers to interrupt load.
3. Reschedule any scheduled maintenance of the transmission system.
4. Reduce all non-essential Company uses such as office lighting, electric cooling and heating, etc.
5. Contact Western Area Power Administration for possible assistance.
6. Contact Nevada Energy and Aha Macav Power Service for possible emergency assistance.
7. Reduce distribution feeder voltage up to 5%, where possible.

Should additional remedial action be warranted, UNS Electric will make a public appeal via local radio stations and television for the voluntary curtailment of electric consumption by its customers.

Should voluntary curtailment result in insufficient load reduction to mitigate the emergency, the Arizona Corporation Commission (ACC) has directed UNS Electric to institute mandatory involuntary curtailment, pursuant to ACC Decision No. 42097 and Arizona Administrative Code R14-2-208, Provision of Service, Paragraph E.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 803-1
Superseding: _____

CUSTOMER LOAD DEFINITIONS

Essential Loads: Loads that are necessary to the health, safety and welfare of the public or some portion or member thereof, such as police, fire service, national defense, sewage facilities, domestic water facilities, hospitals, essential medical devices (such as iron lungs, oxygen pumps or similar uses) and where uninterrupted electric service is essential to the providing of such essential uses or services. These loads will not be interrupted unless an area needs to be dropped to maintain the stability of the electric system, or adequate on-site generation is available to cover the Essential load.

Critical Loads: That portion of the electric load of those non-residential customers which in the event of interruption of service would cause excessive damage to the equipment or material in process or perishable items or where such interruption would create grave hazards to the employee's or the public. These areas will not be interrupted unless an area needs to be dropped to maintain the stability of the electric system, or adequate on–site generation is available to cover the Critical load level.

Others: All customers not meeting the above definitions will be interrupted, with or without, notice if voluntary curtailment measures are not sufficient to alleviate the problem.

LOAD CURTAILMENT NOTIFICATION

UNS Electric's load is served primarily by Tucson Electric Power Company (TEP) under a Power Services Agreement. Energy from TEP resources is delivered to UNS Electric's load areas in Mohave and Santa Cruz Counties through the bulk power transmission system of the Western Area Power Administration (WAPA). UNS Electric's load is in the control area of TEP for Power Supply purposes and in WAPA's control area for Transmission purposes. Either control area could initiate a call for load curtailment due to a system or regional power supply or transmission emergency. Local Transmission Emergencies could occur, affecting portions of UNS Electric's service area only.

Should either voluntary or involuntary load curtailment become necessary:

1. UNS Electric's Mohave Dispatch Center will be notified of a regional curtailment emergency by either TEP's Energy Control Center or the WAPA's Transmission Dispatch Desk.

2. UNS Electric's Mohave Dispatch Center will notify Mohave Management of the nature and type of curtailment emergency.

3. Mohave Management will notify Company Management, District Operations Management and the ACC of the nature of the curtailment.

4. District Customer Service Personnel will, if time permits:

   - Notify Interruptible Customer to drop load;
   - Notify key customers of the nature of the curtailment and request voluntary load; reductions or activation of on-site generation (if any);
   - Call local radio stations to request public announcements;
   - Notify County Emergency Management, and;
   - Notify City and County Police and Fire Departments.

5. District Operations Personnel will notify supervisory and assigned staff to report to their respective duty stations.

VOLUNTARY LOAD CURTAILMENT

If conditions allow for advanced notification, UNS Electric shall evaluate activating its own generation and will ask the public for a voluntary curtailment. In addition, all Interruptible Customers and Large Load Customers will be called by pre-assigned individuals to request load interruption as provided for under the Tariff or voluntary load reduction where no tariff exists.

INVOLUNTARY LOAD CURTAILMENT

Should the voluntary curtailment result in an insufficient reduction in load, Division Operations Management will determine the amount of additional load to curtail. Blackout periods are to be approximately 30 to 60 minutes in duration.

After proper notification Division Operations Management will utilize the capabilities of the System Control and Data Acquisition System ("SCADA") and manual operation to shed load throughout the District operations areas (Kingman, Lake Havasu City and Santa Cruz) based on circuit classification, unless the emergency is of a local nature. Individual Distribution Circuits will be classified for curtailment, according to the type of customers served on that feeder, as defined in the Guide to Circuit Loading for each District.

DISTRIBUTION CIRCUIT CLASSIFICATIONS

Essential: Circuits that serve essential customers will be so identified and will not be interrupted, unless an area must be dropped to maintain electric system stability.

Critical: Circuits that serve critical customers will be so identified and will not be interrupted, unless an area must be dropped to maintain electric system stability. Critical Customers will be notified and required to curtail the non-critical portions of their load. If a customer with a critical load refuses or fails to curtail their electric consumption down to the critical load, the customer shall not be considered to have a critical load and can be curtailed 100%.

Large Load Customers:

1. Circuits that serve Large Load Customers will be so identified and will not be interrupted until proper notice is given, unless an area must be dropped to maintain electric system stability.

2. Customers, who can take 100 percent curtailment if given sufficient notice, will be rotated on the same schedule as the "Others" circuits until the emergency is terminated by UNS Electric.

3. Customers served by circuits that cannot be rotated* will be notified. They will be required to reduce their load to their pre-determined level, in a rotating order and with a frequency or repetition necessary to meet the emergency situation.

Others:

Circuits that serve all remaining customers will be so identified and rotated without notice. Rotation of these circuits will be for a duration and frequency necessary to meet the emergency situation.

Customers on a non-rotating circuit* who normally could be rotated, will be required to curtail load. If these customers do not curtail to the extent needed, UNS Electric may discontinue or disconnect service and refuse to re-establish service until after the emergency condition is terminated.

***Non-Rotating Circuits are so classified based on the specific nature of the electric distribution system or due to having critical or essential customers served by that feeder.**

EMERGENCY INVOLUNTARY CURTAILMENT

In the event a major electrical disturbance threatens the interconnected Southwest system with blackout conditions or/and unexpected shortages of power that do not allow for the implementation of the Electric Curtailment Plan, emergency devices such as under-frequency/under-voltage load shedding relays will automatically shed load to maintain system stability, and the Company will resort to emergency operating procedures. These circuits will remain out of service until the Company can move from the emergency procedure to the Electric Load Curtailment Plan or the emergency is resolved.

INVOLUNTARY CURTAILMENT BY TRANSMISSION PROVIDER

UNS Electric purchases transmission service from the WAPA to deliver its power supply requirements. WAPA's Transmission Dispatch Desk would notify the UNS Electric Arizona Dispatch Center of situations on the bulk transmission system requiring load curtailment in the Company's service area.

ELECTRIC LOAD AND CURTAILMENT PLAN

A detailed electric load and curtailment plan will be kept on file with the ACC. This plan will contain specific procedures for implementation of the above, along with the name(s) and telephone number(s) of the appropriate Company personnel to contact in the event implementation of the plan becomes necessary. Updates to the plan will be filed annually or when they occur. Its amendments will become effective upon submission to the ACC.

The Company will contact the Director of the Utilities Division, or their designee, as soon as practical for any curtailment pursuant to this Tariff.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 804
Superseding: _____

Rates for Power and Energy Transactions With Qualifying Facilities That Receive Full Requirements 100 kW or Less (QF-A)

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises. For all Qualifying Facilities (QF) that have entered into a Service Agreement with the Company.

APPLICABILITY

To all QFs with 100 kW or less operating in the Buy/Sell Mode for full requirements, supplemental power, stand-by power, and maintenance power service. To take service under QF-A, the customer must take service under a standard offer rate option with a demand charge.

CHARACTER OF SERVICE

Electric sales to the Company must be single or three phase, 60 Hertz, at a standard voltage subject to availability at the premises. The QF will have the option to sell energy to the Company at a voltage level different from that for purchases from the Company, however, the QF will be responsible for all costs incurred to accommodate such an arrangement.

DEFINITIONS

1. Qualifying Facilities - Cogeneration and small power production facilities where the facility's generator(s) and load are located at the same premise and that otherwise meet qualifying criteria for size, fuel use, efficiency and ownership as promulgated in 18 C.F.R., Chapter I, Part 292, Subpart B of Federal Energy Regulatory Commission regulations.

2. Buy/Sell Mode of Operation - The QF's total generation output is delivered to the Company and the QF's full requirements for service are provided by the Company or no electric requirements are required by the QF.

3. Full Requirements Service - Any instance whereby the Company provides all the electric requirements of a QF.

4. Energy - Electric energy which is supplied by the QF.

5. Firm Capacity - Capacity available, upon demand, at all times (except for forced outages and scheduled maintenance) during the period covered by the Agreement from the QF with an availability factor of at least 80%, as defined by the North American Electric Reliability Council.

6. Net Energy - The total kilowatt hours (kWh) sold to the QF by the company less the total kWhs purchased by the Company from the QF.

7. Supplemental Power - Electric capacity and energy supplied by the Company regularly used by the QF in addition to that which the facility generates itself.

8. Stand-by Power - Electric capacity and energy supplied by the Company to replace energy ordinarily generated by a facility's own generation equipment during an unscheduled outage of the facility.

9. Maintenance Power - Electric capacity and energy supplied by the Company during scheduled outages of the QF.

10. Purchase Agreement - Agreements for the purchase of electric energy and capacity from and the sale of power to the QF entered into between the Company and QF.

Net Bill method:
The kWhs sold to the Company shall be subtracted from the kWhs purchased from the Company. If the calculation is positive, the Net Energy kWhs received from the Company will be priced at the applicable Electric Rate under which the QF would otherwise purchase its full requirements service. If the calculation is negative, the Net Energy kWhs delivered to the Company will be priced at the purchase rate shown below.

RATES FOR SALES TO QFs
The rates and billings for sales of energy and capacity to the QF shall be billed pursuant to the Customer's standard offer tariff otherwise applicable under full requirements service.

RATES FOR PURCHASES FROM QFs
Basic Service charges shall be billed pursuant to the Customer's standard offer tariff otherwise applicable under full requirements of service.

Rates for Energy purchased from the QF shall be priced at short-run avoided cost.

Rates for Firm Capacity purchased from the QF shall be priced at avoided cost based upon deferral of capacity additions indicated in Company's resource plan.

ADJUSTMENTS
Purchased Power Fuel Adjuster Clause (PPFAC) is a percent monthly adjustment in accordance with the PPFAC Rider No. 1. The PPFAC reflects increases or decreases in the cost to the Company of energy either generated or purchased above or below the base cost per kWh sold. See Rider-1 for current rate.

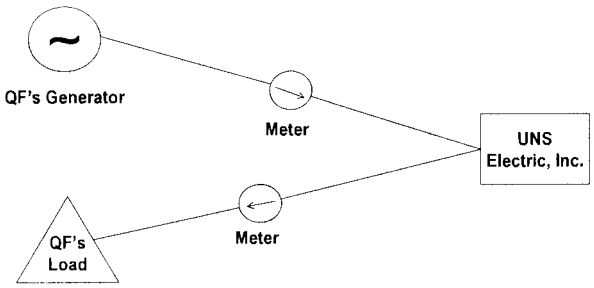
CONTRACT PERIOD
As provided for in the Service Agreement.

TERMS AND CONDITIONS
Subject to:

The Service Agreement, and

A delayed payment charge as stated in the general rules and regulations will be applied to account balances carried forward from prior billings.

METER CONFIGURATION



UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission (ACC) see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rate.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 805
Superseding: _____

Rates for Power and Energy Transactions With Qualifying Facilities That Receive Partial Requirements 100 kW or Less (QF-B)

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises. For all Qualifying Facilities (QF) that have entered into a Service Agreement with the Company.

APPLICABILITY

To all QFs with 100 kW or less operating in the Partial Requirements Mode for partial requirements, supplemental power, stand-by power, and maintenance power service. To take service under QF-B, the customer must take service under a standard offer rate option with a demand charge.

CHARACTER OF SERVICE

Electric sales to the Company must be single or three phase, 60 Hertz, at a standard voltage subject to availability at the premises. The QF will have the option to sell energy to the Company at a voltage level different from that for purchases from the Company, however, the QF will be responsible for all costs incurred to accommodate such an arrangement.

DEFINITIONS

1. Qualifying Facilities - Cogeneration and small power production facilities where the facility's generator(s) and load are located at the same premise and that otherwise meet qualifying criteria for size, fuel use, efficiency and ownership as promulgated in 18 C.F.R., Chapter I, Part 292, Subpart B of Federal Energy Regulatory Commission regulations.

2. Partial Requirements Mode of Operation - A QF's generation output first goes to supply its own electric requirements with any excess energy (over and above its own requirements) then being sold to the Company. The Company supplies the QF's electric requirements not met by the QF's own-generation facilities. This also may be referred to as the "parallel mode" of operation.

3. Energy - Electric energy which is supplied by the QF

4. Firm Capacity - Capacity available, upon demand, at all times (except for forced outages and scheduled maintenance) during the period covered by the Agreement from the QF with an availability factor of at least 80%, as defined by the North American Electric Reliability Council.

5. Net Energy - The total kilowatt hours (kWh) sold to the QF by the company less the total kWhs purchased by the Company from the QF.

6. Supplemental Power - Electric capacity and energy supplied by the Company regularly used by the QF in addition to that which the facility generates itself.

7. Stand-by Power - Electric capacity and energy supplied by the Company to replace energy ordinarily generated by a facility's own generation equipment during an unscheduled outage of the facility.

8. Maintenance Power - Electric capacity and energy supplied by the Company during scheduled outages of the QF.

9. Purchase Agreement - Agreements for the purchase of electric energy and capacity from and the sale of power to the QF entered into between the Company and QF.

RATES FOR SALES TO QFs
The rates and billings for sales of energy and capacity to the QF shall be billed pursuant to the Customer's standard offer tariff otherwise applicable under full requirements service.

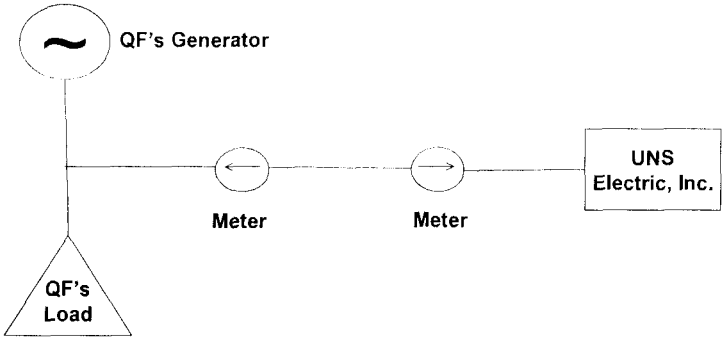
RATES FOR PURCHASES FROM QFs
Basic Service charges shall be billed pursuant to the Customer's standard offer tariff otherwise applicable under full requirements of service.

Rates for Energy purchased from the QF shall be priced at short-run avoided cost.

Rates for Firm Capacity purchased from the QF shall be priced at avoided cost based upon deferral of capacity additions indicated in Company's resource plan.

ADJUSTMENTS
Purchased Power Fuel Adjuster Clause (PPFAC) is a percent monthly adjustment in accordance with the PPFAC Rider No. 1. The PPFAC reflects any increases or decreases in the cost to the Company of energy either generated or purchased above or below the base cost per kWh sold. See Rider-1 for current rate.

METER CONFIGURATION



CONTRACT PERIOD
As provided for in the Service Agreement.

TERMS AND CONDITIONS
Subject to:

The Service Agreement, and

A delayed payment charge as stated in the general rules and regulations will be applied to account balances carried forward from prior billings.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 805-2
Superseding: _____

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission (ACC) see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rate.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 806
Superseding: _____

Rates for Power and Energy Transactions With Qualifying Facilities That Receive Optional Service Over 100 kW (QF-C)

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises. For all Qualifying Facilities (QF) that have entered into a Service Agreement with the Company.

APPLICABILITY

To all QFs with over 100 kW operating in the Partial Requirements Mode for partial requirements, supplemental power, stand-by power, and maintenance power service.

CHARACTER OF SERVICE

Electric sales to the Company must be single or three phase, 60 Hertz, at a standard voltage subject to availability at the premises. The QF will have the option to sell energy to the Company at a voltage level different from that for purchases from the Company, however, the QF will be responsible for all costs incurred to accommodate such an arrangement.

DEFINITIONS

1. Qualifying Facilities - Cogeneration and small power production facilities where the facility's generator(s) and load are located at the same premise and that otherwise meet qualifying criteria for size, fuel use, efficiency and ownership as promulgated in 18 C.F.R., Chapter I, Part 292, Subpart B of Federal Energy Regulatory Commission regulations.

2. Partial Requirements Mode of Operation - A QF's generation output first goes to supply its own electric requirements with any excess energy (over and above its own requirements) then being sold to the Company. The Company supplies the QF's electric requirements not met by the QF's own-generating facilities. This also may be referred to as the "parallel mode" of operation.

3. Energy - Electric energy which is supplied by the QF.

4. Firm Capacity - Capacity available, upon demand, at all times (except for forced outages and scheduled maintenance) during the period covered by the Agreement from the QF with an availability factor of at least 80%, as defined by the North American Electric Reliability Council.

5. Net Energy - The total kilowatt hours (kWh) sold to the QF by the company less the total kWhs purchased by the Company from the QF.

6. Supplemental Power - Electric capacity and energy supplied by the Company regularly used by the QF in addition to that which the facility generates itself.

7. Stand-by Power - Electric capacity and energy supplied by the Company to replace energy ordinarily generated by a facility's own generation equipment during an unscheduled outage of the facility.

8. Maintenance Power - Electric capacity and energy supplied by the Company during scheduled outages of the QF.

9. Purchase Agreement - Agreements for the purchase of electric energy and capacity from and the sale of power to the QF entered into between the Company and QF.

RATES FOR SALES TO QFs

Supplemental Service:

A. Service Charge - The service charge shall be the basic service charge using the otherwise applicable retail Rate.

B. Energy Charge - The energy charge shall be the energy charge using the otherwise applicable retail Rate.

C. Demand Charge - The demand charge shall be the demand charge using the otherwise applicable retail Rate and it shall apply only to supplemental power and not to total requirements.

Standby Service:

A. Service Charge - The service charge shall be the basic service charge using the otherwise applicable retail Rate.

B. Energy Charge - The energy charge is $0.0538 per kWh per month.

C. Demand Charge - The demand charge shall be the product of $25.92 per kW per month and the probability (*) that the QF has an unscheduled outage at the time of the company's peak.

(*) This value is initially set at ten percent (10%) for the first year and reset annually based upon actual experience with the QF.

Maintenance Service:

A. Service Charge - The service charge shall be the basic service charge using the otherwise applicable retail Rate.

B. Energy Charge - The energy charge is $0.0538 per kWh per month.

C. Maintenance Service - Must be scheduled with the Company and may only be scheduled during the period October through April.

Only one service charge will be applied for each billing period.

RATES FOR PURCHASES FROM QFs

Basic Service charges shall be billed pursuant to the Customer's standard offer tariff otherwise applicable under full requirements of service.

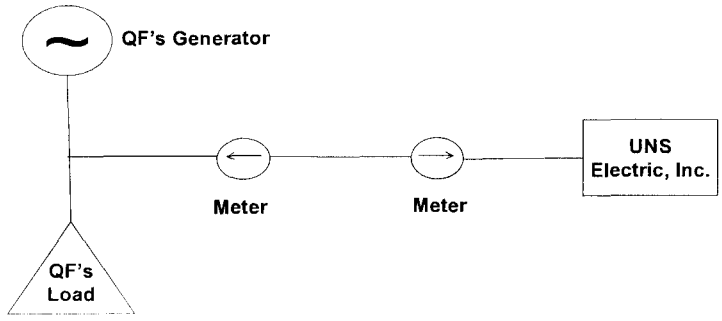
Rates for Firm Capacity purchased from the QF shall be priced at long-run avoided cost based upon deferral of capacity additions indicated in Company's resource plan.

Rates for capacity associated with Firm Capacity shall be as provided for in the Service Agreement.

ADJUSTMENTS

Purchased Power Fuel Adjuster Clause (PPFAC)is a percent monthly adjustment in accordance with the PPFAC Rider No. 1. The PPFAC reflects any increases or decreases in the cost to the Company of energy either generated or purchased above or below the base cost per kWh sold. See Rider-1 for current rate.

METER CONFIGURATION



CONTRACT PERIOD
As provided for in the Service Agreement.

TERMS AND CONDITIONS
Subject to:

The Service Agreement, and

Shall be interconnected with and can operate in parallel and in phase with the Company's existing distribution system. The Interconnection must comply with the Company's interconnection requirements, and

Shall take service as a Primary Service and Metering Customer (the Company shall not provide voltage transformation on the customer's premise).

A delayed payment charge as stated in the general rules and regulations will be applied to account balances carried forward from prior billings.

UNS ELECTRIC STATEMENT OF CHARGES
For all additional charges and assessments approved by the Arizona Corporation Commission (ACC) see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS
The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rate.

Exhibit CAJ-4

UniSource Energy SERVICES

UNS Electric, Inc.

~~1st Substitute~~ Original Sheet No.: 101

Superseding: ~~Original Sheet No. 101~~

Residential Service (RES-01)

AVAILABILITY

Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all single-phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter.

Not applicable to resale, breakdown, temporary, standby, auxiliary service, or service to ~~individual motors exceeding 40 amperes at a rating of 230 volts or which will~~electrical equipment that causes excessive voltage fluctuations.

CHARACTER OF SERVICE

The service shall be single-phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery.

RATE

A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF ~~CUSTOMER~~BASIC SERVICE AND ENERGY CHARGES

~~Customer Charges:~~
Standard
~~Customer~~Basic Service Charge ~~and minimum bill~~ $~~1~~20.00 per month

~~Lost Fixed Cost Recovery (LFCR) Fixed Charge Option~~
~~CustomerBasic Service Charge with usage less than 2,000 kWh $12.50 per month~~
~~CustomerBasic Service Charge with usage of 2,000 kWh or more $16.50 per month~~

Energy Charges (per kWh):

	Delivery Services-Energy[1]	Power Supply Charges[2]		Total[3]
		Base Power	PPFAC[2]	
0 - 400 kWh	$0.030810~~019300~~	$0.049260~~064510~~	Varies	$0.080070~~083810~~
~~401 – 1,000~~Over 400 kWh	$0.050810~~034350~~	$0.049260~~064510~~	Varies	$0.100070~~098860~~
~~Over 1,000 kwh~~	~~$0.038499~~	~~$0.064510~~	~~Varies~~	~~$0.103009~~

1. Delivery Services-Energy is a bundled charge that includes: Local Delivery, Generation Capacity and Transmission.
2. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent ~~kWh~~ adjustment in accordance with ~~Rate~~ Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel~~per kWh sold~~. Please see Rider-1 for current rate.

3. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

MONTHLY CUSTOMER ASSISTANCE RESIDENTIAL ENERGY SUPPORT (CARES) DISCOUNT:
This discount is only available to new and eligible CARES Customers whose monthly bill shall be in accordance to the rate above except that a discount of $10.00 per month shall be applied. No CARES discount will be applied that will reduce the bill to less than zero.

CARES ELIGIBILITY

1. The UNS Electric account must be in the Customer's name applying for a CARES discount.
2. Applicant must be a UNS Electric residential Customer residing at the premise.
3. Applicant must have a combined household income at or below 150% of the federal poverty level. See Income Guidelines Chart on UNS Electric's website at www.uesaz.com or contact a UNS Electric customer care representative.

~~LOST FIXED COST RECOVERY (LFCR) – RIDER 8~~

~~For those Customers who choose not to participate in the percentage based recovery of lost revenues associated with energy efficiency and distributed generation, a higher monthly Customer~~Basic Service ~~Charge will apply and the percentage based LFCR will not be included on the bill. All other Customers will pay the Standard monthly Customer~~Basic Service ~~Charge and the percentage based LFCR. Customers can choose the fixed charge option one (1) time per calendar year. Once the Customer chooses to contribute to the LFCR through a fixed charge they must pay the higher monthly Customer~~Basic Service ~~Charge for a complete~~contiguous ~~twelve (12) month period. During the first twelve (12) months subsequent to the effective date of the LFCR, the Customer may choose to change back to the percentage based option without being on the fixed option for a full twelve (12) months. After one full year of the LFCR in effect, a Customer must remain on an option for a full twelve (12) months.~~

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

~~Customer~~Basic Service Charge Components (Unbundled):

~~Standard~~	
Description	
Meter Services	$ 1.38~~1.83~~ per month
Meter Reading	$ 0.89~~2.08~~ per month
Billing & Collection	$ 6.01~~4.92~~ per month
Customer Delivery	$ ~~-~~11.72~~1.17~~ per month
Total	$ 20.00~~10.00~~ per month

~~Lost Fixed Cost Recovery (LFCR) Fixed Charge Option - usage less than 2,000 kWh~~	
~~Description~~	
~~Meter Services~~	~~$ 1.83 per month~~
~~Meter Reading~~	~~$ 2.08 per month~~
~~Billing & Collection~~	~~$ 4.92 per month~~
~~Customer Delivery~~	~~$ 1.17 per month~~
~~LFCR~~	~~$ 2.50 per month~~
~~Total~~	~~$12.50 per month~~

~~Lost Fixed Cost Recovery (LFCR) Fixed Charge Option - usage of 2,000 kWh or more~~	
~~Description~~	
~~Meter Services~~	~~$ 1.83 per month~~
~~Meter Reading~~	~~$ 2.08 per month~~
~~Billing & Collection~~	~~$ 4.92 per month~~
~~Customer Delivery~~	~~$ 1.17 per month~~
~~LFCR~~	~~$ 6.50 per month~~
~~Total~~	~~$16.50 per month~~

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	~~Rate~~
0 – 400 kWh	$0.009160005271
~~401 – 1,000~~Over 400 kWh	$0.029160020321
~~Over 1,000 kWh~~	~~$0.024470~~
Generation Capacity	$0.010980008325
Transmission	$0.010670005704

Power Supply Charges ~~(per kWh)~~:

Component	~~Rate~~
Base Power Supply (per kWh)	$0.049260064510
PPFAC (%) (see Rider-1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 102
Superseding: _____

Residential Service Time-of-Use (RES-01 TOU)

AVAILABILITY
Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY
To all single-phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter.

Not applicable to resale, breakdown, temporary, standby, auxiliary service, or service to ~~individual motors exceeding 40 amperes at a rating of 230 volts or which will~~electrical equipment that causes excessive voltage fluctuations.

Customers must stay on this rate for a minimum period of one (1) year, unless the Customer is disqualified by one of the other Applicability conditions.

Service under this rate will commence when the appropriate meter has been installed.

CHARACTER OF SERVICE
The service shall be single-phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery.

RATE
A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF ~~CUSTOMER~~BASIC SERVICE AND ENERGY CHARGES

~~Customer Charges:~~ ~~Standard~~ ~~Customer~~Basic Service Charge ~~and minimum bill~~	~~$11.50~~20.00 per month
~~Lost Fixed Cost Recovery (LFCR) Fixed Charge Option~~	
~~Customer~~Basic Service ~~Charge with usage less than 2,000 kWh~~	~~$14.00 per month~~
~~Customer~~Basic Service ~~Charge with usage of 2,000 kWh or more~~	~~$18.00 per month~~

Energy Charges (per kWh):

Summer (May – October)	Delivery Services-Energy[1]	Power Supply Charges[2]		Total[3]
		Base Power	PPFAC[2]	
0 – 400 kWh				
On-Peak	$0.030810	$0.101110	Varies	$0.131920
Off-Peak	$0.030810	$0.033900	Varies	$0.064710
Over 400 kWh				
On-Peak	$0.050810	$0.101110	Varies	$0.151920
Off-Peak	$0.050810	$0.033900	Varies	$0.084710

Winter (November – April)	Delivery Services-Energy[1]	Power Supply Charges[2]		Total[3]
		Base Power	PPFAC[2]	
0 – 400 kWh				
On-Peak	$0.030810	$0.098960	Varies	$0.129770
Off-Peak	$0.030810	$0.033579	Varies	$0.064389
Over 400 kWh				
On-Peak	$0.050810	$0.098960	Varies	$0.149770
Off-Peak	$0.050810	$0.033579	Varies	$0.084389

1. Delivery Services-Energy is a bundled charge that includes: Local Delivery, Generation Capacity and Transmission.
2. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent ~~kWh~~ adjustment in accordance with ~~Rate~~ Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel ~~per kWh sold~~. Please see Rider-1 for current rate.
3. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

Calculation of Tiered (Block) Usage by TOU Period:

Step 1: Calculate percent usage by TOU period.

Step 2: Calculate the kWh usage by tier (block).

Step 3: Multiply percent usage by TOU period by kWh usage by tier to obtain tiered usage by TOU period.

Example: A Customer using 2,000 kWh in a month, with 20% on-peak usage and 80% off-peak usage will have 80 kWh in on-peak first tier and 320 kWh in on-peak second tier, and will have 320 kWh in off-peak first tier and 1280 kWh in off-peak second tier.

kWh	On-Peak	Off-Peak	Total
0 – 400 kWh	80	320	400
Over 400 kWh	320	1,280	1,600
Total	400	1,600	2,000

TIME-OF-USE TIME PERIODS

The Summer On-Peak period is 2:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The Winter On-Peak periods are 5:00 a.m. - 9:00 a.m. and 5:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

~~LOST FIXED COST RECOVERY (LFCR) – RIDER 8~~

~~For those Customers who choose not to participate in the percentage based recovery of lost revenues associated with energy efficiency and distributed generation, a higher monthly Customer~~ Charge will apply and the percentage based LFCR will not be included on the bill. All other Customers will pay the Standard monthly Customer Charge and the percentage based LFCR. ~~Customers can choose the fixed charge option one (1) time per calendar year. Once the Customer chooses to contribute to the LFCR through a fixed charge they must pay the higher monthly Customer Charge for a complete twelve (12) month period. During the first twelve (12) months subsequent to the effective date of the LFCR, the Customer may choose to change back to the percentage based option without being on the fixed option for a full twelve (12) months. After one full year of the LFCR in effect, a Customer must remain on an option for a full twelve (12) months.~~

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

~~Customer~~Basic Service Charge Components (Unbundled):

~~Standard~~	
Description	
Meter Services	$ 1.382.~~11~~ per month
Meter Reading	$ 0.892.~~39~~ per month
Billing & Collection	$ 6.015.~~66~~ per month
Customer Delivery	$ 11.721.~~34~~ per month
Total	$20.0011.~~50~~ per month

~~Lost Fixed Cost Recovery (LFCR) Fixed Charge Option - usage less than 2,000 kWh~~	
~~Description~~	
~~Meter Services~~	~~$ 2.11 per month~~
~~Meter Reading~~	~~$ 2.39 per month~~

~~Billing & Collection~~	~~$ 5.66 per month~~
~~Customer Delivery~~	~~$ 1.34 per month~~
~~LFCR~~	~~$ 2.50 per month~~
~~Total~~	~~$14.00 per month~~

~~Lost Fixed Cost Recovery (LFCR) Fixed Charge Option - usage of 2,000 kWh or more~~	
~~Description~~	
~~Meter Services~~	~~$ 2.11 per month~~
~~Meter Reading~~	~~$ 2.39 per month~~
~~Billing & Collection~~	~~$ 5.66 per month~~
~~Customer Delivery~~	~~$ 1.34 per month~~
~~LFCR~~	~~$ 6.50 per month~~
~~Total~~	~~$18.00 per month~~

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 102-4
Superseding: _____

~~Energy Charge Components (per kWh) (Unbundled):~~

~~Summer (May – October)~~	~~On-Peak~~	~~Off-Peak~~
~~Local Delivery~~	~~$0.016321~~	~~$0.016321~~
~~Generation~~	~~$0.008325~~	~~$0.008325~~
~~Transmission~~	~~$0.005704~~	~~$0.005704~~

~~Power Supply Charge (per kWh):~~

~~Summer (May – October)~~	~~On-Peak~~	~~Off-Peak~~
~~Base Power Component~~	~~$0.129605~~	~~$0.039605~~
~~PPFAC~~	~~(See Rider -1 for current rate)~~	

~~Energy Charge Components (per kWh) (Unbundled):~~

~~Winter (November – April)~~	~~On-Peak~~	~~Off-Peak~~
~~Local Delivery~~	~~$0.016321~~	~~$0.016321~~
~~Generation Capacity~~	~~$0.008325~~	~~$0.008325~~
~~Transmission~~	~~$0.005704~~	~~$0.005704~~

~~Power Supply Charge (per kWh):~~

~~Winter (November – April)~~	~~On-Peak~~	~~Off-Peak~~
~~Base Power Component~~	~~$0.129605~~	~~$0.031385~~
~~PPFAC~~	~~(See Rider -1 for current rate)~~	

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	~~Rate~~
0 – 400 kWh	$0.009160
Over 400 kWh	$0.029160
Generation	$0.010980
Transmission	$0.010670

Power Supply Charges ~~(per kWh)~~:

Component	~~Rate~~
Base Power Supply Summer (May – October) On-Peak (per kWh)	$0.101110
Base Power Supply Summer (May – October) Off-Peak (per kWh)	$0.033900
Base Power Supply Winter (November – April) On-Peak (per kWh)	$0.098960
Base Power Supply Winter (November – April) Off-Peak (per kWh)	$0.033579
PPFAC (%) (see Rider-1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 103
Superseding: _____

Customer Assistance Residential Energy Support (CARES-F)

AVAILABILITY

~~Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.~~ New Customers, including current Customers who move, are not eligible for service under this rate.

APPLICABILITY

To all single-phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter.

Not applicable to resale, breakdown, temporary, standby, auxiliary service, or service to ~~individual motors exceeding 40 amperes at a rating of 230 volts or which will~~electrical equipment that causes excessive voltage fluctuations.

ELIGIBILITY

1. The UNS Electric account must be in the Customer's name applying for a CARES discount.
2. Applicant must be a UNS Electric residential Customer residing at the premise.
3. Applicant must have a combined household income at or below 150% of the federal poverty level. See Income Guidelines Chart on UNS Electric's website at www.uesaz.com or contact a UNS Electric customer care representative.

CHARACTER OF SERVICE

The service shall be single-phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery.

RATE

A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF ~~CUSTOMER~~BASIC SERVICE AND ENERGY CHARGES

~~Customer Charges:~~
~~Standard~~
~~Customer~~Basic Service Charge ~~and minimum bill~~ ~~$4.90~~9.00 per month

~~Lost Fixed Cost Recovery (LFCR) Fixed Charge Option~~
~~Customer~~Basic Service ~~Charge with usage less than 2,000 kWh $ 7.40 per month~~
~~Customer~~Basic Service ~~Charge with usage of 2,000 kWh or more $11.40 per month~~

Energy Charges (per kWh):

	Delivery Services-Energy[1]	Power Supply Charges[2] Base Power	PPFAC[2]	Total[3]
0 - ~~First~~ 400 kWh	$0.030810~~018973~~	$0.049260~~061700~~	Varies	$0.08007~~080673~~
Over 400~~All~~	$0.050810~~035400~~	$0.049260061700	Varies	$0.10007~~097100~~

Filed By: Kentton C. Grant
Title: Vice President
District: Entire Electric Service Area

Rate: CARES-F
Effective: ~~January 1, 2014~~Pending
Decision No: ~~74235~~Pending

~~Additional~~ kWh				

1. Delivery Services-Energy is a bundled charge that includes: Local Delivery, Generation Capacity and Transmission.
2. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent ~~kWh~~ adjustment in accordance with ~~Rate~~ Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel ~~per kWh sold~~. Please see Rider-1 for current rate.
3. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. – While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

MONTHLY CUSTOMER ASSISTANCE RESIDENTIAL ENERGY SUPPORT (CARES) DISCOUNT

The following monthly discount applies to the rate incorporated herein:

For Bills with Usage of:	Monthly Discount will be applied to the ~~Standard Customer~~Basic Service Charge, Delivery Charges, and Power Supply Charges:
0 – 300 kWh	30%
301 – 600 kWh	20%
601- 1,000 kWh	10%
Over 1,000 kWh	$~~8~~10.00

No CARES discount will be applied that will reduce the bill to less than zero.

~~LOST FIXED COST RECOVERY (LFCR) – RIDER 8~~

~~For those Customers who choose not to participate in the percentage based recovery of lost revenues associated with energy efficiency and distributed generation, a higher monthly Customer Charge will apply and the percentage based LFCR will not be included on the bill. All other Customers will pay the Standard monthly Customer Charge and the percentage based LFCR. Customers can choose the fixed charge option one (1) time per calendar year. Once the Customer chooses to contribute to the LFCR through a fixed charge they must pay the higher monthly Customer Charge for a complete twelve (12) month period. During the first twelve (12) months subsequent to the effective date of the LFCR, the Customer may choose to change back to the percentage based option without being on the fixed option for a full twelve (12) months. After one full year of the LFCR in effect, a Customer must remain on an option for a full twelve (12) months.~~

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 103-2
Superseding: _____

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

~~Customer~~Basic Service Charge Components (Unbundled):

~~Standard~~	
Description	
Meter Services	$0.62~~0.90~~ per month
Meter Reading	$0.40~~1.02~~ per month
Billing & Collection	$2.71~~2.41~~ per month
Customer Delivery	$5.27~~0.57~~ per month
Total	$9.00~~4.90~~ per month

~~Lost Fixed Cost Recovery (LFCR) Fixed Charge Option - usage less than 2,000 kWh~~	
~~Description~~	
~~Meter Services~~	~~$0.90 per month~~
~~Meter Reading~~	~~$1.02 per month~~
~~Billing & Collection~~	~~$2.41 per month~~
~~Customer Delivery~~	~~$0.57 per month~~
~~LFCR~~	~~$2.50 per month~~
~~Total~~	~~$7.40 per month~~

~~Lost Fixed Cost Recovery (LFCR) Fixed Charge Option - usage of 2,000 kWh or more~~	
~~Description~~	
~~Meter Services~~	~~$ 0.90 per month~~
~~Meter Reading~~	~~$ 1.02 per month~~
~~Billing & Collection~~	~~$ 2.41 per month~~
~~Customer Delivery~~	~~$ 0.57 per month~~
~~LFCR~~	~~$ 6.50 per month~~
~~Total~~	~~$11.40 per month~~

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	~~Rate~~
0 - ~~First~~ 400 kWh	$ 0.009160 ~~004255~~
Over 400~~All remaining~~ kWh	$ 0.029160 ~~020682~~
Generation Capacity	$ 0.010980~~008223~~
Transmission	$ 0.010670~~006495~~

Power Supply Charges ~~(per kWh)~~:

Component	~~Rate~~
Base Power Supply (per kWh)	$0.049260~~061700~~
PPFAC (%) (see Rider-1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 104
Superseding: _____

Customer Assistance Residential Energy Support
Low Income Medical Life Support Program (CARES-M-F)

AVAILABILITY

New Customers, including those who move are not eligible for service under this rate.

APPLICABILITY

To all single-phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter.

This CARES Low Income Medical Life Support Program is available to all qualified CARES residential customers who are medically life-support dependent and who meet the eligibility requirements.

Not applicable to resale, breakdown, temporary, standby, auxiliary service, or service to ~~individual motors exceeding 40 amperes at a rating of 230 volts or which will~~electrical equipment that causes excessive voltage fluctuations.

No CARES discount will be applied that will reduce the bill to less than zero.

ELIGIBILITY REQUIREMENTS

To be eligible for the CARES Low Income Medical Life Support Program, a Customer must meet the following requirements:

A. Require the use of medical equipment that is considered essential for sustaining life and is operated at the residence;
B. Submit to UNS Electric a statement signed by the attending physician that verifies that the customer is medically life-support dependent and states the type of essential medical equipment in use at the residence; and
C. Submit to UNS Electric verification by the physician to remain eligible for the program beyond two years.

The following equipment is representative of that which may be qualified as being essential under the program:

- Ventilator
- Oxygen concentrator
- Peritoneal Dialysis Cycler
- Hemo Dialysis Equipment
- Feeding Pump
- Infusion Pump
- Suction Machine
- Small Volume Nebulizer
- ~~Oximeter~~

CHARACTER OF SERVICE

The service shall be single-phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery.

RATE

A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF ~~CUSTOMER~~BASIC SERVICE AND ENERGY CHARGES

~~Customer Charges:~~ ~~Standard~~ ~~Customer~~Basic Service Charge ~~and minimum bill~~	$~~4.90~~9.00 per month

~~Lost Fixed Cost Recovery (LFCR) Fixed Charge Option~~
~~Customer~~Basic ~~Service~~ Charge with usage less than 2,000 kWh ~~$ 7.40 per month~~
~~Customer~~Basic Service Charge with usage of 2,000 kWh or more ~~$11.40 per month~~

Energy Charges (per kWh):

	Delivery Services-Energy[1]	Power Supply Charges[2] Base Power	PPFAC[2]	Total[3]
0 - ~~First~~ 400 kWh	$0.030810~~018973~~	$0.049260~~061700~~	Varies	$0.080070~~080673~~
Over 400~~All Additional~~ kWh	$0.050810~~035400~~	$0.049260~~061700~~	Varies	$0.100070~~097100~~

1. Delivery Services-Energy is a bundled charge that includes: Local Delivery, Generation Capacity and Transmission.
2. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent ~~kWh~~ adjustment in accordance with ~~Rate~~ Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel~~per kWh sold~~. Please see Rider-1 for current rate.
3. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

CARES LOW INCOME MEDICAL LIFE SUPPORT PROGRAM DISCOUNT

The monthly bill for customers eligible under the CARES Low Income Medical Life Support Program shall be computed in accordance to the rates above including the following discount:

For Bills with Usage of:	Monthly Discount will be applied to the ~~Standard Customer~~Basic Service Charge, Delivery Charges, and Power Supply Charges:
0 – 600 kWh	30%
601 – 1,200 kWh	20%
1,201- 2,000 kWh	10%
Over 2,000 kWh	$108.00

~~LOST FIXED COST RECOVERY (LFCR) – RIDER 8~~

~~For those Customers who choose not to participate in the percentage based recovery of lost revenues associated with energy efficiency and distributed generation, a higher monthly Customer Charge will apply and the percentage based LFCR will not be included on the bill. All other Customers will pay the Standard monthly Customer Charge and the percentage based LFCR. Customers can choose the fixed charge option one (1) time per calendar year. Once the Customer chooses to contribute to the LFCR through a fixed charge they must pay the higher monthly Customer Charge for a complete twelve (12) month period. During the first twelve (12) months subsequent to the effective date of the LFCR, the Customer may choose to change back to the percentage based option without being on the fixed option for a full twelve (12) months. After one full year of the LFCR in effect, a Customer must remain on an option for a full twelve (12) months.~~

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 104-2
Superseding: _____

Filed By:	Kentton C. Grant	Rate:	CARES-M-F
Title:	Vice President	Effective:	~~January 1, 2014~~Pending
District:	Entire Electric Service Area	Decision No:	~~74235~~Pending

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

~~Customer~~Basic Service Charge Components (Unbundled):

~~Standard~~	
Description	
Meter Services	$0.62~~0.90~~ per month
Meter Reading	$0.40~~1.02~~ per month
Billing & Collection	$2.71~~2.41~~ per month
Customer Delivery	$5.27~~0.57~~ per month
Total	$9.00~~4.90~~ per month

~~Lost Fixed Cost Recovery (LFCR) Fixed Charge Option - usage less than 2,000 kWh~~	
~~Description~~	
~~Meter Services~~	~~$0.90 per month~~
~~Meter Reading~~	~~$1.02 per month~~
~~Billing & Collection~~	~~$2.41 per month~~
~~Customer Delivery~~	~~$0.57 per month~~
~~LFCR~~	~~$2.50 per month~~
~~Total~~	~~$7.40 per month~~

~~Lost Fixed Cost Recovery (LFCR) Fixed Charge Option - usage of 2,000 kWh or more~~	
~~Description~~	
~~Meter Services~~	~~$ 0.90 per month~~
~~Meter Reading~~	~~$ 1.02 per month~~
~~Billing & Collection~~	~~$ 2.41 per month~~
~~Customer Delivery~~	~~$ 0.57 per month~~
~~LFCR~~	~~$ 6.50 per month~~
~~Total~~	~~$11.40 per month~~

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	~~Rate~~
0 - ~~First~~ 400 kWh	$0.009160~~004255~~
Over 400 ~~All remaining~~ kWh	$0.029160~~020682~~
Generation Capacity	$0.010980~~008223~~
Transmission	$0.010670~~006495~~

Power Supply Charges ~~(per kWh)~~:

Component	~~Rate~~
Base Power Supply (per kWh)	$0.049260~~061700~~
PPFAC (%) (see Rider-1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 105
Superseding: _____

Residential Service Time-of-Use Super Peak (RES-01 TOU SuperPeak)

AVAILABILITY
Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY
To all single-phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter.

Not applicable to resale, breakdown, temporary, standby, auxiliary service, or service to ~~individual motors exceeding 40 amperes at a rating of 230 volts or which will~~electrical equipment that causes excessive voltage fluctuations.

Customers must stay on this rate for a minimum period of one (1) year, unless the Customer is disqualified by one of the other Applicability conditions.

Service under this rate will commence when the appropriate meter has been installed.

CHARACTER OF SERVICE
The service shall be single-phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery.

RATE
A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF ~~CUSTOMER~~BASIC SERVICE AND ENERGY CHARGES

~~Customer Charges:~~
~~Standard~~
~~Customer~~Basic Service Charge ~~and minimum bill~~ ~~$11.50~~20.00 per month

~~Lost Fixed Cost Recovery (LFCR) Fixed Charge Option~~
~~CustomerBasic Service Charge with usage less than 2,000 kWh $14.00 per month~~
~~CustomerBasic Service Charge with usage of 2,000 kWh or more $18.00 per month~~

Energy Charges (per kWh):

Summer (May – October)	Delivery Services-Energy[1]	Power Supply Charges[2]		Total[3]
		Base Power	PPFAC[2]	
0 – 400 kWh				
On-Peak	$0.030810	$0.149700	Varies	$0.180510
Off-Peak	$0.030810	$0.038250	Varies	$0.069060
Over 400 kWh				
On-Peak	$0.050810	$0.149700	Varies	$0.200510
Off-Peak	$0.050810	$0.038250	Varies	$0.089060

~~Energy Charges (per kWh):~~

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 105-1
Superseding: _____

Filed By:	Kentton C. Grant	Rate:	RES-01 TOU SP
Title:	Vice President	Effective:	PENDING
District:	Entire Electric Service Area	Decision No:	PENDING

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 105-2
Superseding: _____

Winter (November – April)	Delivery Services-Energy[1]	Power Supply Charges[2] Base Power	PPFAC[2]	Total[3]
0 – 400 kWh				
On-Peak	$0.030810	$0.149700	Varies	$0.180510
Off-Peak	$0.030810	$0.038250	Varies	$0.069060
Over 400 kWh				
On-Peak	$0.050810	$0.149700	Varies	$0.200510
Off-Peak	$0.050810	$0.038250	Varies	$0.089060

1. Delivery Services-Energy is a bundled charge that includes: Local Delivery, Generation Capacity and Transmission.
2. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent ~~kWh~~ adjustment in accordance with ~~Rate~~ Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel ~~per kWh sold~~. Please see Rider-1 for current rate.
3. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

Calculation of Tiered (Block) Usage by TOU Period:

Step 1: Calculate percent usage by TOU period.

Step 2: Calculate the kWh usage by tier (block).

Step 3: Multiply percent usage by TOU period by kWh usage by tier to obtain tiered usage by TOU period.

Example: A Customer using 2,000 kWh in a month, with 20% on-peak usage and 80% off-peak usage will have 80 kWh in on-peak first tier and 320 kWh in on-peak second tier, and will have 320 kWh in off-peak first tier and 1280 kWh in off-peak second tier.

kWh	On-Peak	Off-Peak	Total
0 – 400 kWh	80	320	400
Over 400 kWh	320	1,280	1,600
Total	400	1,600	2,000

TIME-OF-USE TIME PERIODS

The Summer On-Peak period is 5:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The Winter On-Peak period is 5:00 p.m. - 8:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

~~LOST FIXED COST RECOVERY (LFCR) – RIDER 8~~

~~For those Customers who choose not to participate in the percentage based recovery of lost revenues associated with energy efficiency and distributed generation, a higher monthly Customer Charge will apply and the percentage based LFCR will not be included on the bill. All other Customers will pay the Standard monthly Customer Charge and the percentage based LFCR. Customers can choose the fixed charge option one (1) time per calendar year. Once the Customer chooses to contribute to the LFCR through a fixed charge they must pay the higher monthly Customer Charge for a complete twelve (12) month period. During the first twelve (12) months subsequent to the effective date of the LFCR, the Customer may choose to change back to the percentage based option without being on the fixed option for a full twelve (12) months. After one full year of the LFCR in effect, a Customer must remain on an option for a full twelve (12) months.~~

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

~~Customer~~Basic Service Charge Components (Unbundled):

~~Standard~~	
Description	
Meter Services	$ 1.38~~2.11~~ per month
Meter Reading	$ 0.89~~2.39~~ per month
Billing & Collection	$ 6.01~~5.66~~ per month
Customer Delivery	$ 11.72~~1.34~~ per month
Total	$20.00~~11.50~~ per month

~~Lost Fixed Cost Recovery (LFCR) Fixed Charge Option - usage less than 2,000 kWh~~	
~~Description~~	
~~Meter Services~~	~~$ 2.11 per month~~
~~Meter Reading~~	~~$ 2.39 per month~~
~~Billing & Collection~~	~~$ 5.66 per month~~
~~Customer Delivery~~	~~$ 1.34 per month~~
~~LFCR~~	~~$ 2.50 per month~~
~~Total~~	~~$14.00 per month~~

~~Lost Fixed Cost Recovery (LFCR) Fixed Charge Option - usage of 2,000 kWh or more~~	
~~Description~~	
~~Meter Services~~	~~$ 2.11 per month~~
~~Meter Reading~~	~~$ 2.39 per month~~
~~Billing & Collection~~	~~$ 5.66 per month~~
~~Customer Delivery~~	~~$ 1.34 per month~~
~~LFCR~~	~~$ 6.50 per month~~
~~Total~~	~~$18.00 per month~~

~~Energy Charge Components (per kWh) (Unbundled):~~

~~All Months~~	~~On-Peak~~	~~Off-Peak~~
~~Local Delivery 1st 400~~	~~$0.0110~~	~~$0.0110~~
~~Local Delivery all additional~~	~~$0.0210~~	~~$0.0210~~

~~Generation Capacity~~	~~$0.0083~~	~~$0.0083~~
~~Transmission~~	~~$0.0057~~	~~$0.0057~~

~~Power Supply Charge (per kWh):~~

	~~On-Peak~~	~~Off-Peak~~
~~Summer (May – October)~~	~~$0.1700~~	~~$0.0397~~
~~Winter (November – April)~~	~~$0.1500~~	~~$0.0387~~
~~PPFAC~~	~~(See Rider -1 for current rate)~~	

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	~~Rate~~
0 – 400 kWh	$0.009160
Over 400 kWh	$0.029160
Generation	$0.010980
Transmission	$0.010670

Power Supply Charges ~~(per kWh)~~:

Component	~~Rate~~
Base Power Supply Summer (May – October) On-Peak (per kWh)	$0.149700
Base Power Supply Summer (May – October) Off-Peak (per kWh)	$0.038250
Base Power Supply Winter (November – April) On-Peak (per kWh)	$0.149700
Base Power Supply Winter (November – April) Off-Peak (per kWh)	$0.038250
PPFAC (%) (see Rider-1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 201
Superseding: _____

Small General Service (SGS-10)

AVAILABILITY
Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY
To all general power and lighting service unless otherwise addressed by specific rates, when all energy is supplied at one point of delivery and through one metered service.

The supply of electric service under a residential rate to a dwelling involving some business or professional activity will be permitted only where such activity is of only occasional occurrence, or where the electricity used in connection with such activity is small in amount and used only by equipment which would normally be in use if the space were used as living quarters. Where the portion of a dwelling is used regularly for business, professional or other gainful purposes, and any considerable amount of electricity is used for other than domestic purposes, or electrical equipment not normally used in living quarters is installed in connection with such activities referred to above, the entire premises must be classified as non-residential and the appropriate general service rate will be applied.

~~Only available to Customers with imputed demand less than 500 KW. However, service is available for Customer-owned, operated, and maintained area, street, or stadium lighting, and for firm irrigation service with a maximum monthly demand less than 25 kW.~~

Not applicable to resale, breakdown, ~~temporary,~~ standby, or auxiliary service.

Customers must stay on this rate for a minimum period of one (1) year, unless the Customer is disqualified by one of the other Applicability conditions.

In the event a Customers meets or exceeds ~~using~~ 12,000 ~~or more~~ kWh in two consecutive months ~~under the Small General Service tariff henceforth shall receive service under~~the Customer will be moved to the ~~Large~~Medium General Service tariff.

CHARACTER OF SERVICE
The service shall be single-phase or three-phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery.

RATE
A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF ~~CUSTOMER~~BASIC SERVICE AND ENERGY CHARGES

~~Customer~~Basic Service Charge: $~~14.50~~30.00 per month

Energy Charges (per kWh):

	Delivery Services-Energy[1]	Power Supply Charges[2]		Total[3]
		Base Power	PPFAC[2]	
0 - 400 kWh	$0.039497~~030176~~	$0.048610~~058241~~	Varies	$0.088107~~088417~~
401 – 7,500 kWh	$0.049497~~041042~~	$0.048610~~058241~~	Varies	$0.098107~~099283~~

Over 7,500 kwh	$0.086950076042	$0.048610058241	Varies	$0.13556134283

1. Delivery Services-Energy is a bundled charge that includes: Local Delivery, Generation Capacity and Transmission.
2. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent ~~kWh~~ adjustment in accordance with ~~Rate~~ Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel ~~per kWh sold~~. Please see Rider-1 for current rate.
3. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 201-2
Superseding: _____

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS

~~Customer~~Basic Service Charge Components (Unbundled):

Description	~~Customer~~Basic Service Charge
Meter Services	$ 1.18~~2.37~~ -per month
Meter Reading	$ 11.51~~4.60~~ -per month
Billing & Collection	$ 5.17~~6.35~~ -per month
Customer Delivery	$ 12.14~~1.18~~ -per month
Total	$ 30.00~~4.50~~ -per month

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	Rate
0 – 400 kWh	$0.018127~~013662~~
401 – 7,500 kWh	$0.028127~~024528~~
Over 7,500 kWh	$0.065580~~059528~~
Generation Capacity	$0.010840~~010400~~
Transmission	$0.010530~~006114~~

Power Supply Charges ~~(per kWh)~~:

Component	Rate
Base Power Supply (per kWh)	$0.048610~~058241~~
PPFAC (%) (see Rider-1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 202
Superseding: _____

Small General Service Time-of-Use (SGS-10 TOU)

AVAILABILITY
Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY
To all general power and lighting service unless otherwise addressed by specific Rates, when all energy is supplied at one point of delivery and through one metered service.

The supply of electric service under a residential Rate to a dwelling involving some business or professional activity will be permitted only where such activity is of only occasional occurrence, or where the electricity used in connection with such activity is small in amount and used only by equipment which would normally be in use if the space were used as living quarters. Where the portion of a dwelling is used regularly for business, professional or other gainful purposes, and any considerable amount of electricity is used for other than domestic purposes, or electrical equipment not normally used in living quarters is installed in connection with such activities referred to above, the entire premises must be classified as non-residential and the appropriate general service rate will be applied.

~~Only available to Customers with imputed demand less than 500 kW; however, service is available for Customer-owned, operated, and maintained area, street, or stadium lighting, and for firm irrigation service with a maximum monthly demand less than 25 kW.~~

Service under this rate will commence when the appropriate meter has been installed.

Not applicable to resale, breakdown, temporary, standby, or auxiliary service.

Customers must stay on this rate for a minimum period of one (1) year, unless the Customer is disqualified by one of the other Applicability conditions.

In the event a Customer meets or exceeds 12,000 kWh in two consecutive months the Customer will be moved to the Medium General Service Time-of-Use tariff.

CHARACTER OF SERVICE
The service shall be single-phase or three-phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery.

RATE
A monthly bill at the following rate plus any adjustments incorporated herein:

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 202-1
Superseding: _____

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF ~~CUSTOMER~~BASIC SERVICE AND ENERGY CHARGES

~~Customer~~Basic Service Charge: ~~$16.50~~30.00 per month

Energy Charges (per kWh):

Summer (May – October)	Delivery Services-Energy[1]	Power Supply Charges[2] Base Power	PPFAC[2]	Total[3]
0 - 400 kWh				
On-Peak	$0.039497~~030176~~	$0.126510~~129605~~	Varies	$0.166007~~159781~~
Off-Peak	$0.039497~~030176~~	$0.033010~~039605~~	Varies	$0.072507~~069781~~
401 – 7,500 kWh				
On-Peak	$0.049497~~043176~~	$0.126510~~129605~~	Varies	$0.176007~~172781~~
Off-Peak	$0.049497~~043176~~	$0.033010~~039605~~	Varies	$0.082507~~082781~~
Over 7,500 kWh				
On-Peak	$0.086950~~076042~~	$0.126510~~129605~~	Varies	$0.213460~~205647~~
Off-Peak	$0.086950~~076042~~	$0.033010~~039605~~	Varies	$0.119960~~115647~~

Winter (November – April)	Delivery Services-Energy[1]	Power Supply Charges[2] Base Power	PPFAC[2]	Total[3]
0 - 400 kWh				
On-Peak	$0.0394970~~3030176~~	$0.108510~~129605~~	Varies	$0.148007~~159781~~
Off-Peak	$0.0394970~~3030176~~	$0.032910~~031385~~	Varies	$0.072407~~061561~~
401 – 7,500 kWh				
On-Peak	$0.049497~~0043176~~	$0.108510~~129605~~	Varies	$0.158007~~172781~~
Off-Peak	$0.049497~~0043176~~	$0.032910~~031385~~	Varies	$0.082407~~074561~~
Over 7,500 kWh				
On-Peak	$0.086950~~076042~~	$0.108510~~129605~~	Varies	$0.195460~~205647~~
Off-Peak	$0.086950~~076042~~	$0.032910~~031385~~	Varies	$0.119860~~107427~~

1. Delivery Services-Energy is a bundled charge that includes: Local Delivery, Generation Capacity and Transmission.
2. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent ~~kWh~~ adjustment in accordance with ~~Rate~~ Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel ~~per kWh sold~~. Please see Rider-1 for current rate.
3. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month

Calculation of Tiered (Block) Usage by TOU Period:

Step 1: Calculate percent usage by TOU period.

Step 2: Calculate the kWh usage by tier (block).

Step 3: Multiply percent usage by TOU period by kWh usage by tier to obtain tiered usage by TOU period.

Example: A Customer using 10,000 kWh in a month, with 20% on-peak usage and 80% off-peak usage will have 80 kWh in on-peak first tier, 1,420 kWh in on-peak second tier and 500 kWh in on-peak third tier and 320 kWh in off-peak first tier, 5,680 kWh in off-peak second tier and 2,000 kWh in off-peak third tier.

kWh	On-Peak	Off-Peak	Total
0 – 400 kWh	80	320	400
401 – 7,500 kWh	1,420	5,680	7,100
Over 7,500 kWh	500	2,000	2,500
Total	2,000	8,000	10,000

TIME-OF-USE TIME PERIODS

The Summer On-Peak period is 2:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The Winter On-Peak periods are 5:00 a.m. - 9:00 a.m. and 5:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 202-3
Superseding: _____

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS

~~Customer~~Basic Service Charge Components (Unbundled):

Description	~~Customer~~Basic Service ~~Charge~~
Meter Services	$ 1.18~~2.69~~ per month
Meter Reading	$ 11.51~~5.24~~ per month
Billing & Collection	$ 5.17~~7.23~~ per month
Customer Delivery	$ 12.14~~1.34~~ per month
Total	$ 30.00~~16.50~~ per month

Filed By: Kentton C. Grant
Title: Vice President
District: Entire Electric Service Area

Rate: SGS-10 TOU
Effective: ~~January 1, 2014~~Pending
Decision No.: ~~74235~~Pending

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	Rate
0 – 400 kWh	$0.018127~~013662~~
401 – 7,500 kWh	$0.028127~~026662~~
Over 7,500 kWh	$0.065580~~059528~~
Generation Capacity	$0.01084~~010400~~
Transmission	$0.01053~~006114~~

Power Supply Charges ~~(per kWh)~~:

Component	Rate
Base Power Supply Summer (May – October) On-Peak (per kWh)	$0.126510~~129605~~
Base Power Supply Summer (May – October) Off-Peak (per kWh)	$0.033010~~039605~~
Base Power Supply Winter (November – April) On-Peak (per kWh)	$0.108510~~129605~~
Base Power Supply Winter (November – April) Off-Peak (per kWh)	$0.032910~~031385~~
PPFAC (%) (see Rider -1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 203
Superseding: _____

Time-of-Use for Small General Service Schools (SGS-10 TOU-S)

AVAILABILITY
Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY
To all private and public schools (K-12) unless otherwise addressed by specific Rates, when all energy is supplied at one point of delivery and through one metered service.

Service under this Rate will commence when the appropriate meter has been installed.

Only available to Customers with imputed demand less than 500 KW.

Not applicable to resale, breakdown, temporary, standby, or auxiliary service.

Customers must stay on this rate for a minimum period of one (1) year.

CHARACTER OF SERVICE
The service shall be single-phase or three-phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery.

RATE
A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF CUSTOMER AND ENERGY CHARGES

Customer Charge: $16.50 per month

Energy Charges (per kWh):

Summer (May – October)	Delivery Services-Energy[1]	Power Supply Charges[2] Base Power	PPFAC[2]	Total[3]
0 - 400 kWh				
On-Peak	$0.030176	$0.137405	Varies	$0.167581
Off-Peak	$0.030176	$0.047405	Varies	$0.077581
401 – 7,500 kWh				
On-Peak	$0.043176	$0.137405	Varies	$0.180581
Off-Peak	$0.043176	$0.047405	Varies	$0.090581
Over 7,500 kWh				
On-Peak	$0.076042	$0.137405	Varies	$0.213447
Off-Peak	$0.076042	$0.047405	Varies	$0.123447

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 203-1
Superseding: _____

Winter (November – April)	Delivery Services-Energy[1]	Power Supply Charges[2] Base Power	PPFAC[2]	Total[3]
0 - 400 kWh				
On-Peak	$0.030176	$0.137405	Varies	$0.167581
Off-Peak	$0.030176	$0.039185	Varies	$0.069361
401 – 7,500 kWh				
On-Peak	$0.043176	$0.137405	Varies	$0.180581
Off-Peak	$0.043176	$0.039185	Varies	$0.082361
Over 7,500 kWh				
On-Peak	$0.076042	$0.137405	Varies	$0.213447
Off-Peak	$0.076042	$0.039185	Varies	$0.115227

1. Delivery Services-Energy is a bundled charge that includes: Transmission, Sub-transmission, Local Delivery Energy and Production not included in Power Supply.
2. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a per kWh adjustment in accordance with Rate Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold. Please see Rider-1 for current rate.
3. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

TIME-OF-USE PERIODS

The Summer On-Peak period is 3:00 p.m. to 7:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The Winter On-Peak periods are 5:00 a.m. - 9:00 a.m. and 5:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this Rate.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS

Customer Charge Components (Unbundled):

Description	Customer Charge
Meter Services	$ 2.69 per month
Meter Reading	$ 5.24 per month
Billing & Collection	$ 7.23 per month
Customer Delivery	$ 1.34 per month
Total	$16.50 per month

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	Rate
0 – 400 kWh	$0.013662
401 – 7,500 kWh	$0.026662
Over 7,500 kWh	$0.059528
Generation Capacity	$0.010400
Transmission	$0.006114

Power Supply Charges (per kWh):

Component	Rate
Base Power Supply Summer (May – October) On-Peak	$0.137405
Base Power Supply Summer (May – October) Off-Peak	$0.047405
Base Power Supply Winter (November – April) On-Peak	$0.137405
Base Power Supply Winter (November – April) Off-Peak	$0.039185
PPFAC (see Rider -1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 2200~~4~~
Superseding: _____

Large General Service (LGS)

AVAILABILITY
Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY
To all general power and lighting service on an optional basis when all energy is supplied at one point of delivery and through one metered service.

Not applicable to resale, breakdown, temporary, standby or auxiliary service.

Customers must stay on this rate for a minimum period of one (1) year, unless the Customer is disqualified by one of the other Applicability conditions.

CHARACTER OF SERVICE
The service shall be single-phase or three-phase, 60 Hertz, and at a voltage of less than 69 kV~~one standard nominal voltage as mutually agreed~~ and subject to availability at point of delivery.

Primary metering shall be required for new installations with service requirements in excess of 2,500 kW.

RATE
A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF ~~CUSTOMER~~BASIC SERVICE, DEMAND AND ENERGY CHARGES

~~Customer~~Basic Service Charge: $300.00~~50.00~~ per month

Demand Charge: $12.96~~12.81~~ per kW

Energy Charge (per kWh):

	Delivery Services-Energy[1]	Power Supply Charges[1][2]		Total[2][3]
		Base Power	PPFAC[1][2]	
All kWh	$0.00540000~~5470~~	$0.04840005~~6603~~	Varies	$0.05380006~~2073~~

~~1. Delivery Services-Energy is a bundled charge that includes: Local Delivery, Generation Capacity and Transmission.~~

~~2.~~1. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent ~~kWh~~ adjustment in accordance with ~~Rate~~ Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel~~per kWh sold~~. Please see Rider-1 for current rate.

~~3.~~2. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration

above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

BILLING DEMAND

The monthly billing demand shall be the greaterst of the following:

1. The greatest measured ~~maximum~~ 15 minute interval ~~measured~~ demand read of the meter during all hours of ~~in~~ the billing period~~month~~;
2. 75% of the ~~maximum~~greatest demand used for billing purposes in the preceding 11 months; or
3. The contract capacity or ~~demand amount, not to be less than 20~~450 kW, whichever is greater.

The Company reserves the right to require a Customer to install equipment to maintain an acceptable power factor at the Customer's expense.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: ~~22004~~-2
Superseding: _____

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS

~~Customer~~Basic Service Charge Components (Unbundled):

Description	~~Customer~~Basic Service Charge
Meter Services	$ 5.017.~~28~~ per month
Meter Reading	$ 31.32~~18.59~~ per month
Billing & Collection	$ 22.15~~19.59~~ per month
Customer Delivery	$ 241.52~~4.54~~ per month
Total	$ 300.00~~50.00~~ per month

Demand Charges (per kW) (Unbundled):

Component	Rate
Demand Delivery	$ 8.29~~7.64~~
Generation Capacity	$ 2.37~~3.09~~
Transmission	$ 2.30~~2.08~~

Energy Charge Components (per kWh) (Unbundled):

	Rate
Local Delivery	$0.0054002~~909~~
~~Generation~~	~~$0.002394~~
~~Transmission~~	~~$0.000167~~

Power Supply Charges ~~(per kWh)~~:

Component	Rate
Base Power Supply (per kWh)	$0.048400~~056603~~
PPFAC (%) (see Rider-1 for current rate)	Varies

Filed By: Kentton C. Grant
Title: Vice President
District: Entire Electric Service Area

Rate: LGS
Effective: ~~January 1, 2014~~Pending
Decision No: ~~74235~~Pending

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 2210~~5~~
Superseding: _____

Large General Service Time-of-Use (LGS TOU)

AVAILABILITY
Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY
To all general power and lighting service on an optional basis when all energy is supplied at one point of delivery and through one metered service.

Service under this rate will commence when the appropriate meter has been installed.

Not applicable to resale, breakdown, temporary, standby or auxiliary service.

Customers must stay on this rate for a minimum period of one (1) year, unless the Customer is disqualified by one of the other Applicability conditions.

CHARACTER OF SERVICE
The service shall be single-phase or three-phase, 60 Hertz, and at a voltage of less than 69 kV ~~one standard nominal voltage as mutually agreed~~ and subject to availability at point of delivery.

Primary metering shall be required for new installations with service requirements in excess of 2,500 kW.

RATE
A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF ~~CUSTOMER~~BASIC SERVICE, DEMAND AND ENERGY CHARGES

~~Customer~~Basic Service Charge: $~~52.00~~300.00 per month

Demand Charge: $~~12.81~~12.96 per kW

Energy Charges (per kWh):

Summer (May – October)	Delivery Services-Energy[1]	Power Supply Charges[1,2] Base Power	PPFAC[1,2]	Total[2,3]
On-Peak	$0.005400~~005470~~	$0.145510~~114886~~	Varies	$0.150910~~120356~~
Off-Peak	$0.005400~~005470~~	$0.034510~~039886~~	Varies	$0.039910~~045356~~

Winter (November – April)	Delivery Services-Energy[1]	Power Supply Charges[2] Base Power	PPFAC[2]	Total[3]
On-Peak	$0.005400~~005470~~	$0.124510~~114886~~	Varies	$0.129910~~120356~~
Off-Peak	$0.005400~~005470~~	$0.032910~~026168~~	Varies	$0.038310~~031638~~

~~1.~~ 1. ~~Delivery Services Energy is a bundled charge that includes: Local Delivery, Generation Capacity and Transmission.~~

~~2~~1. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent ~~kWh~~ adjustment in accordance with ~~Rate~~ Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel ~~per kWh sold~~. Please see Rider-1 for current rate.

~~3~~2. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

BILLING DEMAND

The monthly billing demand shall be the greate~~r~~st of the following:

1. The greatest measured~~maximum~~ 15 minute interval~~measured~~ demand read of the meter during all hours of~~in~~ the billing period~~month~~;
2. 75% of the ~~maximum~~greatest demand used for billing purposes in the preceding 11 months; or
3. The contract capacity or ~~demand amount, not to be less than 20~~450 kW, whichever is greater.

The Company reserves the right to require a Customer to install equipment to maintain an acceptable power factor at the Customer's expense.

TIME-OF-USE TIME PERIODS

The Summer On-Peak period is 2:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The Winter On-Peak periods are 5:00 a.m. - 9:00 a.m. and 5:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS

~~Customer~~Basic Service Charge Components (Unbundled):

Description	~~Customer~~Basic Service ~~Charge~~
Meter Services	$ 5.017~~.57~~ per month
Meter Reading	$ 31.32~~19.33~~ per month
Billing & Collection	$ 22.15~~20.38~~ per month
Customer Delivery	$ 241.52~~4.72~~ per month
Total	$ 300.00~~52.00~~ per month

Demand Charge (per kW) (Unbundled):

Component	~~Rate~~
Demand Delivery	$ 8.29~~7.64~~
Generation Capacity	$ 2.37~~3.09~~
Transmission	$ 2.30~~2.08~~

Energy Charge Components (per kWh) (Unbundled):

	~~Rate~~
Local Delivery	$0.00540~~02909~~
~~Generation~~	~~$0.002394~~
~~Transmission~~	~~$0.000167~~

Power Supply Charges ~~(per kWh)~~:

Component	~~Rate~~
Base Power Supply Summer (May – October) On-Peak (per kWh)	$0.145510~~114886~~
Base Power Supply Summer (May – October) Off-Peak (per kWh)	$0.034510~~039886~~
Base Power Supply Winter (November – April) On-Peak (per kWh)	$0.124510~~114886~~
Base Power Supply Winter (November – April) Off-Peak (per kWh)	$0.032910~~026168~~
PPFAC (%) (see Rider -1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 2220~~6~~
Superseding: _____

Time-of-Use for Large General Service Schools (LGS-TOU-S)

AVAILABILITY

Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all private and public schools (K-12) unless otherwise addressed by specific rate schedules, when all energy is supplied at one point of delivery and through one metered service.

Service under this rate will commence when the appropriate meter has been installed.

Not applicable to resale, breakdown, temporary, standby, or auxiliary service.

Customers must stay on this rate for a minimum period of one (1) year, unless the Customer is disqualified by one of the other Applicability conditions.

CHARACTER OF SERVICE

The service shall be single-phase or three-phase, 60 Hertz, and at a voltage of less than 69 kV ~~one standard nominal voltage as mutually agreed~~ and subject to availability at point of delivery.

Primary metering shall be required for new installations with service requirements in excess of 2,500 kW.

RATE

A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF ~~CUSTOMER~~BASIC SERVICE, DEMAND AND ENERGY CHARGES

~~Customer~~Basic Service Charge: $~~52.00~~300.00 per month

Demand Charge: $12.96~~12.81~~ per kW

Energy Charges (per kWh):

Summer (May – October)	Delivery Services-Energy[1]	Power Supply Charges[1,2] Base Power	Power Supply Charges[1,2] PPFAC[1,2]	Total[2,3]
On-Peak	$0.005400~~005470~~	$0.150210~~120586~~	Varies	$0.155610~~126056~~
Off-Peak	$0.005400~~005470~~	$0.039210~~045586~~	Varies	$0.044610~~051056~~

Winter (November – April)	Delivery Services-Energy[1]	Power Supply Charges[1,2] Base Power	Power Supply Charges[1,2] PPFAC[1,2]	Total[2,3]
On-Peak	$0.005400~~005470~~	$0.129210~~120586~~	Varies	$0.134610~~126056~~
Off-Peak	$0.005400~~005470~~	$0.037610~~031868~~	Varies	$0.043010~~037338~~

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: ~~2220~~6
Superseding: _____

Filed By: Kentton C. Grant
Title: Vice President
District: Entire Electric Service Area

Rate: LGS-TOU-S
Effective: ~~January 1, 2014~~Pending
Decision No.: ~~74235~~Pending

~~1. Delivery Services Energy is a bundled charge that includes: Transmission, Sub-transmission, Local Delivery Energy and Production not included in Power Supply.~~

1~~2~~. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent ~~kWh~~ adjustment in accordance with ~~Rate~~ Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel ~~per kWh sold~~. Please see Rider-1 for current rate.

2~~3~~. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month

BILLING DEMAND

The monthly billing demand shall be the greate~~r~~st of the following:

1. The greatest measured ~~maximum~~ 15 minute interval ~~measured~~ demand read of the meter during all hours of ~~in~~ the billing period ~~month~~;
2. 75% of the ~~maximum~~greatest demand used for billing purposes in the preceding 11 months; or
3. The contract capacity or ~~demand amount, not to be less than 20~~450 kW, whichever is greater.

The Company reserves the right to require a Customer to install equipment to maintain an acceptable power factor at the Customer's expense.

TIME-OF-USE PERIODS

The Summer On-Peak period is 3:00 p.m. to 7:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The Winter On-Peak periods are 5:00 a.m. - 9:00 a.m. and 5:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 2220~~6~~-2
Superseding: _____

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS

~~Customer~~Basic Service Charge Components (Unbundled):

Description	~~Customer~~Basic Service ~~Charge~~
Meter Services	$ 5.017~~.57~~ per month
Meter Reading	$ 31.32~~19.33~~ per month
Billing & Collection	$ 22.15~~20.38~~ per month
Customer Delivery	$ 241.52~~4.72~~ per month
Total	$ 300.00~~52.00~~ per month

Demand Charge (per kW) (Unbundled):

Component	~~Rate~~
Demand Delivery	$ ~~8.297.64~~
Generation Capacity	$ ~~2.373.09~~
Transmission	$ ~~2.3008~~

Energy Charge Components (per kWh) (Unbundled):

	~~Rate~~
Local Delivery	$0.0054002~~909~~
~~Generation~~	~~$0.002394~~
~~Transmission~~	~~$0.000167~~

Power Supply Charges ~~(per kWh)~~:

Component	~~Rate~~
Base Power Supply Summer (May – October) On-Peak (per kWh)	$0.150210~~120586~~
Base Power Supply Summer (May – October) Off-Peak (per kWh)	$0.039210~~045586~~
Base Power Supply Winter (November – April) On-Peak (per kWh)	$0.129210~~120586~~
Base Power Supply Winter (November – April) Off-Peak (per kWh)	$0.037610~~31868~~
PPFAC (%) (see Rider -1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 301
Superseding: _____

Large Power Service (LPS)

AVAILABILITY
Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY
To all general power and lighting service on an optional basis when all energy is supplied at one point of delivery and through one metered service.

Not applicable to resale, breakdown, temporary, standby or auxiliary service.

CHARACTER OF SERVICE
The service shall be three-phase, 60 Hertz, and at the Company's standard transmission ~~or distribution~~ voltages that are available within the vicinity of the Customer's premises.

Primary metering at primary voltages greater than or equal to 69 kV shall be required for service under this tariff. ~~new installations with service requirements in excess of 2,500 kW.~~

RATE
A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF ~~CUSTOMER~~BASIC SERVICE, DEMAND AND ENERGY CHARGES

~~Customer~~Basic Service Charge: $1,200.00 per month

~~Demand Charges:~~
~~Demand Charge (<69 kV Service)~~ ~~$22.00 per kW per month~~
Demand Charge ~~(>69 kV Service)~~ :
$12.48~~17.00~~ per kW ~~per month~~

Energy Charge (per kWh):

	Delivery Services-Energy[1]	Power Supply Charges[1,2]		Total[2,3]
		Base Power	PPFAC[1,2]	
All kWh	$0.000520000462	$0.048410041880	Varies	$0.048930042342

~~1. Delivery Services-Energy is a bundled charge that includes: Local Delivery, Generation Capacity and Transmission.~~

2. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent ~~kWh~~ adjustment in accordance with ~~Rate~~ Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel~~per kWh sold~~. Please see Rider-1 for current rate.
3. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 301
Superseding: _____

Filed By:	Kentton C. Grant	Rate:	LPS
Title:	Vice President	Effective:	~~January 1, 2014~~Pending
District:	Entire Electric Service Area	Decision No:	~~74235~~Pending

~~A credit of three percent (3%) will be applied to the demand charge if the Customer receives Distribution Service at primary voltage.~~
~~In the event a Customer achieves permanent, verifiable demand reduction through involvement in UNS Electric's Demand Side Management (DSM) programs, such reductions will be applicable to adjusted demands billed during the eleven (11) month period prior to the installation of the DSM measures.~~

BILLING DEMAND
The monthly billing demand shall be the greater~~higher~~ of the following:

1. The greatest~~highest~~ measured 15~~fifteen~~ minute interval ~~integrated reading of the~~ demand read of the meter during all hours of the billing period;
2. The greatest~~highest~~ demand metered ~~during~~ in the preceding eleven (11) months; or
3. The contract capacity or 500 kW, whichever is greater~~higher~~.

The Customer agrees to maintain, as nearly as practicable, a unity power factor. In the event that the Customer's power factor for any billing month is less than ninety-five percent (95%), an adjustment shall be applied to the bill as follows:

POWER FACTOR ADJUSTMENT
(Maximum Demand / (.05 + PF)) - Maximum Demand) x Demand Charge Where Maximum Demand is the highest measured fifteen (15) minute demand in kilowatts during the billing period.

POWER FACTOR
1. The Company may require the Customer by written notice to either maintain a specified minimum lagging power factor or the Company may after thirty (30) days install power factor corrective equipment and bill the Customer for the total costs of this equipment and installation.
2. In the case of apparatus and devices having low power factor, now in service, which may hereafter be replaced, and all similar equipment hereafter installed or replaced, served under general commercial schedules, the Company may require the Customer to provide, at the Customer's own expense, power factor corrective equipment to increase the power factor of any such devices to not less than ninety (90) percent.
3. If the Customer installs and owns the capacitors needed to supply his reactive power requirements, then the Customer must equip them with suitable disconnecting switches, so installed that the capacitors will be disconnected from the Company's lines whenever the Customer's load is disconnected from the Company's facilities.
4. Gaseous tube installations totaling more than one thousand (1,000) volt-amperes must be equipped with capacitors of sufficient rating to maintain a minimum of ninety percent (90%) lagging power factor.
5. Company installation and removal of metering equipment to measure power factor will be at the discretion of the Company.

DIRECT ACCESS
A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES
For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the Customer or pursuant to the Customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

OTHER PROVISIONS

Service hereunder shall remain in full force and in effect until terminated by the Customer unless otherwise provided for in the Service Agreement. Termination of service requires twelve (12) months advance notice in writing to the Company.

Service hereunder may require the Customer to enter into a Service Agreement with the Company for a term of two (2) years or longer, with a minimum contract demand capacity at the Company's option in view of the anticipated demand of the Customer.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS

~~Customer~~Basic Service Charge Components (Unbundled):

Description	~~Customer~~Basic Service Charge
Meter Services	$ ~~101.86~~184.69 per month
Meter Reading	$ ~~145.57~~364.17 per month
Billing & Collection	$ ~~451.63~~498.49 per month
Customer Delivery	$ ~~500.94~~152.65 per month
Total	$~~1,200.00~~ per month

~~Demand Charge <69kW (Unbundled):~~

~~Component~~	~~Rate~~
~~Delivery Services- All kW~~	
~~Local Delivery~~	~~$ 17.50~~
~~Generation~~	~~$ 2.07~~
~~Transmission~~	~~$ 2.43~~

Demand Charge (per kW) ~~>69kW~~ (Unbundled):

Component	~~Rate~~
Delivery Services- All kW	
Local Delivery	$ ~~5.22~~12.73
Generation Capacity	$ ~~3.68~~2.07
Transmission	$ ~~3.58~~2.20

Energy Charge Components (per kWh) (Unbundled):

	~~Rate~~
Local Delivery	$0.000520~~343~~
~~Generation~~	~~$0.000100~~
~~Transmission~~	~~$0.000019~~

Power Supply Charges ~~(per kWh)~~:

Component	~~Rate~~
Base Power Supply (per kWh)	$0.048410~~041880~~
PPFAC (%) (see Rider-1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 302
Superseding: _____

Large Power Service Time-of-Use (LPS-TOU)

AVAILABILITY

Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all general power and lighting service on an optional basis when all energy is supplied at one point of delivery and through one metered service.

Not applicable to resale, breakdown, temporary, standby or auxiliary service.

CHARACTER OF SERVICE

The service shall be three-phase, 60 Hertz, and at the Company's standard transmission ~~or distribution~~ voltages that are available within the vicinity of the Customer's premises.

Primary metering at primary voltages greater than or equal to 69kV shall be required for service under this tariff. ~~new installations with service requirements in excess of 2,500 kW.~~

RATE

A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF ~~CUSTOMER~~BASIC SERVICE, DEMAND AND ENERGY CHARGES

~~Customer~~Basic Service Charge: $1,200.00 per month

~~Demand Charges~~

~~Demand Charge (<69 kV Service)~~ ~~$22.00 per kW per month~~

Demand Charge ~~(>69 kV Service)~~ $~~17.00~~12.48 per kW per month

Energy Charges (per kWh):

Summer (May – October)	Delivery Services-Energy[1]	Power Supply Charges[1,2] Base Power	PPFAC[1,2]	Total[2,3]
On-Peak	$0.000520~~000462~~	$0.122510~~123580~~	Varies	$0.123030~~124042~~
Off-Peak	$0.000520~~000462~~	$0.032110~~024716~~	Varies	$0.032630~~025178~~

Winter (November – April)	Delivery Services-Energy[1]	Power Supply Charges[1,2] Base Power	PPFAC[1,2]	Total[2,3]
On-Peak	$0.000520~~000462~~	$0.092110~~093880~~	Varies	$0.092630~~094342~~
Off-Peak	$0.000520~~000462~~	$0.030910~~022105~~	Varies	$0.031430~~022567~~

~~1. Delivery Services Energy is a bundled charge that includes: Local Delivery, Generation Capacity and Transmission.~~

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 302
Superseding: _____

Filed By: Kentton C. Grant
Title: Vice President
District: Entire Electric Service Area

Rate: LPS-TOU
Effective: ~~January 1, 2014~~Pending
Decision No.: ~~74235~~Pending

21. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent ~~kWh~~ adjustment in accordance with ~~Rate~~ Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel ~~per kWh sold~~. Please see Rider-1 for current rate.
32. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

~~A credit of three percent (3%) will be applied to the demand charge if the Customer receives Distribution Service at primary voltage.~~

~~In the event a Customer achieves permanent, verifiable demand reduction through involvement in UNS Electric's Demand Side Management (DSM) programs, such reductions will be applicable to adjusted demands billed during the eleven (11) month period prior to the installation of the DSM measures.~~

BILLING DEMAND

The monthly billing demand shall be the greater ~~higher~~ of the following:

1. ~~T~~the ~~highest~~greatest measured 15 ~~fifteen~~ minute interval ~~integrated reading of the~~ demand read of the meter during the on-peak hours of the billing period;
2. ~~O~~one-half of the greatest ~~highest~~ measured 15 ~~fifteen~~ minute interval demand ~~integrated reading of the demand~~ read of the meter during the off-peak hours of the billing period;
3. ~~T~~the greater ~~higher~~ of (1) or (2) above during the preceding ~~eleven (~~11~~)~~ months; or
4. ~~T~~the contract capacity or 500 kW, whichever is greater ~~higher~~.

TIME-OF-USE TIME PERIODS

The Summer On-Peak period is 2:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The Winter On-Peak periods are 6:00 a.m. - 12:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

The Customer agrees to maintain, as nearly as practicable, a unity power factor. In the event that the Customer's power factor for any billing month is less than ninety-five percent (95%), an adjustment shall be applied to the bill as follows:

POWER FACTOR ADJUSTMENT

(Maximum Demand / (.05 + PF)) - Maximum Demand) x Demand Charge Where Maximum Demand is the highest measured fifteen (15) minute demand in kilowatts during the billing period.

POWER FACTOR

1. The Company may require the Customer by written notice to either maintain a specified minimum lagging power factor or the Company may after thirty (30) days install power factor corrective equipment and bill the Customer for the total costs of this equipment and installation.

2. In the case of apparatus and devices having low power factor, now in service, which may hereafter be replaced, and all similar equipment hereafter installed or replaced, served under general commercial schedules, the Company may require the Customer to provide, at the Customer's own expense, power factor corrective equipment to increase the power factor of any such devices to not less than ninety (90) percent.
3. If the Customer installs and owns the capacitors needed to supply his reactive power requirements, then the Customer must equip them with suitable disconnecting switches, so installed that the capacitors will be disconnected from the Company's lines whenever the Customer's load is disconnected from the Company's facilities.
4. Gaseous tube installations totaling more than one thousand (1,000) volt-amperes must be equipped with capacitors of sufficient rating to maintain a minimum of ninety percent (90%) lagging power factor.
5. Company installation and removal of metering equipment to measure power factor will be at the discretion of the Company.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the Customer or pursuant to the Customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

OTHER PROVISIONS

Service hereunder shall remain in full force and in effect until terminated by the Customer unless otherwise provided for in the Service Agreement. Termination of service requires twelve (12) months advance notice in writing to the Company.

Service hereunder may require the Customer to enter into a Service Agreement with the Company for a term of two (2) years or longer, with a minimum contract demand capacity at the Company's option in view of the anticipated demand of the Customer.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 302-3
Superseding: _____

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS

~~Customer~~Basic Service Charge Components (Unbundled):

Description	~~Customer~~Basic Service Charge
Meter Services	$ 101.86~~184.69~~ per month
Meter Reading	$ 145.57~~364.17~~ per month
Billing & Collection	$ 451.63~~498.49~~ per month
Customer Delivery	$ 500.94~~152.65~~ per month
Total	$1,200.00 per month

~~Demand Charge <69kV (Unbundled):~~

~~Component~~	~~Rate~~
~~Delivery Services- All kW~~	
~~Local Delivery~~	~~$ 17.50 per kW~~
~~Generation Capacity~~	~~$ 2.07 per kW~~
~~Transmission~~	~~$ 2.43 per kW~~

Demand Charge (per kW) ~~≥69kV~~ (Unbundled):

Component	~~Rate~~
Delivery Services- All kW	
Local Delivery	$ ~~5.22~~12.73 ~~per kW~~
Generation Capacity	$ ~~3.68~~2.07 ~~per kW~~
Transmission	$ ~~3.58~~2.20 ~~per kW~~

Energy Charge Components (per kWh) (Unbundled):

Local Delivery	$0.000520

~~Summer (May – October)~~	~~On-Peak~~	~~Off-Peak~~
~~Local Delivery~~	~~$0.000343~~	~~$0.000343~~
~~Generation~~	~~$0.000100~~	~~$0.000100~~
~~Transmission~~	~~$0.000019~~	~~$0.000019~~

~~Power Supply Charge (per kWh):~~Power Supply Charges:

Component	
Base Power Supply Summer (May – October) On-Peak (per kWh)	$0.122510
Base Power Supply Summer (May – October) Off-Peak (per kWh)	$0.032110
Base Power Supply Winter (November – April) On-Peak (per kWh)	$0.092110
Base Power Supply Winter (November – April) Off-Peak (per kWh)	$0.030910
PPFAC (%) (see Rider -1 for current rate)	Varies

~~Summer (May – October)~~	~~On-Peak~~	~~Off-Peak~~

Filed By: Kentton C. Grant
Title: Vice President of Finance and Rates
District: Entire Electric Service Area

Rate: LPS-TOU
Effective: ~~January 1, 2014~~Pending
Decision No.: ~~74235~~Pending

~~Base Power Component (per kWh)~~	~~$0.123580~~	~~$0.024716~~
~~PPFAC (%)~~	~~In accordance with Rider 1 - PPFAC~~	

~~Energy Charge Components (per kWh) (Unbundled):~~

~~Winter (November – April)~~	~~On-Peak~~	~~Off-Peak~~
~~Local Delivery Energy~~	~~$0.000343~~	~~$0.000343~~
~~Generation~~	~~$0.000100~~	~~$0.000100~~
~~Transmission~~	~~$0.000019~~	~~$0.000019~~

~~Power Supply Charge (per kWh):~~

~~Winter (November – April)~~	~~On-Peak~~	~~Off-Peak~~
~~Base Power Component (per kWh)~~	~~$0.093880~~	~~$0.022105~~
~~PPFAC (%)~~	~~In accordance with Rider 1 - PPFAC~~	

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 501
Superseding: _____

Lighting Service (LTG)

AVAILABILITY
At any point where the Company in its judgment has facilities of adequate capacity and suitable voltage available.

APPLICABILITY
Applicable to any Customer for private and public street lighting or outdoor area lighting where this service can be supplied from existing facilities of the Company. The Company will install, own, operate, and maintain the complete lighting installation including lamp and globe replacements. Not applicable to resale service.

To any Customer, including public agencies, for the lighting of streets, alleys, thoroughfares, public parks, playgrounds, or other public or private property where such lighting is controlled by a photocell and a contract for service is entered into with the Company.

CHARACTER OF SERVICE
Service is supplied on Company-owned fixtures and poles which are maintained by the Company. The poles, fixtures, and lamps available are the standard items stocked by the Company, and service is rendered at standard available voltages. Multiple or series street lighting systems may be installed at the option of the Company and at one standard nominal voltage.

RATE
A monthly bill at the following rate plus any adjustments incorporated herein:

~~BUNDLED STANDARD OFFER SERVICE – SUMMARY OF CUSTOMER AND ENERGY CHARGES:~~

The monthly bill shall be the sum of the following charges and adjustments for each light:

Service Charge (per month):	Overhead Service	Underground Service
Existing Wood Pole	$ 2.35~~2.18~~	$ 2.35~~2.18~~
New 30' Wood Pole (Class 6)	$ 4.68~~4.34~~	$ 7.04~~166.52~~
New 30' Metal or Fiberglass	$ 9.35~~8.66~~	$11.67~~11.87~~10.81

Lighting Charge:
Based on the rated wattage value of each lamp installed per month: $0.060516~~051681~~ per watt

Base Power Supply Charge: based on the rated wattage value of each lamp installed per month: $0.013110~~010113~~ per kWh

The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent ~~kWh~~ adjustment in accordance with Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel ~~per kWh sold. The PPFAC rate changes annually every June 1.~~ Please see Rate Rider-1 for current rate.

CONTRACT PERIOD

All lighting installations will require a contract for service as follows:

Three (3) years initial term for installations on existing facilities.

TERMS AND CONDITIONS

1. For each light, overhead extensions beyond one hundred fifty (150) feet and underground extensions beyond one hundred (100) feet will require specific agreements providing adequate revenue or arrangements for construction financing.
2. The Customer is not authorized to make connections to the lighting circuit or make attachments or alterations to the Company-owned pole.
3. Should a Customer request a relocation of a dusk-to-dawn lighting installation, the costs of such relocation must be borne by the Customer.
4. The Customer is expected to notify the Company when lamp outages occur.
5. The Company will use diligence in maintaining service; however, monthly bills will not be reduced because of lamp outages.
6. The Company will require a non-refundable contribution for the installation of new construction for facilities of $150.00.
7. A late payment charge as stated in the general rules and regulations will be applied to account balances carried forward from prior billings.
8. When a residential Customer's privately owned underground service cable has failed, the Customer has two (2) options. The Customer can have their cable repaired by a private electrical contractor which must comply with local governmental codes and ordinances or the Customer can bring their service entrance up to current Company standards. The Customer will be required to provide a service trench, conduit, conduit installation, backfill, landscape restoration and paving. The Company will furnish, install, own and maintain the underground single-phase cables to Customer's Company-approved Point of Delivery.

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 501-2
Superseding: _____

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

Filed By:	Kentton C. Grant	Rate:	LTG
Title:	Vice President	Effective:	~~January 1, 2014~~Pending
District:	Entire Electric Service Area	Decision No.:	~~74235~~Pending

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

New 30' Wood Pole (Class 6) - Overhead	
Billing and Collections	$2.571~~.57~~ per unit
Customer Delivery	$2.112~~.77~~ per unit
New 30' Metal or Fiberglass - Overhead	
Billing and Collections	$5.141~~.57~~ per unit
Customer Delivery	$4.217~~.09~~ per unit
Existing Wood Pole – Underground	
Billing and Collections	$1.291~~.57~~ per unit
Customer Delivery	$1.060~~.61~~ per unit
New 30' Wood Pole Class 6 – Underground	
Billing and Collections	$3.871~~.57~~ per unit
Customer Delivery	$3.174~~.95~~ per unit
New 30' Metal or Fiberglass – Underground	
Billing and Collections	$6.421~~.57~~ per unit
Customer Delivery	$5.259~~.24~~ per unit
Lighting Charge	
Local Delivery	$0.054106~~045641~~ per watt
Generationgation Capacity	$0.003250~~003140~~ per watt
Transmission	$0.003160~~002900~~ per watt

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 601
Superseding: _____

Interruptible Power Service (IPS-F)

AVAILABILITY

~~Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.~~

~~Any new Customers taking service under this Rate must furnish, install, own, and maintain at each point of delivery all necessary Company approved equipment which will enable the Company to interrupt service with its master control station.~~
New Customers, including current Customers who relocate, are not eligible for service under this rate.

TRANSITION PERIOD

Customers taking service under this rate prior to January 1, 2014 will be given twenty-four (24) months from January 1, 2014 to furnish, install, own, and maintain at each point of delivery all necessary Company approved equipment which will enable the Company to interrupt service with its master control station. After December 31, 2015, if the Customer has not installed this equipment, they will be placed on the otherwise applicable firm rate.

APPLICABILITY

This service is normally provided at one point of delivery measured through one meter. More than one service and meter may be provided in instances where such is permitted under 230.2 (A) through (D) of the National Electric Code with prior approval of the UNS Electric Engineering Department.

To any Customer with a minimum demand of 50 kW and is interruptible within fifteen (15) minutes of notice by the Company. The Customer must be able to interrupt service for up to eight (8) hours per day.

Not applicable to resale, breakdown, temporary, standby or auxiliary service.

CHARACTER OF SERVICE

Service shall be three phase, 60 hertz, at the Company's standard voltages that are available within the vicinity of the Customer's premises.

RATE

A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE - SUMMARY OF ~~CUSTOMER~~BASIC SERVICE, DEMAND AND ENERGY CHARGES:

~~Customer~~Basic Service Charge: $7~~518~~.00 per month

Demand Charge: $6.52~~5.00~~ per kW

Energy Charge (per kWh):

	Delivery Services-Energy[3]	Power Supply Charges[1][2] Base Power	PPFAC[1][2]	Total[2][3]
All kWh	$0.01979~~0019408~~	$0.04982~~143760~~	Varies	$0.0696~~113168~~

Filed By: Kentton C. Grant
Title: Vice President
District: Entire Electric Service Area

Rate: IPS-F
Effective: ~~January 1, 2014~~Pending
Decision No.: ~~74235~~Pending

1. ~~Delivery Services Energy is a bundled charge that includes: Local Delivery, Generation Capacity and Transmission.~~
2. The Power Supply Charge shall be comprised of the Base Power Charge and the Purchased Power and Fuel Adjustment Clause (PPFAC), a percent ~~kWh~~ adjustment in accordance with ~~Rate~~ Rider-1. The PPFAC reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel ~~per kWh sold~~. Please see Rider-1 for current rate.
3. Total is calculated above for illustrative purposes, and excludes PPFAC, because the PPFAC changes monthly pursuant to Rider-1 PPFAC. While only non-variable components are included in the illustration above, a Customer's actual bill in any given billing month will reflect the applicable PPFAC for that billing month.

PENALTY FOR FAILURE TO INTERRUPT:
In the event that the Customer fails to interrupt its load when requested to do so by the Company, the Customer shall pay an additional charge as follows:

Billing Demand Charge per kW @ $25.00
Unbundled $/kWh Charge is entirely a Delivery Charge

For a second failure to interrupt in any twelve (12) month period, the Customer will revert to the otherwise applicable firm Rate for a period of at least twelve (12) months.

DETERMINATION OF BILLING DEMAND
The monthly billing demand shall be the highest measured fifteen (15) minute integrated reading of the demand meter during the billing month. If demand is not metered, the billing demand shall be based on nameplate ratings of connected motors and equipment, or by a test as approved by the Company.

TERMS AND CONDITIONS
A late payment charge as stated in the Company's Rules and Regulations will be applied to account balances carried forward from prior billings.

The Company reserves the right to interrupt service to the Customer at any time.

Customers who qualify for service under this Rate must remain on the Rate for a twelve (12) month period, unless, in the judgment of the Company, conditions require a different strategy or approach. Service hereunder shall require the Customer to enter into a Service Agreement with the Company for a term of one (1) year or longer, with a minimum Contract Demand at the Company's option in view of the anticipated demand of the Customer.

The Company will endeavor to provide the Customer with as much advance notice as possible of the required interruptions. However, the Customer shall interrupt service within fifteen (15) ~~ten (10)~~ minutes.

The Company reserves the right to have automatic equipment installed for immediate interruption of the Customer's load. Should the Company's automatic equipment fail to interrupt the load, no penalty will be assessed.

The Company shall not be responsible for any loss or damage caused by or resulting from interruption of service under this Rate.

Standby, supplemental or breakdown service shall not be rendered under this Rate.

Service under this Rate is for the exclusive use of the Customer and shall not be resold or shared with others, unless authorized by the Company.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this Tariff will be applied to the Customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Commission shall apply where not inconsistent with this rate.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

~~Customer~~Basic Service Charge Components (Unbundled):

Description	~~Customer~~Basic Service Charge
Meter Services	$ 1.25~~2.62~~ per month
Meter Reading	$ 7.83~~6.69~~ per month
Billing & Collection	$ 5.54~~7.05~~ per month
Customer Delivery	$ 60.38~~1.64~~ per month
Total	$ 75.00~~18.00~~ per month

Demand Charge (per kW) (Unbundled):

	Rate
Local Delivery	$1.85~~2.95~~
Generation Capacity	$2.37~~0.53~~
Transmission	$2.30~~1.52~~

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 601-3
Superseding: _____

Energy Charge Components (per kWh) (Unbundled):

	Rate
Local Delivery	$0.01979~~0015400~~
~~Generation~~	~~$0.003841~~
~~Transmission~~	~~$0.000167~~

Power Supply Charges ~~(per kWh)~~:

Component	Rate
Base Power Supply (per kWh)	$0.04982~~1043760~~
PPFAC (%) (see Rider-1 for current rate)	Varies

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 701
Superseding: _____

Rider R-1
Purchased Power and Fuel Adjustment~~or~~ Clause (PPFAC)

APPLICABILITY

The Purchased Power and Fuel Adjustment Clause (PPFAC) will be applied to all customers taking ~~Standard Offer~~ service from the Company pursuant to the Arizona Corporation Commission (ACC) Decision No. 70360 ~~dated~~ (May 27, 2008) and as updated and defined in the Company's PPFAC Plan of Administration approved in ACC Decision No. XXXXX~~74235~~.

RATE

The Customer's monthly bill shall consist of ~~the~~ applicable rate charges and adjustments in addition to the PPFAC. The percentage-based PPFAC adjustment~~or rate~~, as shown below ~~in the UNS Electric, Inc. Statement of Charges~~ which~~,~~ reflects increases or decreases in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel. The percentage-based PPFAC adjustment will apply to the Customer's Base Power Charge. ~~is an amount expressed as a rate per kWh charge to reflect the cost to the Company for energy either generated or purchased.~~

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE

To the charges computed under this ~~rider 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.

RULES AND REGULATIONS

This standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rider.

UniSource Energy SERVICES

UNS Electric, Inc.

~~15th Revised~~Original Sheet No.: 701-1

Superseding ~~14th Revised Sheet No.~~ : ~~701-1~~

Purchased Power Fuel Adjustment Clause
RIDER R-1

APPLICABILITY: To all Company Rates, unless otherwise specified.
Redesign table due to the purposed changes for the percentage PPFAC

~~Month/Year~~	~~Effective Date~~	~~Customer Class~~	~~PPFAC Rate~~ ~~This Period~~	~~PPFAC Surcharge/ Credit~~ ~~This Period~~	~~PPFAC Average~~ ~~Base Rate~~	~~Total Average Retail Fuel and Purchased Power Rate~~ ~~This Period~~	~~Total Average Retail Fuel and Purchased Power Rate~~ ~~Last Period~~	~~Change~~	~~% Change~~
~~May 2014~~	~~5/1/2014~~	~~All Sales~~	~~($0.001871)~~	~~$0.0000~~	~~$0.057060~~	~~$0.055189~~	~~$0.055651~~	~~($0.000462)~~	~~-0.83%~~
~~June 2014~~	~~6/1/2014~~	~~All Sales~~	~~($0.002329)~~	~~$0.0000~~	~~$0.057060~~	~~$0.054731~~	~~$0.055189~~	~~($0.000458)~~	~~-0.83%~~
~~July 2014~~	~~7/1/2014~~	~~All Sales~~	~~($0.002783)~~	~~$0.0000~~	~~$0.057060~~	~~$0.054277~~	~~$0.054731~~	~~($0.000454)~~	~~-0.83%~~
~~August 2014~~	~~8/1/2014~~	~~All Sales~~	~~($0.003234)~~	~~$0.0000~~	~~$0.057060~~	~~$0.053826~~	~~$0.054277~~	~~($0.000451)~~	~~-0.83%~~
~~September 2014~~	~~9/1/2014~~	~~All Sales~~	~~($0.002787)~~	~~$0.0000~~	~~$0.057060~~	~~$0.054273~~	~~$0.053826~~	~~$0.000447~~	~~0.83%~~
~~October 2014~~	~~10/1/2014~~	~~All Sales~~	~~($0.003237)~~	~~$0.0000~~	~~$0.057060~~	~~$0.053823~~	~~$0.054273~~	~~($0.000450)~~	~~-0.83%~~
~~November 2014~~	~~11/1/2014~~	~~All Sales~~	~~($0.003220)~~	~~$0.0000~~	~~$0.057060~~	~~$0.053840~~	~~$0.053823~~	~~$0.000017~~	~~0.03%~~
~~December 2014~~	~~12/1/2014~~	~~All Sales~~	~~($0.003385)~~	~~$0.0000~~	~~$0.057060~~	~~$0.053675~~	~~$0.053840~~	~~($0.000165)~~	~~-0.31%~~
~~January 2015~~	~~1/1/2015~~	~~All Sales~~	~~($0.003488)~~	~~$0.0000~~	~~$0.057060~~	~~$0.053572~~	~~$0.053675~~	~~($0.000103)~~	~~-0.19%~~
~~February 2015~~	~~2/1/2015~~	~~All Sales~~	~~($0.003933)~~	~~$0.0000~~	~~$0.057060~~	~~$0.053127~~	~~$0.053572~~	~~($0.000445)~~	~~-0.83%~~
~~March 2015~~	~~3/1/2015~~	~~All Sales~~	~~($0.004162)~~	~~$0.0000~~	~~$0.057060~~	~~$0.052898~~	~~$0.053127~~	~~($0.000229)~~	~~-0.43%~~
~~April 2015~~	~~4/1/2015~~	~~All Sales~~	~~($0.003906)~~	~~$0.0000~~	~~$0.057060~~	~~$0.053154~~	~~$0.052898~~	~~$0.000256~~	~~0.48%~~

Issued: ~~April~~ (Month) ~~1~~ (Day) ~~2015~~ (Year)

Effective: ~~April~~ (Month) ~~1~~ (Day) ~~2015~~ (Year)

Filed By: Kentton C. Grant
Title: Vice President
District: Entire Electric Service Area

Rate: R-1
Effective: ~~April 1, 2015~~Pending
Decision No.: ~~74235~~Pending

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 702
Superseding: _____

Rider R-2
Demand Side Management Surcharge (DSMS)

APPLICABILITY

The Demand Side Management Surcharge (DSMS) will be applied to all Customers taking service from the Company ~~applies to all Customers, except customers who take service under the Customer Assistance Residential Energy Support (CARES) Rate or Low Income Medical Life Support Program (CARES-M) Rate in all territory served by UNS Electric, Inc.~~ as mandated by the Arizona Corporation Commission (ACC), unless otherwise specified. ~~CARES and CARES-M customers are exempt from any DSM surcharge.~~

RATES

The DSMS shall be applied to all monthly ~~net~~ bills ~~except for CARES customers~~. The DSMS will be assessed on a per kWh basis. The rates are shown in the UNS Electric Statement of Charges.

~~REQUIREMENTS~~

~~The 2014 UNS Electric DSMS is effective January 1, 2014 and will remain in effect until further ordered by the ACC.~~

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the ACC see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE

To the charges computed under this ~~rider 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 of, or revenue from, electric energy ~~gas sales~~ or service sold and/or the volume of energy~~gas sales~~ generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the ACC shall apply where not inconsistent with this rider~~rate~~.

Filed By:	Kentton C. Grant	Rate:	R-2
Title:	Vice President	Effective:	~~January 1, 2014~~Pending
District:	Entire Electric Service Area	Decision No.:	~~74235~~Pending

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 703
Superseding: _____

Rider-3
Market Cost of Comparable Conventional Generation (MCCCG)
Calculation as Applicable to Rider-4 NM-PRS-F

AVAILABILITY

The Market Cost of Comparable Conventional Generation (MCCCG) calculation, Rider-3, is restricted solely to Rider-4, Net Metering for Certain Partial Requirements Service (NM-PRS-F). If for a billing month a Rider-4 NM-PRS-F Customer's generation facility's energy production exceeds the energy supplied by the Company, the Customer's bill for the next billing period shall be credited for the excess generation as described in Rider-4 NM-PRS-F. The excess kWh during the billing period shall be used to reduce the kWh supplied (not kW or kVA demand or customer/facilities charges) and billed by the Company during the following billing period. Each calendar year, for the customer bills produced in October (September usage) or a customer's "Final" bill - the Company shall credit the Customer for the positive balance of excess kWhs (if any) after netting against billing period usage. The payment for the purchase of the excess kWhs will be at the Company's applicable avoided cost, which for purposes of Rider-4 NM-PRS-F shall be the simple average of the hourly MCCCG as described below for the applicable year.

The Arizona Corporation Commission (ACC) provided guidance on defining MCCCG in the context of its REST Rules and identified the MCCCG as "the Affected Utility's energy and capacity cost of producing or procuring the incremental electricity that would be avoided by the resources used to meet the Annual Renewable Energy Requirement, taking into account hourly, seasonal and long term supply and demand circumstances. Avoided costs include any avoided transmission and distribution costs and any avoided environmental compliance costs." R14-2-1801.11.

CALCULATION/METHODOLOGY

For purposes of calculating credits to the Customer for Excess Generation, the unit price paid (Credit for Excess Generation) shall be the simple average of the MCCCG over the 8,760 hours (8,784 in a leap year) hours in the forecasted year. The MCCCG in each hour is based on whether native load requirements will be met by internally owned or contracted generation resources or if market purchases will be required to meet native load requirements. The following table provides a description of the MCCCG methodology. The hourly MCCCG cost determination criteria is based on the Market Condition and Dispatch Type. This method of cost determination is very data intensive and will be calculated annually by running UNS Electric's "Planning and Risk" modeling software, and the rate will be filed with the Commission by April 1 of each year.

RATE

The Customer monthly bill shall consist of the applicable rRate charges and adjustments in addition to the Credit for Excess Generation based on the MCCCG. The MCCCG rate is an amount expressed as a rate per kWh charge that is approved by the ACC on or before June 1 of each year and effective with the first billing cycle in June, as shown in the UNS Electric Statement of Charges.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the ACC see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 703-1
Superseding: _____

MCCCG Cost Determination Matrix

Market Condition and Dispatch Type		
	Selling to Market from In House Real and Contracted Generation Sources	MCCCG Cost Based on Incremental Production/Purchase Cost of Base Load Generation for that hour
	No Market Transactions from/to In House and Contracted Generation Sources	
	Purchasing from Day Ahead Market, but not Spot Market, to meet Native Load Requirements	MCCCG Cost Based on Average Day Ahead Market Price of Purchased Power for that hour
	Purchasing from Spot Market to meet Native Load Requirements	MCCCG Cost Based on Average Spot Market Price of Purchased Power for that hour

Incremental Production / Purchase of Base Load - The cost of the next kWh (incremental) amount of load that has to be provided by UNS Electric generation sources and/or purchased power. This will be dependent on the season, month and time of day.

If Day Ahead Market or Spot Market purchases are being used to provide for reliability support capacity to meet native load requirements by freeing up in house or contracted generation resources for regulation or spinning reserve purposes for support of native load requirements, that would still represent a Market Purchase for purposes of determining which matrix box is applicable.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 704
Superseding: _____

Rider-4
Net Metering for Certain
Partial Requirements Service (NM-PRS-F)

AVAILABILITY

Available throughout the Company's entire electric service area to any Customer with a facility for the production of electricity on its premises using Renewable Resources[1], a Fuel Cell [2] or Combined Heat and Power (CHP)[3] to generate electricity, which is operated by or on behalf of the Customer, is intended to provide all or part of the Customer's electricity requirements, has a generating capacity less than or equal to 125% of the Customer's total connected load at the metered premise, or in the absence of load data, has capacity less than the Customer's electric service drop capacity, and is interconnected with and can operate in parallel and in phase with the Company's existing distribution system. Customer shall comply with all applicable federal, state, and local laws, regulations, ordinances and codes governing the production and/or sale of electricity.

For purposes of this ~~r~~Rate, the following notes and/or definitions apply:

[1] Renewable Resources means natural resources that can be replenished by natural process. Renewable Resources include biogas, biomass, geothermal, hydroelectric, solar, or wind.

[2] Fuel Cell means a device that converts the chemical energy of a fuel directly into electricity without intermediate combustion or thermal cycles. The source of the chemical reaction must be derived from Renewable Resources.

[3] Combined Heat and Power (CHP) also known as cogeneration means a system that generates electricity and useful thermal energy in a single integrated system such that the useful power output of the facility plus one-half the useful thermal energy output during any 12-month period must be no less than 42.5 percent of the total energy input of fuel to the facility.

CHARACTER OF SERVICE

The service shall be single- or three-phase, 60 Hertz, at one standard nominal voltage as mutually agreed and subject to availability at the point of delivery. Primary metering will be used by mutual agreement between the Company and the Customer.

RATE

Basic Service~~Customer~~ Charges shall be billed pursuant to the Customer's standard offer rate otherwise applicable under full requirements of service.

Power sales and special services supplied by the Company to the Customer in order to meet the Customer's supplemental or interruptible electric requirements will be priced pursuant to the Customer's standard offer rate otherwise applicable under full requirements service.

Non-Time-of-Use Rates: For Customers taking service under a Standard Retail Rate that is not a Time-of-Use rate, the Customer Supplied kWh shall be credited against the Company Supplied kWh. The Customer's monthly bill shall be based on this net kWh amount. Any monthly Excess Generation will be treated in accordance with the provisions outlined below.

Time-of-Use Rates: For Customers taking service under a Standard Retail Rate that is a Time-of-Use rate, the Customer Supplied kWh during on-peak hours shall be credited against the Company Supplied kWh during on-peak hours. All Customer Supplied kWh during off-peak hours shall be credited against the Company Supplied kWh during off-peak hours. The Customer's monthly bill shall be based on this net kWh amount. Any monthly Excess Generation will be treated in accordance with the provisions outlined below.

EXCESS GENERATION

If for a billing month the Customer's generation facility's energy production exceeds the energy supplied by the Company, the Customer's bill for the next billing period shall be credited for the excess generation. That is, the excess kWh during the billing period shall be used to reduce the kWh supplied (not kW or kVA demand or customer/facilities charges) and billed by the Company during the following billing period. Customers taking service under a time-of-use rate who are to receive credit in a subsequent billing period for excess kWh generated shall receive such credit in the next billing period for the on-peak, or off-peak periods in which the kWh were generated by the Customer. Time-of-Use Customer's taking service in the billing month of April shall receive a credit to summer on-peak and summer off-peak usage in the billing month of May for any winter on-peak and/or winter off-peak excess generation for April.

Each calendar year, for the customer bills produced in October (September usage) or a customer's "Final" bill - the Company shall credit the Customer for the balance of excess kWhs after netting. The payment for the purchase of the excess kWhs will be at the Company's applicable avoided cost, which for purposes of this rate shall be the simple average of the hourly Market Cost of Comparable Conventional Generation (MCCCG) Rider-3 for the applicable year. The MCCCG, as it applies to this rate, is specified in Rider-3 MCCCG - Market Cost of Comparable Conventional Generation (MCCCG) Calculation as Applicable to Rider-4 NM-PRS-F (Net Metering for Certain Partial Requirements Service).

METERING

The Company will install a bi-directional meter at the point of delivery to the customer and meter at the point of output from each of the Customer's generators. At the Company's request a dedicated phone line will be provided by the customer to the metering to allow remote interegation of the meters at each site. If by mutal agreement between company and customer that a phone line is impractical or can not be provided - the customer will work with company to allow for the installation of equipment, on or with customer facilities or equipment to allow remote acces to each meter. Any additional cost of communication, such as but not limited too, cell phone service fees will be the responsibility of the customer.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission (ACC) see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE

To the charges computed under this ~~rider 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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this ~~rate~~.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 705
Superseding: _____

Rider-5
Electric Service Solar Rider
(Bright Arizona Community Solar™)

APPLICABILITY

Rider-5 is for individually metered Customers who wish to participate in the Bright Arizona Community Solar Program. Under Rider-5, Customers will be able to purchase blocks of electricity from solar generation sources. Participation in Rider-5 is limited in the Company's sole discretion to the amount of solar generation available and subscription will be made on a first come, first served basis. In order to maximize subscription under Rider-5, the Company may limit the amount of solar block energy purchased by individual Customers. Rider-5 is further restricted to Customers being served under one of the following rates:

1. Residential Service Rate, RES-01 (RES-01 TOU is not applicable)
2. Small General Service Rate, SGS-10 (SGS-10 TOU is not applicable)
3. Medium~~Large~~ General Service Rate, ML~~L~~GS (ML~~L~~GS-TOU is not applicable)

Customers being served under self-generation riders or plans may not purchase power under Rider-5 (including, but not limited to Rider-4 Net Metering for Certain Partial Requirements Service (NM-PRS-F) ~~Rider-4~~ and Rider-10 Net Metering for Certain Partial Requirements Service (NM-PRS), Post June 1, 2015~~Non-Firm Power Purchase from Renewable Energy Resources and Qualifying Cogeneration Facilities of 100 kilowatts (kW) or Less Capacity Rider-10~~).

RATE

Customers can contract for a portion or up to their average annual usage in solar blocks of 150 kilowatt hours (kWh) each. Transmission and distribution charges will be applied to all energy delivered, including energy delivered under Rider-5. The Customer is responsible for paying (each month) all charges incurred under their applicable rate ~~schedule~~, and the total solar energy contracted for multiplied by the applicable solar block energy rate. Any demand based charges under the Customer's current rate will not be affected by elections under Rider-5. No discounts specified in any of the above-listed standard offer tariffs will apply to this ~~Rate~~rider The rates are shown in the UNS Electric Statement of Charges.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission (ACC) see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rider~~rate~~.

TAX CLAUSE

To the charges computed under thi~~se above~~ rider~~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.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 705-1
Superseding: _____

TERMS AND CONDITIONS

1. Customers may contract for a portion or up to their average annual usage in solar blocks of 150 kWh. If Customer's annual average usage is not available, UNS Electric will apply the appropriate class average. This limit can be reviewed annually at the request of the Customer.

2. Each solar block's energy rate will be maintained for twenty years from the date of purchase. For the purposes of the twenty year energy rate, solar blocks will be attributed to the Customer's original service address. Transfer of service under Rider-5 is prohibited. Should the Customer cancel service for any reason, his or her subscription under Rider-5 will expire.

3. Customers may add or delete solar blocks once within a twelve month period. Any addition of solar blocks will be at the then offered solar block energy rate.

4. Solar blocks will be applied to the actual energy usage each month. Electricity used in excess of the purchased solar blocks will be billed at the Customer's regular energy rate. If electricity usage is below the amount covered by the solar block(s), then the excess kWhs will be rolled forward and credited again the Customer's usage in the following month. The Customer will still be responsible for the full cost of the block(s) each month.

5. Customers will be credited for the balance of any excess kWhs annually, or on their final bill should the Customer terminate service under Rider-5. Each year, for the bills produced in October (September usage), UNS Electric will credit Customers their excess kWhs after netting and reset their balance to zero. Credit for excess kWhs will be at the energy rate of the oldest solar block.

6. All contracted solar block kWhs and associated charges in a billing month will be excluded from the calculation of PPFAC and REST charges and/or credits.

UniSource Energy SERVICES

UNS Electric, Inc.

~~1st Alternate~~ Original Sheet No.: ~~REST-TS1706~~

Superseding: ~~Original Sheet No. REST-TS1~~

Rider-6
Renewable Energy Standard and Tariff (REST) Surcharge
REST-TS1 Renewable Energy Program Expense Recovery

APPLICABILITY

Mandatory, non-bypassable surcharge applied to all energy consumed by all Customers throughout Company's entire electric service area.

RATES

For all energy billed which is supplied by the Company to the Customer. The REST surcharge shall be applied to all monthly bills. The REST rates are shown in the UNS Electric Statement of Charges.

Note: An industrial Customer is one with monthly demand equal to or greater than 3,000 kW.

For non-metered services, the lesser of the load profile or otherwise estimated kWh required to provide the service in question, or the service's contract kWh shall be used in the calculation of the surcharge.

This charge will be a line item on Customer bills reading "Renewable Energy Standard Tariff."

Per Decision No. 73638, effective March 21, 2013, any Customer who has received incentives under the REST Rules, shall pay the average of the REST surcharge paid by members of their Customer class. This requirement shall apply to renewable systems reserved on and after January 1, 2012. Any Customer who has a renewable installation without incentives that is interconnected with UNS Electric's system shall pay the average of the REST surcharge paid by members of their Customer class. This requirement shall apply to renewable systems reserved on and after February 1, 2013. The average price is shown in the UNS Electric Statement of Charges.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission (ACC) see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this ~~pricing plan~~rider.

TAX CLAUSE

To the charges computed under this ridere ~~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.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 707
Superseding: _____

Rider-7
Customer Self-Directed Renewable Energy Option
REST-TS2 Renewable Energy Standard Tariff

AVAILABILITY
Open to all Eligible Customers as defined at A.A.C. R14-02-1801.H.

APPLICABILITY
Any Eligible Customer that applies to the Company under this program and receives approval shall participate at its option.

PARTICIPATION PROCESS
An Eligible Customer seeking to participate shall submit to the Company a written application that describes the Distributed Renewable Energy (DRE) resources or facilities that it proposes to install and the estimated costs of the project. The Company shall have sixty (60) calendar days to evaluate and respond in writing to the Eligible Customer, either accepting or declining the project. If accepted, the Customer shall be reimbursed up to the actual dollar amounts of customer surcharge paid under the REST-TS1Tariff in any calendar year in which DRE facilities are installed as part of the accepted project. To qualify for such funds, the Customer shall provide at least half of the funding necessary to complete the project described in the accepted application, and shall provide the Company with sufficient and reasonable written documentation of the project's costs. Customer shall submit their application prior to May 1 of a given year to apply for funding in the following calendar year.

FACILITIES INSTALLED
The maintenance and repair of the facilities installed by a Customer under this program shall be the responsibility of the Customer following completion of the project. In order to be accepted by the Company for reimbursement purposes, the project shall, at a minimum, conform to the Company's System Qualification standards on file with the Commission. (REST Impolementation Plan, Renewable Energy Credit Purchase Program – RECPP, Distributed Generation Interconnection Requirements, Net Metering Tariff, Company's Interconnection Manual)

PAYMENTS AND CREDITS
All funds reimbursed by the Company to the Customer for installation of approved DRE facilities shall be paid on an annual basis no later than March 30th of each calendar year. All Renewable Energy Credits derived from a project, including generation and Extra Credit Multipliers, shall become the property of the Company and shall be applied towards the Company's Annual Renewable Energy Requirement as defined in A.A.C. R14-2-1801.B.

RULES AND REGULATIONS
The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rider~~Rate~~.

RELATED ~~SCHEDULES~~RIDER

- REST-TS1 - Renewable Energy Program Expense Recovery

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 708
Superseding: _____

Rider R-8
Lost Fixed Cost Recovery (LFCR)

APPLICABILITY

The Lost Fixed Cost Recovery (LFCR) will be applied to all Customers taking service from the Company other than lighting as defined in the Company's LFCR Plan of Administration (POA). ~~As provided for in the POA, in the event a residential Customer chooses to contribute to this program by paying a fixed charge option, the monthly Customer Charge specified on the appropriate Standard Offer tariff will be charged in lieu of the percentage-based rate shown in the UNS Electric Statement of Charges.~~

CHANGE IN RATE

The LFCR recovers a portion of the authorized margin approved in the Company's most recent rate case that has been lost as the result of implementing Arizona Corporation Commission (ACC)-mandated Energy Efficiency and Distributed Generation programs. Each year, a percentage-based rate will be placed in effect and charged to the participating rate classes for the 12-month period the LFCR adjustment is applicable. The total year-on-year adjustment cannot exceed 24% of the Company's most recent total combined retail calendar year revenues for all participating rate classes. The LFCR rate is shown in the UNS Electric Statement of Charges.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the ACC see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE

To the charges computed under ~~this rider 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 energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this ~~rider~~Rate.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 709
Superseding: _____

Rider R-9
Transmission Cost Adjustor (TCA)

APPLICABILITY

The Transmission Cost Adjustor (TCA) will be applied to all Customers taking service from the Company as defined in the Company's TCA Plan of Administration (POA).

CHANGE IN RATE

The TCA recovers the change in transmission costs resulting from the Federal Energy Regulatory Commission (FERC) approved formula rate that is updated annually in accordance with the provisions of the Company's Open Access Transmission Tariff (OATT), available through the FERC eTariff website at: http://etariff.ferc.gov/TariffBrowser.aspx?tid=1697. The adjustment captures the difference between the level of transmission costs approved in the Company's last rate case and the amount calculated based on the FERC-approved formula rate. The adjustment can be a charge or a credit and will be updated annually as of the date set forth in the OATT.

The TCA shall apply to all monthly bills either as a per kWh charge or as a per kW rate, depending on the Customer's effective service tariff, and is anticipated to become effective on the date the TCA is updated. The TCA rates are shown in the UNS Electric Statement of Charges.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission (ACC) see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE

To the charges computed under this rider~~ 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.

RULES AND REGULATIONS

This standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rider.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 710
Superseding: _____

Rider-10
Net Metering for Certain
Partial Requirements Service (NM-PRS), Post June 1, 2015

AVAILABILITY

Available throughout the Company's entire electric service area to any Customer with a facility for the production of electricity on its premises using Renewable Resources[1], a Fuel Cell [2] or Combined Heat and Power (CHP)[3] to generate electricity, which is operated by or on behalf of the Customer, is intended to provide all or part of the Customer's electricity requirements, has a generating capacity less than or equal to 125% of the Customer's total connected load at the metered premise, or in the absence of load data, has capacity less than the Customer's electric service drop capacity, and is interconnected with and can operate in parallel and in phase with the Company's existing distribution system. Customer shall comply with all applicable federal, state, and local laws, regulations, ordinances and codes governing the production and/or sale of electricity.

For purposes of this Rate, the following notes and/or definitions apply:

[1] Renewable Resources means natural resources that can be replenished by natural process. Renewable Resources include biogas, biomass, geothermal, hydroelectric, solar, or wind.

[2] Fuel Cell means a device that converts the chemical energy of a fuel directly into electricity without intermediate combustion or thermal cycles. The source of the chemical reaction must be derived from Renewable Resources.

[3] Combined Heat and Power (CHP) also known as cogeneration means a system that generates electricity and useful thermal energy in a single integrated system such that the useful power output of the facility plus one-half the useful thermal energy output during any 12-month period must be no less than 42.5 percent of the total energy input of fuel to the facility.

CHARACTER OF SERVICE

The service shall be single- or three-phase, 60 Hertz, at one standard nominal voltage as mutually agreed and subject to availability at the point of delivery. Primary metering will be used by mutual agreement between the Company and the Customer.

RATE

Residential or Small General Service Customers taking service under this rider must take service in accordance with the "Demand" option of the applicable standard offer rate.

Basic Service Charges shall be billed pursuant to the Customer's standard offer rate otherwise applicable under full requirements service.

All power sales defined as "kW", "kWh" and special services supplied by the Company to the Customer in order to meet the Customer's electric requirements will be priced pursuant to the Customer's standard offer rate otherwise applicable under full requirements service.

All energy produced by the Customer's generator in excess of the Customer's consumption at the time of the production is defined as excess generation and will be tracked throughout the month as excess generation and will be treated in accordance with the provisions outlined below.

EXCESS GENERATION

If at any time within a billing month the Customer's generation facility's energy production exceeds the energy consumed by the Customer, the Customer's bill for the same billing period shall be credited for the excess generation priced at the approved Renewable Credit Rate. In the event the credit exceeds the billable amount during that billing period, the unused credit will carry forward to the bill for the next billing period. The excess generation is treated the same for Standard Offer service Customers and Time-of-Use service Customers.

METERING

The Company will install a bi-directional meter at the point of delivery to the Customer and meter at the point of output from each of the Customer's generators. At the Company's request a dedicated phone line will be provided by the Customer to the metering to allow remote interrogation of the meters at each site. If by mutual agreement between Company and Customer that a phone line is impractical or cannot be provided - the Customer will work with Company to allow for the installation of equipment, on or with Customer facilities or equipment to allow remote access to each meter. Any additional cost of communication, such as but not limited to, cell phone service fees will be the responsibility of the Customer.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission (ACC) see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE

To the charges computed under this rider, 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.

RENEWABLE CREDIT RATE

The "Renewable Credit Rate" is the rate equivalent to the most recent utility scale renewable energy purchased power agreement connected to the distribution system of the Company's affiliate, Tucson Electric Power Company, and is set forth in the UNS Electric Statement of Charges.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rider.

Rider R–11
Renewable Credit Rate

AVAILABILITY

The Renewable Credit Rate, Rider R-11, is restricted solely to Rider-10, Net Metering for Certain Partial Requirements Service (NM-PRS), Post June 1, 2015. If for a billing month a Rider-10 NM-PRS Customer's generation facility's energy production exceeds the energy supplied by the Company at any time, the Customer's bill shall be credited for the excess generation as described in Rider-10 NM-PRS.

CALCULATION/METHODOLOGY

For production of electricity from a Customer generation facility using Renewable Resources as defined in Rider-10 NM-PRS, the Renewable Credit Rate is the rate equivalent to the most recent utility scale renewable energy Power Purchase Agreement (PPA) connected to the distribution system of the Company's affiliate, Tucson Electric Power Company.

For production of electricity from a Customer generation facility using a Fuel Cell or Combined Heat and Power (CHP) as defined in Rider-10 NM-PRS, the Renewable Credit Rate is the rate equivalent to the most recent utility scale energy PPA connected to the distribution system of the Company's affiliate, Tucson Electric Power Company, that uses a technology specific to the Customer's generation facility at the time service is requested.

If no utility scale PPA meeting the criteria above exists, the Renewable Credit Rate is equal to the UNS Electric Market Cost of Comparable Generation (MCCCG) as defined in Rider-3 MCCCG.

RATE

The Customer monthly bill shall consist of the applicable Rate charges and adjustments in addition to the Credit for Excess Generation based on the RCR as described in Rider-10 NM-PRS. The RCR rate is an amount expressed as a rate per kWh charge that is approved by the ACC on or before January 1 of each year and effective with the first billing cycle in January, as shown in the UNS Electric Statement of Charges.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the ACC see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 712
Superseding: _____

Rider R–12
Interruptible Service

AVAILABILITY

Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

Available to Customers qualifying for and receiving electric service under rates applicable to service over 1,000 kW (either Time-of-Use or Non-Time-of-Use) and are willing to subscribe to at least 500 kW of interruptible load at a contiguous facility. This rider is not available for standby, temporary, resale or in conjunction with other interruptible rates.

CHARACTER OF SERVICE

Must meet all service requirements for the Customer's applicable Standard Offer tariff.

TERMS AND CONDITIONS OF SERVICE

1. Customers taking service under this rider are eligible for credits in exchange for curtailing load at the request of the Company.

2. Interruptions can be called for economic or non-economic reasons and are to be called at the sole discretion of the Company.

3. The Customer must designate each service point that may be available for interruption with a 10 minute notice. Interruption will be at the discretion of the Company.

4. No more than two interruption events will occur in a given calendar day.

5. A Customer will be limited to no more than two interruptions in a day during the five summer months for a maximum of six (6) hours for each daily interruption event, even if the duration per event is less than 6 hours.

6. To receive service under this Rider–12, the Customer will install, at the Customer's expense, all necessary communication, relay and breaker equipment to qualify for service under this rate, subject to Company approval and will pay for associated hardware cost. The Customer must maintain all Company-approved equipment at their service location necessary for the Company to provide interruption notification and to remotely interrupt the Customer from its master control station.

7. Company shall not be liable for any loss or damage caused by or resulting from any interruption of service.

8. Nothing herein prevents the Company from interrupting service for emergency circumstances, determined at the Company's sole discretion. Emergency interruptions, as defined by the Company's Rules and Regulations, shall not count as interruption events for purposes of this rider.

9. The standard Rules and Regulations of the Company, as on file with the Arizona Corporation Commission, shall apply where not inconsistent with this rider.

10. The total of all interruption events (excluding Emergency interruptions) will not exceed 120 hours per year.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 712-1
Superseding: _____

BID COMMITMENT PERIOD

The Company will post Market Value Capacity Price (MVCP) (defined below) and available Interruptible Credits ($/kW) based on market value capacity for day-ahead dispatch notice for the coming months of May through September by March 15 in the same calendar year.

NOMINATION OF INTERRUPTIBLE LOAD BY CUSTOMER

Nomination will occur before April 15 of the calendar year of each interruption season. Participating Customers shall designate by service point the portion of their load that is Interruptible Load (in kW). A minimum of a thirty minute notice requirement, and a maximum interruption of six hours per event applies to all load nominated at a single service point. Customers with multiple service points may designate different maximum load (kW) for different contiguous service points. If the Customer intends to interrupt a specific activity or function at its operation, the Customer should state this activity or function at the time Interruptible Load is nominated. The minimum nomination of interruptible load summed over a participating Customer's contiguous service points shall be 1,000 kW.

INTERRUPTIBLE CREDIT

Customers who elect service under this Rider–12 will receive a monthly Interruptible credit for each of the five summer months in which an interruption may occur. The credit will be calculated by taking the Market Value Capacity Price applicable for the interruptible load season (May through September) times the nominated interruptible load of the individual Customer.

MARKET VALUE CAPACITY PRICE (MVCP)

The Market Value Capacity Price (MVCP) reflects opportunity cost of capacity as revealed through the Company's resource procurement process, adjusted to reflect line losses, and reserves avoided. Resource prices are sensitive and confidential information based on competitive bids; however this information will be made available to the Commission Staff and/or an Independent Monitor(s) for review. The MVCP is a price applicable to the five summer months only.

RECOVERY OF PROGRAM COSTS

The cost of the interruptible resource under this Rider–12 (the credits applied to qualifying Customers' bills) shall be treated as "Purchased Power" and shall be recorded in FERC account 555 and appropriately treated through the Purchased Power and Fuel Adjustment Clause (PPFAC) as any other prudent fuel or purchased power cost.

DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission (ACC) see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE

To the charges computed under this rider, 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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rider.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 713
Superseding: _____

Rider-13
Economic Development Rider (EDR)

AVAILABILITY

Available throughout the Company's entire electric service area at all points where facilities of adequate capacity and required phase and suitable voltage are adjacent to the sites served. This rider is available for commercial or industrial standard offer Customers with a projected peak demand of 1,000 kW or more and a load factor of 75% or higher for the highest 4 coincident-peak months in a rolling 12-month period.

APPLICABILITY

This rider is applicable to the qualifying additional load of an existing or new Customer meeting the criteria specified herein. All provisions of the Customer's applicable standard offer rate will apply to the qualifying additional load, except as modified herein. This rider shall be available for five years from the effective date of the Economic Development Rider. Total program participation shall be limited to 50 MW of applicable Customer load.

New and existing Customers taking service under this rider must provide written documentation that they have qualified for at least one of the following Arizona state tax credits designed to promote business recruitment and expansion:

- Arizona's Quality Jobs Tax Credit (A.R.S. § 41-1525). The program provides a tax credit for net increases in full-time employees residing in the state and hired in qualified employment positions.
    - If located in a city or town with a population of 50,000 persons or more and a county of 800,000 or more, companies must make at least a $5 million capital investment, create at least 25 net new full-time jobs that pay 100 percent of the median county wage, and cover at least 65 percent of employee health insurance costs.
    - In any other location, companies must invest at least $1 million of capital and create at least 5 qualified employment positions.
- Qualified Facility Tax Credit (A.R.S. § 41-1512). The program provides a refundable tax credit for qualifying capital investment in a manufacturing facility – including a manufacturing-related research and development or headquarters facility – that creates new jobs paying at least 125 percent of the median county wage and covering at least 80 percent of employees' health care premiums.

If either or both of the above Arizona Revised Statutes are superseded by subsequent legislation, the effective Statute shall apply. Exceptions to any of the above criteria will be reviewed and evaluated by the Company on a case-by-case basis.

For purposes of this rider, the following notes and/or definitions apply:

[1] Economic Development means new or expanding business operations that build new facilities.

[2] Economic Redevelopment means new or expanding business operations that occupy existing vacant facilities.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 713-1
Superseding: _____

CHARACTER OF SERVICE
Must meet all service requirements for the Customer's applicable Standard Offer tariff.

RATE
All provisions, charges, and adjustments in the Customer's applicable Standard Offer retail rate schedule will continue to apply to the qualifying additional load except as follows:

Category	Program Term	Discount on Total Bill before Taxes	Qualifications
Economic Development	5 years	Year 1: 20% Year 2: 15% Year 3: 10% Year 4: 5% Year 5: 2.5%	Meet (i) criteria for Arizona's Quality Jobs Tax Credit or (ii) Qualified Facility Tax Credit and create new/expanding load of 1,000 kW.
Economic Redevelopment	5 years	Year 1: 30% Year 2: 25% Year 3: 20% Year 4: 10% Year 5: 5%	Meet (i) criteria for Arizona's Quality Jobs Tax Credit or (ii) Qualified Facility Tax Credit and create new/expanding load of 1,000 kW, plus the business moves into an existing site.

ECONOMIC DEVELOPMENT RIDER SERVICE AGREEMENT
The Customer must execute an Economic Development Rider Service Agreement with the Company. The Service Agreement establishes the terms and conditions of participation in the program consistent with A.R.S. § 41-1525 and A.R.S. § 41-1512, the Arizona Corporation Commission's regulations, and this rider.

UNS ELECTRIC STATEMENT OF CHARGES
For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE
To the charges computed under this rider, 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.

RULES AND REGULATIONS
The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rider.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 714
Superseding: _____

Experimental Rider-14
Alternative Generation Service (AGS)

AVAILABILITY

Available throughout the Company's entire electric service area at all points where facilities of adequate capacity and required phase and suitable voltage are adjacent to the sites served. This rider is available for standard offer Customers who have a peak load of 2,500 kW or more at a single service point and are served under rates LPS or LPS-TOU.

Customers must have interval metering, advanced metering infrastructure, or an alternative in place at all times under this rider. Customers shall comply with all applicable federal, state, and local laws, regulations, ordinances and codes governing the production and/or sale of electricity.

All provisions of the Customer's applicable standard offer rate will apply in addition to this Experimental Rider-14, except as modified herein. This rider shall be available for four years from the effective date of Experimental Rider-14, unless extended by the Arizona Corporation Commission. Total program participation shall be limited to 10 MW of Customer load.

For purposes of this rider, the following notes and/or definitions apply:

[1] Generation Service means wholesale power delivered to UNS Electric by a Generation Service Provider.

[2] Generation Service Provider means a third party entity that provides wholesale power to the Company on behalf of a Customer. This entity must be legally capable of selling and delivering wholesale power to the Company.

[3] Imbalance Energy means the difference between the hourly delivered energy from the Generation Service Provider and the actual hourly metered loads for each Customer for all Customers that have selected the Generation Service Provider under this rider. Imbalance energy will be calculated by the Company.

[4] Imbalance Service means the calculation and management of the hourly deviations in energy supply for imbalance energy.

[5] Standard Generation Service means power provided by the Company to a retail Customer in conjunction with transmission and delivery services, at terms and prices according to a retail rate other than Experimental Rider-14.

[6] Total Load Requirements means the Customer's hourly load including losses from the point of delivery to the Company's transmission system to the Company's sites for the duration of the contract.

CHARACTER OF SERVICE

The service shall be three-phase, 60 Hertz, and at the Company's standard transmission or distribution voltages that are available within the vicinity of the Customer's premises.

CUSTOMER PARTICIPATION PROCESS

The Company shall establish an initial enrollment period during which Customers can apply for service under this rider. If the applications for service are greater than the program maximum amount, then Customers shall be selected for enrollment through a lottery process as detailed in the program guidelines, which may be revised from time-to-time during the term of this rider.

DESCRIPTION OF SERVICES AND OBLIGATIONS

The Customer shall apply for service under this rider.

The Company shall conduct the enrollment process in accordance with the provisions of this rider.

The Customer shall select a Generation Service Provider to provide Generation Service in accordance with the timeline specified in the program guidelines.

The Company shall enter into a contract with the Generation Service Provider to receive delivery and title to the power on the Customer's behalf.

The Generation Service Provider shall provide to the Company on behalf of the Customer firm power sufficient to meet the Customer's Total Load Requirements for each of the elected metered accounts, and will attest in its contract with the Company that this condition is met. For the purposes of this rider, "firm power" refers to generation resources identified in Western System Power Pool Schedule C or a reasonable equivalent as determined by the Company.

Any incremental costs or penalties incurred by the Company as the result of actions or inactions of the Generation Service Provider will be the responsibility of the Customer to pay or arrange for resolution of or service under this rider will be terminated immediately and the provisions of the section referring to the Default of the Generation Service Provider will be applied.

The Company shall provide transmission, delivery and network services to the Customer according to normal retail electric service.

The Company will settle with the Generation Service Provider for Imbalance Service and other relevant costs on a monthly basis according to the program guidelines.

The Generation Service Provider shall bill the Company the monthly billed amounts for each Customer for Generation Service and Imbalance Service according to the program guidelines.

The Company shall bill the Customer for the Generation Service Provider's charged amounts and remit the amounts to the Generation Service provider including any applicable taxes and assessments.

The Customer will be responsible for paying for the cost of the power provided by the Generation Service Provider, as specified in the contract and this rider and will be subject to disconnection in the manner consistent with the Rules and Regulations for the equivalent retail service in the event of non-payment or late payment.

RATE

All provisions, charges, and adjustments in the Customer's applicable retail rate schedule will continue to apply except as follows:

1. The Base Power Charge will not apply.
2. The unbundled Generation components of the Demand Charge and Energy Charge for Delivery Services will not apply.
3. The Purchased Power and Fuel Adjustment Clause (PPFAC) will not apply, except that the Historical Component will apply for the first twelve months of service under this rider.

Experimental Rider-14 charges determined and billed by the Company include:

1. A monthly Management Fee of $0.0040 per kWh applied to the Customer's metered kWh.
2. A monthly Reserve Capacity charge equal to the applicable unbundled Generation components of the Demand Charge and the Energy Charge for Delivery Services will be applied to the Customer's billed kW and kWh, respectively. The Reserve Capacity charge will be applied to 100% of the Customer's monthly billed kW and kWh during the first twelve months of service under this rider and 25% of the Customer's billed kW and kWh thereafter until the expiration date of this Rider.
3. An initial charge or credit for fuel hedging costs, as describe herein.
4. Returning Customer charge, where applicable, as described herein.
5. Generation Service Provider Default charge, where applicable, as described herein.

Experimental Rider-14 Generation Service and Imbalance Service charges billed by the Company include:

1. Generation Service charges shall be charged at a rate specified in the contract between the Customer and the Generation Service Provider.
2. Imbalance Service charges shall be charged at a rate greater than $0.00 per kWh and less than or equal to the rate that the Company charges the Generation Service Provider for Imbalance Service as specified herein.

DELIVERY OF POWER TO THE COMPANY'S SYSTEM

Power provided by the Generation Service Provider must be firm power as defined above and delivered to the Company at a point of delivery as agreed to by the Company. The Generation Service Provider is responsible for the cost of transmission service to deliver the power to the Company's delivery point.

SCHEDULING

The Company shall serve as the scheduling coordinator. The Generation Service Provider shall provide monthly schedules of hourly loads along with day-ahead hourly load deviations from the monthly schedule to the Company according to the program guidelines. Line losses, in the amount of 3.3%, from the point of delivery to the Customer's sites shall be either scheduled or financially settled.

IMBALANCE SERVICE

The Company will provide Imbalance Service according to the terms and provisions in the Company's Open Access Transmission Tariff, Schedule 4. Imbalance Energy will be based on the Generation Service Provider's portfolio of Customer loads.

PPFAC AND HEDGE COST TRUE-UP

The Customer will be subject to the Purchased Power and Fuel Adjustment Clause (PPFAC) – historical component for the first twelve months of service under this rider. The Customer will also pay for the hedge cost associated with the Customer's Standard Generation Service at the time the Customer takes service under this rider. For the purpose of this rider, the Company will determine the applicable pro rata hedge cost based on the market price for hedge costs at the time the Customer takes service under this rider.

CONTRACT TERM AND REQUIREMENTS

The term of the contract with the Generation Service Provider shall be for not less than one year and shall not exceed the termination date of this rider or 4 years, whichever is shorter.

The Generation Service Provider and Customer will enter into a contract or contracts with the Company, stating the pertinent details of the transaction with the Generation Service Provider, including but not limited to the scheduling of power, location of delivery, and other terms related to the Company's management of the generation resource.

DEFAULT OF THE THIRD PARTY GENERATION SERVICE PROVIDER

In the event that the Generation Service Provider is unable to meet its contractual obligations, the Customer must notify the Company and select another Generation Service Provider within 60 days. Prior to execution of any new power contract, the Company shall provide the required power to the Customer, which will be charged at the Dow Jones Electricity Palo Verde Daily Index price for the power delivery date plus $20 per MWh. In addition, all other provisions of this rider will continue to apply.

If the Customer is unable to select another Generation Service Provider within sixty days, the Customer will automatically return to Standard Generation Service, and be subject to the conditions below.

RETURN TO COMPANY'S STANDARD GENERATION SERVICE

Customer may return to the Company's Standard Generation Service under their applicable retail rate schedule without charge if: (1) they provide one year notice (or longer) to the Company; or (2) if this rider is discontinued at the end of the 4-year experimental period; or (3) the Commission terminates the program prior to the end of the initial 4-year experimental period. Absent one of these three conditions, the Company will provide the Customer with generation service at the Dow Jones Electricity Palo Verde Daily Index price for the power delivery date plus $20 per MWh until the Company is reasonably able to integrate the Customer back into their generation planning and provide power at the applicable retail rate schedule. This transition will be at the Company's determination but no longer than 1 year. The returning Customer must remain with the Company's Standard Generation Service for at least 1 year and compensate the Company for all fixed generation costs avoided by the Customer during the period the Customer was receiving service under this rider.

LOST FIXED COST RECOVERY

UNS Electric will track all non-recovered revenues related to generation fixed costs for future recovery in the Company's Lost Fixed Cost Recovery (LFCR).

CREDIT REQUIREMENTS

A Generation Service Provider or its parent company must have at least an investment grade credit rating or demonstrate creditworthiness in the form of either a 3rd-party guarantee from an investment grade rated company, surety bond, letter of credit, or cash in accordance with the Company's standard credit support rules.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE

To the charges computed under this rider, 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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rider.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 801

Superseding: _____

UNS ELECTRIC STATEMENT OF CHARGES

Fee No.	Description	Rate	Effective Date	Decision No.
1.	Service Transfer Fee	$26.00	~~January 1, 2014~~Pending	~~74235~~Pending
2.	Customer-Requested Meter Re-read	$26.00	~~January 1, 2014~~Pending	~~74235~~Pending
3.	Special Meter Reading Fee (including Customer Self-Reads)	$26.00	~~January 1, 2014~~Pending	~~74235~~Pending
4.	Service Establishment, ~~and~~ Reestablishment or Reconnection of Service under usual operating procedures During Regular Business Hours	$47.00~~41.00~~	~~January 1, 2014~~ Pending	~~74235~~Pending
5.	Service Establishment, ~~and~~ Reestablishment or Reconnection of Service under usual operating procedures After Regular Business Hours (includes Saturdays, Sundays and Holidays) ~~– Single Phase Service~~	$149.00~~137.00~~	~~January 1, 2014~~Pending	~~74235~~Pending
6.	Service Reestablishment under other than usual operating procedures (including Automated Meter Opt-Out Set Up Fee)	$196.00~~150.00~~	~~January 1, 2014~~Pending	~~74235~~Pending
7.	Meter Test	$79.00~~74.00~~	~~January 1, 2014~~Pending	~~74235~~Pending
8.	Consumption History Request and Interval History Request	$65.00 per hour	Pending	Pending
98.	Returned Payment Fee	$10.00	~~January 1, 2014~~Pending	~~74235~~Pending
109.	Late Payment Finance Charge	1.5%	~~January 1, 2014~~Pending	~~74235~~Pending

UniSource Energy SERVICES

UNS Electric, Inc.

~~Fourth Revised~~ Original Sheet No.: 801-1

Superseding ~~Third Revised Sheet No:~~ ~~801-1~~

UNS ELECTRIC STATEMENT OF CHARGES

Description	Rate	Effective Date	Decision No.
Rider R-1 – Purchased Power and Fuel Adjustment Clause (PPFAC)	Varies–See Rider-1	January 1, 2014	74235
Rider R-2 – Demand Side Management Surcharge (DSMS)	$0.0015 per kWh	August 1, 2014	74599
Rider R-3 – Market Cost of Comparable Conventional Generation (MCCCG) Calculation as Applicable to Rider-4 NM-PRS	$0.03697 per kWh	June 1, 2014	74387
Rider R-5 – Electric Service Solar Rider (Bright Arizona Community Solar™) Solar Block Energy Rate for Residential Electric Service, Rate R-01 Solar Block Energy Rate for General Service, Rate SGS-10 Solar Block Energy Rate for Large General Service, Rate LGS	 $0.087445 per kWh $0.085495 per kWh $0.077991 per kWh	January 1, 2011 through December 31, 2013	72034
Rider R-5 – Electric Service Solar Rider (Bright Arizona Community Solar™) Solar Block Energy Rate for Residential Electric Service, Rate R-01 Solar Block Energy Rate for General Service, Rate SGS-10 Solar Block Energy Rate for Large General Service, Rate LGS	 $0.084510 per kWh $0.078241 per kWh $0.076603 per kWh	January 1, 2014 Through pending	74235
Rider R-5 – Electric Service Solar Rider (Bright Arizona Community Solar™) Solar Block Energy Rate for Residential Electric Service, Rate R-01 Solar Block Energy Rate for General Service, Rate SGS-10 Solar Block Energy Rate for Large General Service, Rate LGS	 $0.069260 per kWh $0.068610 per kWh $0.068440 per kWh	Pending	Pending
Rider R-6 – Renewable Energy Standard and Tariff Surcharge REST-TS1 Renewable Energy Program Expense Recovery Monthly Cap For Residential Customers: For Commercial Customers: For Industrial Customers: For Lighting (PSHL):	$0.01000 per kWh Monthly Cap $3.40 per month $90.00 per month $10,000 per month $90.00 per month	January 1, 2015	74877

Filed By: Kentton C. Grant
Title: Vice President
District: Entire Electric Service Area

Rate: Statement of Charges
Effective: ~~January 1, 2014~~Pending
Decision No.: ~~74235~~Pending

UniSource Energy SERVICES

UNS Electric, Inc.

~~Second Revised~~ Original Sheet No.: 801-2

Superseding ~~Second Substitute First Revised Sheet No.:~~ 801-2

UNS ELECTRIC STATEMENT OF CHARGES

Description	Rate	Effective Date	Decision No.
Rider R-6 – Renewable Energy Standard and Tariff Surcharge REST-TS1 Renewable Energy Program Expense Recovery Per Decision No. 73638, customers receiving incentives on or after January 1, 2012 shall pay the average of the REST surcharge paid by members of their customer class. Customer with renewable installations without incentives that is interconnected with UNSE's system on or after February 1, 2013 shall pay the average of the REST surcharge paid by members of their customer class. The average price by class shall be the following: Monthly Cap For Residential Customers: For Commercial Customers: For Industrial Customers: For Lighting (PSHL):	 Monthly Cap $3.00 per month $19.50 per month $9,763 per month $1.30 per month	January 1, 2015	74877
Rider R-8 Lost Fixed Cost Recovery (LFCR) Mechanism ~~– Energy Efficiency~~ ~~Lost Fixed Cost Recovery (LFCR) Mechanism – Distributed Generation~~	~~0.3058%~~ pending ~~0.2746%~~	pending~~September 1, 2014~~	pending~~74694~~
Rider R-9 Transmission Cost Adjustor (TCA) – $/kWh charge (Non-Demand) Transmission Cost Adjustor (TCA) – $/kW charge (Demand)	 $0.00114 per kWh $0.4329 per kW	June 9, 2014	74235
Rider R-10 Renewable Credit Rate	Pending	Pending	Pending

Filed By: Kentton C. Grant
Title: Vice President
District: Entire Electric Service Area

Rate: Statement of Charges
Effective: ~~January 1, 2014~~Pending
Decision No.: ~~74235~~Pending

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 802
Superseding: _____

Bill Estimation Methodologies

UNS Electric, Inc. (UNS Electric) regularly encounters situations in which UNS Electric cannot obtain a complete and valid meter read. No matter the cause of the need to estimate the read, the following methods are used depending on the circumstances.

PREVIOUS YEAR FORMULA

SAME CUSTOMER WITH AT LEAST ONE YEAR OF HISTORY

UNS Electric would generate a bill based on Customer usage from the previous year using the "PREVIOUS YEAR" formula as follows:

LAST YEAR'S USAGE FOR SAME MONTH / NUMBER OF DAYS IN BILLING PERIOD = PER DAY USAGE
(FOR "TIME OF USE" (TOU) THIS WOULD BE APPLIED TO EACH PERIOD)

PER DAY USAGE X NUMBER OF DAYS IN THIS MONTH'S CYCLE = ESTIMATED USAGE
(FOR TOU THIS WOULD BE APPLIED TO EACH PERIOD)

PREVIOUS MONTH FORMULA

SAME CUSTOMER AT SAME PREMISE WITH LESS THAN ONE YEAR OF HISTORY

UNS Electric would generate a bill based on Customer usage from the previous month using the "PREVIOUS MONTH" formula as follows:

LAST MONTHS USAGE / NUMBER OF DAYS IN BILLING PERIOD = PER DAY USAGE
(FOR TOU THIS WOULD BE APPLIED TO EACH PERIOD)

PER DAY USAGE x NUMBER OF DAYS IN THIS MONTH'S CYCLE = ESTIMATED USAGE
(FOR TOU THIS WOULD BE APPLIED TO EACH PERIOD)

TREND FORMULA

NEW CUSTOMER AT SAME PREMISE

UNS Electric would generate a bill using the "TREND" formula, based on Customer's usage trend as described below:

UNS Electric's customer information system (CIS) would generate a bill based on trend. Customers are assigned to a Trend area which differentiate consumption based on different geographic areas. Secondly, the Customer is assigned to a Trend class which is used to differentiate consumption trends based on the type of service and type of property. An example of this would be residential, commercial, and industrial usage. Thirdly, all consumption is identified using unit of measure code and a time of use code. Within UNS Electric's CIS, a trend record is created from each billed service. This record becomes part of a trend table. During estimation, consumption from three prior bill cycles is compared to the consumption from the same cycle in the previous month to determine a trend. This trend, plus a tolerance, is used to create a usage amount for bill estimation.

CUSTOMER'S USAGE IN PREVIOUS PERIOD/ AVERAGE CUSTOMER'S USAGE IN PREVIOUS PERIOD X AVERAGE CUSTOMER'S USAGE IN CURRENT PERIOD = ESTIMATED CONSUMPTION FOR REGISTER READ

NO HISTORY

UNS Electric would not generate a bill until a good meter read was acquired then use known consumption to estimate previous bills.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 802-1
Superseding: _____

Demand Estimate

For accounts that have a demand billing component UNS Electric collects interval data. This interval data is used to manually estimate demands using the following methodologies:

SAME CUSTOMER AT SAME PREMISE WITH AT LEAST ONE YEAR OF HISTORY

UNS Electric would generate a bill based on Customer usage from the previous year using the following formula:

LAST YEAR'S DEMAND FOR SAME MONTH = ESTIMATED DEMAND

NEW CUSTOMER AT SAME PREMISE WITH AT LEAST ONE YEAR OF HISTORY

UNS Electric would generate a bill based on Customer usage from the previous month using the following formula:

LAST MONTHS DEMAND = ESTIMATED DEMAND

SAME CUSTOMER AT SAME PREMISE WITH LESS THAN ONE YEAR OF HISTORY

UNS Electric would generate a bill based on Customer usage from the previous month using the following formula:

LAST MONTHS DEMAND = ESTIMATED DEMAND

NEW CUSTOMER AT SAME PREMISE WITH LESS THAN ONE YEAR OF HISTORY

UNS Electric would generate a bill based on Customer usage from the previous month using the following formula:

LAST MONTHS DEMAND = ESTIMATED DEMAND

NO HISTORY

UNS Electric would not generate a bill until a good demand read was acquired then use known demand to estimate previous bills.

UNS Electric, Inc.

Original Sheet No.: 803
Superseding:

GUIDELINES FOR ELECTRIC LOAD CURTAILMENT

INTRODUCTION

While UNS Electric, Inc. (UNS Electric) strives to provide an uninterrupted supply of electricity, conditions could exist on UNS Electric's electric power system where:

- The power supply would be insufficient to meet the electric load demands during peak period. This condition will be classified as a "Bulk Power Supply Emergency".

- The transmission delivery would be insufficient to meet electric load demands. This will be considered a "Transmission Emergency".

Should a "Bulk Power Supply Emergency" or a "Transmission Emergency" seem imminent the following steps will be implemented as appropriate.

1. Evaluate alternative power supplies or Company owned generation.

2. Call on Interruptible Customers to interrupt load.

3. Reschedule any scheduled maintenance of the transmission system.

4. Reduce all non-essential Company uses such as office lighting, electric cooling and heating, etc.

5. Contact Western Area Power Administration for possible assistance.

6. Contact Nevada Energy and Aha Macav Power Service for possible emergency assistance.

7. Reduce distribution feeder voltage up to 5%, where possible.

Should additional remedial action be warranted, UNS Electric will make a public appeal via local radio stations and television for the voluntary curtailment of electric consumption by its customers.

Should voluntary curtailment result in insufficient load reduction to mitigate the emergency, the Arizona Corporation Commission (ACC) has directed UNS Electric to institute mandatory involuntary curtailment, pursuant to ACC Decision No. 42097 and Arizona Administrative Code R14-2-208, Provision of Service, Paragraph E.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 803-1
Superseding:

CUSTOMER LOAD DEFINITIONS

Essential Loads: Loads that are necessary to the health, safety and welfare of the public or some portion or member thereof, such as police, fire service, national defense, sewage facilities, domestic water facilities, hospitals, essential medical devices (such as iron lungs, oxygen pumps or similar uses) and where uninterrupted electric service is essential to the providing of such essential uses or services. These loads will not be interrupted unless an area needs to be dropped to maintain the stability of the electric system, or adequate on-site generation is available to cover the Essential load.

Critical Loads: That portion of the electric load of those non-residential customers which in the event of interruption of service would cause excessive damage to the equipment or material in process or perishable items or where such interruption would create grave hazards to the employee's or the public. These areas will not be interrupted unless an area needs to be dropped to maintain the stability of the electric system, or adequate on–site generation is available to cover the Critical load level.

Others: All customers not meeting the above definitions will be interrupted, with or without, notice if voluntary curtailment measures are not sufficient to alleviate the problem.

LOAD CURTAILMENT NOTIFICATION

UNS Electric's load is served primarily by Tucson Electric Power Company (TEP) under a Power Services Agreement. Energy from TEP resources is delivered to UNS Electric's load areas in Mohave and Santa Cruz Counties through the bulk power transmission system of the Western Area Power Administration (WAPA). UNS Electric's load is in the control area of TEP for Power Supply purposes and in WAPA's control area for Transmission purposes. Either control area could initiate a call for load curtailment due to a system or regional power supply or transmission emergency. Local Transmission Emergencies could occur, affecting portions of UNS Electric's service area only.

Should either voluntary or involuntary load curtailment become necessary:

1. UNS Electric's Mohave Dispatch Center will be notified of a regional curtailment emergency by either TEP's Energy Control Center or the WAPA's Transmission Dispatch Desk.

2. UNS Electric's Mohave Dispatch Center will notify Mohave Management of the nature and type of curtailment emergency.

3. Mohave Management will notify Company Management, District Operations Management and the ACC of the nature of the curtailment.

4. District Customer Service Personnel will, if time permits:

   - Notify Interruptible Customer to drop load;
   - Notify key customers of the nature of the curtailment and request voluntary load; reductions or activation of on-site generation (if any);
   - Call local radio stations to request public announcements;
   - Notify County Emergency Management, and;
   - Notify City and County Police and Fire Departments.

5. District Operations Personnel will notify supervisory and assigned staff to report to their respective duty stations.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 803-2
Superseding:

VOLUNTARY LOAD CURTAILMENT

If conditions allow for advanced notification, UNS Electric shall evaluate activating its own generation and will ask the public for a voluntary curtailment. In addition, all Interruptible Customers and Large Load Customers will be called by pre-assigned individuals to request load interruption as provided for under the Tariff or voluntary load reduction where no tariff exists.

INVOLUNTARY LOAD CURTAILMENT

Should the voluntary curtailment result in an insufficient reduction in load, Division Operations Management will determine the amount of additional load to curtail. Blackout periods are to be approximately 30 to 60 minutes in duration.

After proper notification Division Operations Management will utilize the capabilities of the System Control and Data Acquisition System ("SCADA") and manual operation to shed load throughout the District operations areas (Kingman, Lake Havasu City and Santa Cruz) based on circuit classification, unless the emergency is of a local nature. Individual Distribution Circuits will be classified for curtailment, according to the type of customers served on that feeder, as defined in the Guide to Circuit Loading for each District.

DISTRIBUTION CIRCUIT CLASSIFICATIONS

Essential: Circuits that serve essential customers will be so identified and will not be interrupted, unless an area must be dropped to maintain electric system stability.

Critical: Circuits that serve critical customers will be so identified and will not be interrupted, unless an area must be dropped to maintain electric system stability. Critical Customers will be notified and required to curtail the non-critical portions of their load. If a customer with a critical load refuses or fails to curtail their electric consumption down to the critical load, the customer shall not be considered to have a critical load and can be curtailed 100%.

Large Load Customers:

1. Circuits that serve Large Load Customers will be so identified and will not be interrupted until proper notice is given, unless an area must be dropped to maintain electric system stability.

2. Customers, who can take 100 percent curtailment if given sufficient notice, will be rotated on the same schedule as the "Others" circuits until the emergency is terminated by UNS Electric.

3. Customers served by circuits that cannot be rotated* will be notified. They will be required to reduce their load to their pre-determined level, in a rotating order and with a frequency or repetition necessary to meet the emergency situation.

Others:

Circuits that serve all remaining customers will be so identified and rotated without notice. Rotation of these circuits will be for a duration and frequency necessary to meet the emergency situation.

Customers on a non-rotating circuit* who normally could be rotated, will be required to curtail load. If these customers do not curtail to the extent needed, UNS Electric may discontinue or disconnect service and refuse to re-establish service until after the emergency condition is terminated.

***Non-Rotating Circuits are so classified based on the specific nature of the electric distribution system or due to having critical or essential customers served by that feeder.**

UNS Electric, Inc.

Original Sheet No.: 803-3
Superseding:

EMERGENCY INVOLUNTARY CURTAILMENT

In the event a major electrical disturbance threatens the interconnected Southwest system with blackout conditions or/and unexpected shortages of power that do not allow for the implementation of the Electric Curtailment Plan, emergency devices such as under-frequency/under-voltage load shedding relays will automatically shed load to maintain system stability, and the Company will resort to emergency operating procedures. These circuits will remain out of service until the Company can move from the emergency procedure to the Electric Load Curtailment Plan or the emergency is resolved.

INVOLUNTARY CURTAILMENT BY TRANSMISSION PROVIDER

UNS Electric purchases transmission service from the WAPA to deliver its power supply requirements. WAPA's Transmission Dispatch Desk would notify the UNS Electric Arizona Dispatch Center of situations on the bulk transmission system requiring load curtailment in the Company's service area.

ELECTRIC LOAD AND CURTAILMENT PLAN

A detailed electric load and curtailment plan will be kept on file with the ACC. This plan will contain specific procedures for implementation of the above, along with the name(s) and telephone number(s) of the appropriate Company personnel to contact in the event implementation of the plan becomes necessary. Updates to the plan will be filed annually or when they occur. Its amendments will become effective upon submission to the ACC.

The Company will contact the Director of the Utilities Division, or their designee, as soon as practical for any curtailment pursuant to this Tariff.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 804
Superseding: _____

Rates for Power and Energy Transactions With Qualifying Facilities That Receive Full Requirements 100 kW or Less (QF-A)

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises. For all Qualifying Facilities (QF) that have entered into a Service Agreement with the Company.

APPLICABILITY

To all QFs with 100 kW or less operating in the Buy/Sell Mode for full requirements, supplemental power, stand-by power, and maintenance power service. To take service under QF-A, the customer must take service under a standard offer rate option with a demand charge.

CHARACTER OF SERVICE

Electric sales to the Company must be single or three phase, 60 Hertz, at a standard voltage subject to availability at the premises. The QF will have the option to sell energy to the Company at a voltage level different from that for purchases from the Company, however, the QF will be responsible for all costs incurred to accommodate such an arrangement.

DEFINITIONS

1. Qualifying Facilities - Cogeneration and small power production facilities where the facility's generator(s) and load are located at the same premise and that otherwise meet qualifying criteria for size, fuel use, efficiency and ownership as promulgated in 18 C.F.R., Chapter I, Part 292, Subpart B of Federal Energy Regulatory Commission regulations.

2. Buy/Sell Mode of Operation - The QF's total generation output is delivered to the Company and the QF's full requirements for service are provided by the Company or no electric requirements are required by the QF.

3. Full Requirements Service - Any instance whereby the Company provides all the electric requirements of a QF.

4. Energy - Electric energy which is supplied by the QF.

5. Firm Capacity - Capacity available, upon demand, at all times (except for forced outages and scheduled maintenance) during the period covered by the Agreement from the QF with an availability factor of at least 80%, as defined by the North American Electric Reliability Council.

6. Net Energy - The total kilowatt hours (kWh) sold to the QF by the company less the total kWhs purchased by the Company from the QF.

7. Supplemental Power - Electric capacity and energy supplied by the Company regularly used by the QF in addition to that which the facility generates itself.

8. Stand-by Power - Electric capacity and energy supplied by the Company to replace energy ordinarily generated by a facility's own generation equipment during an unscheduled outage of the facility.

9. Maintenance Power - Electric capacity and energy supplied by the Company during scheduled outages of the QF.

10. Purchase Agreement - Agreements for the purchase of electric energy and capacity from and the sale of power to the QF entered into between the Company and QF.

Net Bill method:
The kWhs sold to the Company shall be subtracted from the kWhs purchased from the Company. If the calculation is positive, the Net Energy kWhs received from the Company will be priced at the applicable Electric Rate under which the QF would otherwise purchase its full requirements service. If the calculation is negative, the Net Energy kWhs delivered to the Company will be priced at the purchase rate shown below.

RATES FOR SALES TO QFs
The rates and billings for sales of energy and capacity to the QF shall be billed pursuant to the Customer's standard offer tariff otherwise applicable under full requirements service.

RATES FOR PURCHASES FROM QFs
Basic Service charges shall be billed pursuant to the Customer's standard offer tariff otherwise applicable under full requirements of service.

Rates for Energy purchased from the QF shall be priced at short-run avoided cost.

Rates for Firm Capacity purchased from the QF shall be priced at avoided cost based upon deferral of capacity additions indicated in Company's resource plan.

ADJUSTMENTS
Purchased Power Fuel Adjuster Clause (PPFAC) is a percent monthly adjustment in accordance with the PPFAC Rider No. 1. The PPFAC reflects increases or decreases in the cost to the Company of energy either generated or purchased above or below the base cost per kWh sold. See Rider-1 for current rate.

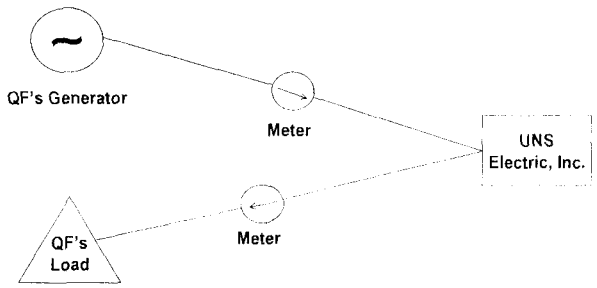
CONTRACT PERIOD
As provided for in the Service Agreement.

TERMS AND CONDITIONS
Subject to:

The Service Agreement, and

A delayed payment charge as stated in the general rules and regulations will be applied to account balances carried forward from prior billings.

METER CONFIGURATION



UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission (ACC) see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rate.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 805
Superseding: _____

Rates for Power and Energy Transactions With Qualifying Facilities That Receive Partial Requirements 100 kW or Less (QF-B)

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises. For all Qualifying Facilities (QF) that have entered into a Service Agreement with the Company.

APPLICABILITY

To all QFs with 100 kW or less operating in the Partial Requirements Mode for partial requirements, supplemental power, stand-by power, and maintenance power service. To take service under QF-B, the customer must take service under a standard offer rate option with a demand charge.

CHARACTER OF SERVICE

Electric sales to the Company must be single or three phase, 60 Hertz, at a standard voltage subject to availability at the premises. The QF will have the option to sell energy to the Company at a voltage level different from that for purchases from the Company, however, the QF will be responsible for all costs incurred to accommodate such an arrangement.

DEFINITIONS

1. Qualifying Facilities - Cogeneration and small power production facilities where the facility's generator(s) and load are located at the same premise and that otherwise meet qualifying criteria for size, fuel use, efficiency and ownership as promulgated in 18 C.F.R., Chapter I, Part 292, Subpart B of Federal Energy Regulatory Commission regulations.

2. Partial Requirements Mode of Operation - A QF's generation output first goes to supply its own electric requirements with any excess energy (over and above its own requirements) then being sold to the Company. The Company supplies the QF's electric requirements not met by the QF's own-generation facilities. This also may be referred to as the "parallel mode" of operation.

3. Energy - Electric energy which is supplied by the QF

4. Firm Capacity - Capacity available, upon demand, at all times (except for forced outages and scheduled maintenance) during the period covered by the Agreement from the QF with an availability factor of at least 80%, as defined by the North American Electric Reliability Council.

5. Net Energy - The total kilowatt hours (kWh) sold to the QF by the company less the total kWhs purchased by the Company from the QF.

6. Supplemental Power - Electric capacity and energy supplied by the Company regularly used by the QF in addition to that which the facility generates itself.

7. Stand-by Power - Electric capacity and energy supplied by the Company to replace energy ordinarily generated by a facility's own generation equipment during an unscheduled outage of the facility.

8. Maintenance Power - Electric capacity and energy supplied by the Company during scheduled outages of the QF.

9. Purchase Agreement - Agreements for the purchase of electric energy and capacity from and the sale of power to the QF entered into between the Company and QF.

RATES FOR SALES TO QFs

The rates and billings for sales of energy and capacity to the QF shall be billed pursuant to the Customer's standard offer tariff otherwise applicable under full requirements service.

RATES FOR PURCHASES FROM QFs

~~Basic Service~~~~Customer~~ charges shall be billed pursuant to the Customer's standard offer tariff otherwise applicable under full requirements of service.

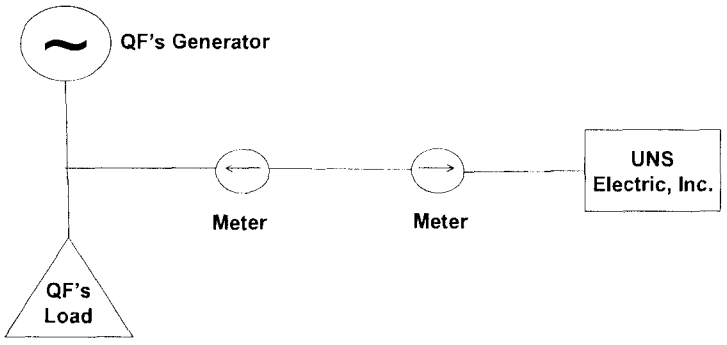
Rates for Energy purchased from the QF shall be priced at short-run avoided cost.

Rates for Firm Capacity purchased from the QF shall be priced at avoided cost based upon deferral of capacity additions indicated in Company's resource plan.

ADJUSTMENTS

Purchased Power Fuel Adjuster Clause (PPFAC) is a per~~cent kWh~~ monthly adjustment in accordance with the PPFAC Rider No. 1. The PPFAC reflects any increases or decreases in the cost to the Company of energy either generated or purchased above or below the base cost per kWh sold. See Rider-1 for current rate.

METER CONFIGURATION



CONTRACT PERIOD

As provided for in the Service Agreement.

TERMS AND CONDITIONS

Subject to:

The Service Agreement, and

A delayed payment charge as stated in the general rules and regulations will be applied to account balances carried forward from prior billings.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission (ACC) see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rate.

UniSource Energy SERVICES

UNS Electric, Inc.

Original Sheet No.: 806
Superseding: _____

Rates for Power and Energy Transactions With Qualifying Facilities That Receive Optional Service Over 100 kW (QF-C)

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises. For all Qualifying Facilities (QF) that have entered into a Service Agreement with the Company.

APPLICABILITY

To all QFs with over 100 kW operating in the Partial Requirements Mode for partial requirements, supplemental power, stand-by power, and maintenance power service.

CHARACTER OF SERVICE

Electric sales to the Company must be single or three phase, 60 Hertz, at a standard voltage subject to availability at the premises. The QF will have the option to sell energy to the Company at a voltage level different from that for purchases from the Company, however, the QF will be responsible for all costs incurred to accommodate such an arrangement.

DEFINITIONS

1. Qualifying Facilities - Cogeneration and small power production facilities where the facility's generator(s) and load are located at the same premise and that otherwise meet qualifying criteria for size, fuel use, efficiency and ownership as promulgated in 18 C.F.R., Chapter I, Part 292, Subpart B of Federal Energy Regulatory Commission regulations.

2. Partial Requirements Mode of Operation - A QF's generation output first goes to supply its own electric requirements with any excess energy (over and above its own requirements) then being sold to the Company. The Company supplies the QF's electric requirements not met by the QF's own-generating facilities. This also may be referred to as the "parallel mode" of operation.

3. Energy - Electric energy which is supplied by the QF.

4. Firm Capacity - Capacity available, upon demand, at all times (except for forced outages and scheduled maintenance) during the period covered by the Agreement from the QF with an availability factor of at least 80%, as defined by the North American Electric Reliability Council.

5. Net Energy - The total kilowatt hours (kWh) sold to the QF by the company less the total kWhs purchased by the Company from the QF.

6. Supplemental Power - Electric capacity and energy supplied by the Company regularly used by the QF in addition to that which the facility generates itself.

7. Stand-by Power - Electric capacity and energy supplied by the Company to replace energy ordinarily generated by a facility's own generation equipment during an unscheduled outage of the facility.

8. Maintenance Power - Electric capacity and energy supplied by the Company during scheduled outages of the QF.

9. Purchase Agreement - Agreements for the purchase of electric energy and capacity from and the sale of power to the QF entered into between the Company and QF.

RATES FOR SALES TO QFs

Supplemental Service:

A. Service Charge - The service charge shall be the basic service charge using the otherwise applicable retail Rate.

B. Energy Charge - The energy charge shall be the energy charge using the otherwise applicable retail Rate.

C. Demand Charge - The demand charge shall be the demand charge using the otherwise applicable retail Rate and it shall apply only to supplemental power and not to total requirements.

Standby Service:

A. Service Charge - The service charge shall be the basic service charge using the otherwise applicable retail Rate.

B. Energy Charge - The energy charge is $0.053845 per kWh per month.

C. Demand Charge - The demand charge shall be the product of $3.922765 per kW per month and the probability (*) that the QF has an unscheduled outage at the time of the company's peak.

(*) This value is initially set at ten percent (10%) for the first year and reset annually based upon actual experience with the QF.

Maintenance Service:

A. Service Charge - The service charge shall be the basic service charge using the otherwise applicable retail Rate.

B. Energy Charge - The energy charge is $0.053845 per kWh per month.

C. Maintenance Service - Must be scheduled with the Company and may only be scheduled during the period October through April.

Only one service charge will be applied for each billing period.

RATES FOR PURCHASES FROM QFs

Basic ServiceCustomer charges shall be billed pursuant to the Customer's standard offer tariff otherwise applicable under full requirements of service.

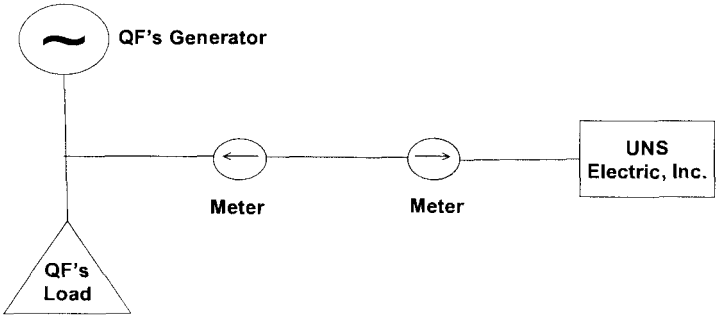
Rates for Firm Capacity purchased from the QF shall be priced at long-run avoided cost based upon deferral of capacity additions indicated in Company's resource plan.

Rates for capacity associated with Firm Capacity shall be as provided for in the Service Agreement.

ADJUSTMENTS

Purchased Power Fuel Adjuster Clause (PPFAC)is a percent kWh monthly adjustment in accordance with the PPFAC Rider No. 1. The PPFAC reflects any increases or decreases in the cost to the Company of energy either generated or purchased above or below the base cost per kWh sold. See Rider-1 for current rate.

METER CONFIGURATION



CONTRACT PERIOD
As provided for in the Service Agreement.

TERMS AND CONDITIONS
Subject to:

The Service Agreement, and

Shall be interconnected with and can operate in parallel and in phase with the Company's existing distribution system. The Interconnection must comply with the Company's interconnection requirements, and

Shall take service as a Primary Service and Metering Customer (the Company shall not provide voltage transformation on the customer's premise).

A delayed payment charge as stated in the general rules and regulations will be applied to account balances carried forward from prior billings.

UNS ELECTRIC STATEMENT OF CHARGES
For all additional charges and assessments approved by the Arizona Corporation Commission (ACC) see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

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.

RULES AND REGULATIONS
The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rate.

Exhibit CAJ-5

CLEAN

UNS Electric, Inc.

Purchased Power and Fuel Adjustment Clause
Plan of Administration

Table of Contents

1. GENERAL DESCRIPTION

This document describes the plan for administering the Purchased Power and Fuel Adjustment Clause ("PPFAC") the Arizona Corporation Commission ("Commission") approved for UNS Electric, Inc. ("UNS Electric") in Decision No. 74235 (December 31, 2013) as modified in Decision No. XXXXX.

The PPFAC described in this Plan of Administration ("POA") uses a historical twelve (12) month rolling average of actual fuel and purchased power costs to set a rate. The PPFAC rate is adjusted on a monthly basis. This POA describes the application of the PPFAC.

2. DEFINITIONS

Applicable Interest – Based on one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release H-15. The interest rate is adjusted annually on the first business day of the calendar year.

Applicable Twelve (12) Months – The historical 12-month period that ends two months prior to the monthly PPFAC rate change. For example, a January PPFAC rate is based on the 12 months ending November 30.

Base Cost of Fuel and Purchased Power – An amount generally expressed as a rate per kilowatt-hour ("kWh") for each rate class, which reflects the fuel, purchased power and purchased transmission cost embedded in the base rates for each customer class as approved by the Commission in UNS Electric's most recent rate case. The Base Cost of Fuel and Purchased Power revenue is the approved rate per kWh times the applicable sales volumes for each rate class.

Brokerage Fees – The costs attributable to the use of brokers recorded in Federal Energy Regulatory Commission ("FERC") Account 557.

Fuel and Purchased Power Costs – The costs recorded for the fuel and purchased power used by UNS Electric to serve both Native Load Energy Sales and Off-System Sales. Wheeling costs are included.

Native Load Energy Sales – Retail Native Load Energy Sales and Wholesale Native Load Energy Sales in the UNS Electric control area for which UNS Electric has a generation service obligation.

Off-System Sales – Wholesale Sales made to non-Native Load customers, for the purpose of optimizing the UNS Electric system, using UNS Electric-owned or contracted generation and purchased power.

Off-System Sales Revenue – The revenue recorded from wholesale sales made to non-Native Load customers, for the purpose of optimizing the UNS Electric system, using UNS Electric-owned or contracted generation and purchased power.

PPFAC – The Purchased Power and Fuel Adjustment Clause was approved by the Commission in Decision No. 70360, and amended in Decision Nos. 74235 and XXXXX. The PPFAC rate tracks the changes in the cost of obtaining power supplies based upon a historical 12-month rolling average of fuel, purchased power and purchased transmission costs. The PPFAC rate is adjusted monthly. The change in the PPFAC rate is banded, so the new monthly PPFAC rate cannot increase or decrease the Total Average Retail Fuel and Purchased Power Rate by more than 1% from the preceding month's rate, unless authorized by the Commission. Any over or under recovery of actual costs is recorded in the PPFAC bank balance. If the PPFAC bank balance becomes over collected by more than $10 million, UNS Electric must file for a PPFAC rate adjustment within 45 days, or contact Staff to discuss why a PPFAC rate adjustment is not necessary at that time. If the PPFAC bank balance is under collected, the Company has the right to file an application with the ACC requesting a surcharge.

Preference Power – Power allocated to UNS Electric wholesale customers by federal power agencies such as the Western Area Power Administration.

Retail Native Load Energy Sales – The portion of load from Native Load Energy Sales retail customers that are served by UNS Electric.

Short-term Sales – Wholesale sales with a duration of less than one-year made to non-Native Load customers for the purpose of optimizing the UNS Electric system, using UNS Electric owned or contracted generation and purchased power.

Short Term Sales Revenue – The revenue recorded from short term wholesale sales made to non-Native Load customers, for the purpose of optimizing the UNS Electric system, using UNS Electric owned or contracted generation and purchased power.

Total Average Retail Fuel and Purchased Power Rate – The average base cost of fuel and purchased power ($0.xxxx per kWh) plus the appropriate PPFAC rate.

Wheeling Costs (FERC Account 565, Transmission of Electricity by Others) – Amounts payable to others for the transmission of UNS Electric's electricity over transmission facilities owned by others.

Wholesale Native Load Energy Sales – The portion of load from Native Load Energy Sales wholesale customers that is served by UNS Electric, excluding the load served with Preference Power.

Wholesale Sales – Sales to non-retail customers.

3. CALCULATION OF THE PPFAC RATE

The PPFAC rate (applied as a percentage of base fuel and purchased power rates) is calculated based upon a historical rolling average of fuel and purchased power costs during the Applicable 12-Month period. All revenues from Short-Term Off-System Sales and sales of renewable energy credits that do not flow through the Renewable Energy Standard Tariff will be credited against fuel and purchased power costs. The PPFAC rate shall be reset monthly, beginning the second month new rates are in effect. For example, if new rates are effective January 1, 2016, the PPFAC rate will be 0.0% in the month of January 2016 and a new PPFAC rate will be effective in February 2016 based on the Applicable 12-Month period ending December 31, 2015.

The new PPFAC rate will be effective with the first billing cycle of each month and will not be prorated. The change in the PPFAC rate is banded, so the new PPFAC rate for a month cannot increase or decrease the Total Average Retail Fuel and Purchased Power Rate by more than 1.0% from the prior month's rate. Any over or under recovery of actual costs is recorded in the PPFAC bank balance. The PPFAC rate shall be applied to the customer's bill as a monthly percentage adjustment that is the same for all customer classes.

4. BASE FUEL AND PURCHASED POWER RATE ANNUAL ADJUSTMENT

Each year, beginning with the monthly filing for January 201X, UNS Electric shall calculate the prior year's Base Cost of Fuel and Purchased Power Factor ("Base FPP Rate Factor") and the Base Fuel and Purchased Power Rate Adjustor ("FPP Base FPP Rate Adjustor"). The Base FPP Rate Factor shall be calculated by dividing the prior year's actual Retail Base Fuel and Purchased Power Rate collections by the Base Cost of Fuel and Purchased Power established according to Decision No. XXXXX. The FPP Base Rate Adjustor shall be calculated as [1 / FPP Base Rate Factor].

The Effective Base Fuel and Purchased Power Rate ("Effective Base FPP Rate") will be calculated by multiplying the Base Cost of Fuel and Purchased Power established in Decision No. XXXXX by the Base FPP Rate Adjustor. The Effective Base FPP Rate will be calculated annually and used to calculate the subsequent twelve months' PPFAC rate. For example, the monthly PPFAC filing January 2017 shall use the Effective Base FPP Rate calculated as the Base Cost of Fuel and Purchased Power in Decision No. XXXXX multiplied by the FPP Base Rate Adjustor calculated using actual retail Base Fuel and Purchase Power Revenues collected in from January 2016 through December 2016. Each January, actual retail fuel and purchased power revenues recovered through base rates during the prior 12 months will be used to calculate a new Base FPP Rate Factor, Base FPP Rate Adjustor and Effective Base FPP Rate. The example in Table 1 below illustrates the calculation.

Table 1		Cents/ kwh
Line 1	Actual Base FPP Rate January 2016 – December 2016 (Actual collections divided by GWh load)	.045
Line 2	Average Base FPP Rate approved in Decision No. XXXXX	.050
Line 3	Base FPP Rate Factor (L1/L2)	.900
Line 4	Base FPP Rate Adjustor (1/L3)	1.111
Line 5	2017 Effective FPP Base Rate (L2 x L4)	.0556

The use of the Effective Base FPP Rate does not change the Base Fuel and Purchased Power Rate approved in Decision No. XXXXX, but serves to calibrate the Base Cost of Fuel and Purchased Power with actual collections from customers. The Base FPP Rate Factor illustrates the expected collections based on historical actual collections. Table 2 below illustrates the effect.

Table 2				
2016 Load	Average Base FPP Rate per Decision No. XXXXX	Expected Collections	Actual Collections	Collected Base Rate
GWh	Cents/kwh	$ in ,000s	$ in ,000s	Cents/kwh
1800	.050	$90,000	$81,000	.045
2017 Load	2017 Effective Base FPP Rate	Expected Collections	Actual Collections	Collected Base Rate
1800	.0556	$90,000*	$90,000*	.05
*Note: Actual Collections equal Expected Collections, and the original approved Base FPP Rate per Decision No. XXXX, by calculating [Effective Base FPP Rate x Base FPP Rate Factor x Base FPP Rate Adjustor]. The Base FPP Rate Factor is calculated above.				

5. *ACCUMULATED PPFAC BANK BALANCE*

UNS Electric shall maintain and report monthly the accumulated PPFAC bank balance. The PPFAC bank balance shall reflect any over or under recovery of actual purchased power and fuel costs compared with the actual amounts recovered through the Base Fuel and Purchased Power and PPFAC rates.

6. VERIFICATION AND AUDIT

The amounts charged through the PPFAC will be subject to periodic audit to assure their completeness and accuracy and to assure that all fuel and purchased power costs were incurred reasonably and prudently. The Commission may, after notice and opportunity for hearing, make such adjustments to existing balances or to already recovered amounts as it finds necessary to correct any accounting or calculation errors or to address any costs found to be unreasonable or imprudent.

7. SCHEDULES

The following schedules are attached to this Plan of Administration:

Schedule 1: Total Average Retail Fuel and Purchased Power Rate Calculation
Schedule 2: PPFAC Rate Calculation
Schedule 3: Applicable 12-Month Total Average Fuel Account
Schedule 4: Surcharge/Credit Calculation
Schedule 5: Surcharge/Credit Tracking Account
Schedule 6: Base Fuel and Purchased Power Rate Factor Calculation

8. COMPLIANCE REPORTS

UNS Electric shall provide monthly information reports to Commission Staff's Compliance Section and to the Residential Utility Consumer Office detailing all calculations related to the PPFAC. A UNS Electric Officer shall certify under oath that all information provided in the reports itemized below is true and accurate to the best of his or her information and belief and that there have been no changes to the Allowable Costs recovered through the PPFAC without Commission approval. These monthly reports shall be due within 45 days of the end of the reporting period.

The publicly available reports will include at a minimum:

1. The Total Average Retail Fuel and Purchased Power Rate Calculation (Schedule 1) and the PPFAC Rate Calculation (Schedule 2). Additional information will provide other relative inputs and outputs such as:
   a. Total power and fuel costs.
   b. Customer sales in both MWh and thousands of dollars by customer class.
   c. Number of customers by customer class.
   d. A detailed listing of all items excluded from the PPFAC calculations.
   e. A detailed listing of any adjustments to the adjustor reports.
   f. Total off-system sales revenues.
   g. System losses in MWh.
   h. Monthly maximum retail demand in MW.

2. Identification of a contact person and phone number from UNS Electric for questions.

UNS Electric shall also provide to Commission Staff monthly reports containing the information listed below. These reports shall be due within 45 days of the end of the reporting period. All of these additional reports must be provided confidentially.

A. Information for each generating unit will include the following items:
   1. Net generation, in MWh per month, and 12 months cumulatively.
   2. Average heat rate, both monthly and 12-month average.
   3. Equivalent forced-outage rate, both monthly and 12-month average.
   4. Outage information for each month including, but not limited to, event type, start date and time, end date and time, and a description.
   5. Total fuel costs per month.
   6. The fuel cost per kWh per month.

B. Information on power purchases will include the following items per seller (information on economy interchange purchases may be aggregated):
   1. The quantity purchased in MWh.
   2. The demand purchased in MW to the extent specified in the contract.
   3. The total cost for demand to the extent specified in the contract.
   4. The total cost of energy.

C. Fuel purchase information shall include the following items:
   1. Natural gas interstate pipeline costs, itemized by pipeline and by individual cost components, such as reservation charge, usage, surcharges and fuel.
   2. Natural gas commodity costs, categorized by short-term purchases (one month or less) and longer term purchases, including price per therm, total cost, supply basin, and volume by contract.
   3. Cost of energy purchased from net metered customers at the Commission authorized Renewable Credit Rate.

D. UNS Electric will also provide:
   1. Monthly projections for the next 12-month period showing estimated (Over)/under collected amounts.
   2. A summary of unplanned outage costs by resource type.
   3. The data necessary to arrive at the System and Off-System Book Fuel and Purchased Power cost reflected in the non-confidential filing.
   4. The data necessary to arrive at the Native Load Energy Sales MWh reflected in the non-confidential filing.

Workpapers and other documents that contain proprietary or confidential information will be provided to the Commission Staff under a fully executed protective agreement. UNS Electric will keep fuel and purchased power invoices and contracts available for Commission review. The Commission has the right to review the prudence of fuel and power purchases and any calculations associated with the PPFAC at any time. Any costs flowed through the PPFAC are subject to refund, if those costs are found to be imprudently incurred.

9. ALLOWABLE COSTS

A. Accounts

The allowable PPFAC costs include fuel and purchased power costs incurred to provide service to retail customers. Additionally, the prudent direct costs of contracts used for hedging system fuel and purchased power will be recovered under the PPFAC. The allowable cost components include the following FERC accounts:

- 501 Fuel (Steam)
- 547 Fuel (Other Production)
- 555 Purchased Power
- 565 Wheeling (Transmission of Electricity by Others)

These accounts are subject to change if the FERC alters its accounting requirements or definitions.

B. Other Allowable Costs

- Brokerage Fees recorded in FERC Account 557

These accounts are subject to change if the FERC alters its accounting requirements or definitions.

Other costs or credits are allowed with approval from the Commission in an Order.

REDLINE

UNS Electric, Inc.

Purchased Power and Fuel Adjustment Clause
Plan of Administration

Table of Contents

1. GENERAL DESCRIPTION

This document describes the plan for administering the Purchased Power and Fuel Adjustment Clause ("PPFAC") the Arizona Corporation Commission ("Commission") approved for UNS Electric, Inc. ("UNS Electric") in Decision No. 74235 (December 31, 2013) as modified in Decision No. XXXXX.

The PPFAC described in this Plan of Administration ("POA") uses a historical twelve (12) month rolling average of actual fuel and purchased power costs to set a rate. The PPFAC rate is adjusted on a monthly basis. This POA describes the application of the PPFAC.

2. DEFINITIONS

Applicable Interest – Based on one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release H-15. The interest rate is adjusted annually on the first business day of the calendar year.

Applicable Twelve (12) Months – The historical 12-month period that ends two months prior to the monthly PPFAC rate change. For example, a January PPFAC rate is based on the 12 months ending November 30.

Base Cost of Fuel and Purchased Power – ~~For each rate class it is a~~An amount generally expressed as a rate per kilowatt-hour ("kWh") for each rate class, which reflects the fuel, purchased power and purchased transmission cost embedded in the base rates ~~by~~ for each customer class as approved by the Commission in UNS Electric's most recent rate case. The Base Cost of Fuel and Purchased Power revenue is the approved rate per kWh times the applicable sales volumes for each rate class. ~~Decision No. 74235 set the average base cost at $0.05706 per kWh effective on January 1, 2014.~~

Brokerage Fees – The costs attributable to the use of brokers recorded in Federal Energy Regulatory Commission ("FERC") Account 557.

Fuel and Purchased Power Costs – The costs recorded for the fuel and purchased power used by UNS Electric to serve both Native Load Energy Sales and Off-System Sales. Wheeling costs are included.

Native Load Energy Sales – Retail Native Load Energy Sales and Wholesale Native Load Energy Sales in the UNS Electric control area for which UNS Electric has a generation service obligation.

Off-System Sales – Wholesale Sales made to non-Native Load customers, for the purpose of optimizing the UNS Electric system, using UNS Electric-owned or contracted generation and purchased power.

Off-System Sales Revenue – The revenue recorded from wholesale sales made to non-Native Load customers, for the purpose of optimizing the UNS Electric system, using UNS Electric-owned or contracted generation and purchased power.

PPFAC – The Purchased Power and Fuel Adjustment Clause was approved by the Commission in Decision No. 70360, and amended in Decision Nos. 74235 and XXXXX. The PPFAC rate tracks the changes in the cost of obtaining power supplies based upon a historical 12-month rolling average of fuel, purchased power and purchased transmission costs. The PPFAC rate is adjusted monthly. The change in the PPFAC rate is banded, so the new monthly PPFAC rate cannot increase or decrease the Total Average Retail Fuel and Purchased Power Rate by more than 0.831% from the preceding month's rate, unless authorized by the Commission. Any over or under recovery of actual costs is recorded in the PPFAC bank balance. If the PPFAC bank balance becomes over collected by more than $10 million, UNS Electric must file for a PPFAC rate adjustment within 45 days, or contact Staff to discuss why a PPFAC rate adjustment is not necessary at that time. If the PPFAC bank balance is under collected, the Company has the right to file an application with the ACC requesting a surcharge.

Preference Power – Power allocated to UNS Electric wholesale customers by federal power agencies such as the Western Area Power Administration.

Retail Native Load Energy Sales – The portion of load from Native Load Energy Sales retail customers that are served by UNS Electric.

Short-term Sales – Wholesale sales with a duration of less than one-year made to non-Native Load customers for the purpose of optimizing the UNS Electric system, using UNS Electric owned or contracted generation and purchased power.

Short Term Sales Revenue – The revenue recorded from short term wholesale sales made to non-Native Load customers, for the purpose of optimizing the UNS Electric system, using UNS Electric owned or contracted generation and purchased power.

Total Average Retail Fuel and Purchased Power Rate – The average base cost of fuel and purchased power ($0.05706 xxxx per kWh) plus the appropriate PPFAC rate.

Wheeling Costs (FERC Account 565, Transmission of Electricity by Others) – Amounts payable to others for the transmission of UNS Electric's electricity over transmission facilities owned by others.

Wholesale Native Load Energy Sales – The portion of load from Native Load Energy Sales wholesale customers that is served by UNS Electric, excluding the load served with Preference Power.

Wholesale Sales – Sales to non-retail customers.

3. CALCULATION OF THE PPFAC RATE

The PPFAC rate (applied as a percentage of base fuel and purchased power rates) is calculated based upon a historical rolling average of fuel and purchased power costs during the Applicable 12-Month period. All revenues from Short-Term Off-System Sales and sales of renewable energy credits that do not flow through the Renewable Energy Standard Tariff will be credited against fuel and purchased power costs. The PPFAC rate shall be reset monthly, beginning the second month new rates are in effect. For example, if new rates are effective January 1, ~~2014~~2016, the PPFAC rate will be ~~$0.0000 per kWh~~0.0% in the month of January ~~2014~~ 2016 and a new PPFAC rate will be effective in February ~~2014~~ 2016 based on the Applicable 12-Month period ending December 31, ~~2013~~2015.

The new PPFAC rate will be effective with the first billing cycle of each month and will not be prorated. The change in the PPFAC rate is banded, so the new PPFAC rate for a month cannot increase or decrease the Total Average Retail Fuel and Purchased Power Rate by more than ~~0.83~~1.0% from the prior month's rate. Any over or under recovery of actual costs is recorded in the PPFAC bank balance. The PPFAC rate shall be applied to the customer's bill as a monthly ~~kWh charge~~percentage adjustment that is the same for all customer classes.

4. BASE FUEL AND PURCHASED POWER RATE ANNUAL ADJUSTMENT

Each year, beginning with the monthly filing for January 201X, UNS Electric shall calculate the prior year's Base Cost of Fuel and Purchased Power Factor ("Base FPP Rate Factor") and the Base Fuel and Purchased Power Rate Adjustor ("FPP Base FPP Rate Adjustor"). The Base FPP Rate Factor shall be calculated by dividing the prior year's actual Retail Base Fuel and Purchased Power Rate collections by the Base Cost of Fuel and Purchased Power established according to Decision No. XXXXX. The FPP Base Rate Adjustor shall be calculated as [1 / FPP Base Rate Factor].

The Effective Base Fuel and Purchased Power Rate ("Effective Base FPP Rate") will be calculated by multiplying the Base Cost of Fuel and Purchased Power established in Decision No. XXXXX by the Base FPP Rate Adjustor. The Effective Base FPP Rate will be calculated annually and used to calculate the subsequent twelve months' PPFAC rate. For example, the monthly PPFAC filing January 2017 shall use the Effective Base FPP Rate calculated as the Base Cost of Fuel and Purchased Power in Decision No. XXXXX multiplied by the FPP Base Rate Adjustor calculated using actual retail Base Fuel and Purchase Power Revenues collected in from January 2016 through December 2016. Each January, actual retail fuel and purchased power revenues recovered through base rates during the prior 12 months will be used to calculate a new Base FPP Rate Factor, Base FPP Rate Adjustor and Effective Base FPP Rate. The example in Table 1 below illustrates the calculation.

Table 1		Cents/ kwh
Line 1	Actual Base FPP Rate January 2016 – December 2016 (Actual collections divided by GWh load)	.045
Line 2	Average Base FPP Rate approved in Decision No. XXXXX	.050
Line 3	Base FPP Rate Factor (L1/L2)	.900
Line 4	Base FPP Rate Adjustor (1/L3)	1.111
Line 5	2017 Effective FPP Base Rate (L2 x L4)	.0556

The use of the Effective Base FPP Rate does not change the Base Fuel and Purchased Power Rate approved in Decision No. XXXXX, but serves to calibrate the Base Cost of Fuel and Purchased Power with actual collections from customers. The Base FPP Rate Factor illustrates the expected collections based on historical actual collections. Table 2 below illustrates the effect.

Table 2				
2016 Load	Average Base FPP Rate per Decision No. XXXXX	Expected Collections	Actual Collections	Collected Base Rate
GWh	Cents/kwh	$ in ,000s	$ in ,000s	Cents/kwh
1800	.050	$90,000	$81,000	.045
2017 Load	2017 Effective Base FPP Rate	Expected Collections	Actual Collections	Collected Base Rate
1800	.0556	$90,000*	$90,000*	.05
*Note: Actual Collections equal Expected Collections, and the original approved Base FPP Rate per Decision No. XXXX, by calculating [Effective Base FPP Rate x Base FPP Rate Factor x Base FPP Rate Adjustor]. The Base FPP Rate Factor is calculated above.				

54. *ACCUMULATED PPFAC BANK BALANCE*

UNS Electric shall maintain and report monthly the accumulated PPFAC bank balance. The PPFAC bank balance shall reflect any over or under recovery of actual purchased power and fuel costs compared with the actual amounts recovered through the Base Fuel and Purchased Power and PPFAC rates.

65. VERIFICATION AND AUDIT

The amounts charged through the PPFAC will be subject to periodic audit to assure their completeness and accuracy and to assure that all fuel and purchased power costs were incurred reasonably and prudently. The Commission may, after notice and opportunity for hearing, make such adjustments to existing balances or to already recovered amounts as it finds necessary to correct any accounting or calculation errors or to address any costs found to be unreasonable or imprudent.

76. SCHEDULES

The following schedules are attached to this Plan of Administration:

Schedule 1: Total Average Retail Fuel and Purchased Power Rate Calculation
Schedule 2: PPFAC Rate Calculation
Schedule 3: Applicable 12-Month Total Average Fuel Account
Schedule 4: Surcharge/Credit Calculation
Schedule 5: Surcharge/Credit Tracking Account
Schedule 6: Base Fuel and Purchased Power Rate Factor Calculation

87. COMPLIANCE REPORTS

UNS Electric shall provide monthly information reports to Commission Staff's Compliance Section and to the Residential Utility Consumer Office detailing all calculations related to the PPFAC. A UNS Electric Officer shall certify under oath that all information provided in the reports itemized below is true and accurate to the best of his or her information and belief and that there have been no changes to the Allowable Costs recovered through the PPFAC without Commission approval. These monthly reports shall be due within 45 days of the end of the reporting period.

The publicly available reports will include at a minimum:

1. The Total Average Retail Fuel and Purchased Power Rate Calculation (Schedule 1) and the PPFAC Rate Calculation (Schedule 2). Additional information will provide other relative inputs and outputs such as:
   a. Total power and fuel costs.
   b. Customer sales in both MWh and thousands of dollars by customer class.
   c. Number of customers by customer class.
   d. A detailed listing of all items excluded from the PPFAC calculations.
   e. A detailed listing of any adjustments to the adjustor reports.
   f. Total off-system sales revenues.
   g. System losses in MWh.
   h. Monthly maximum retail demand in MW.

2. Identification of a contact person and phone number from UNS Electric for questions.

UNS Electric shall also provide to Commission Staff monthly reports containing the information listed below. These reports shall be due within 45 days of the end of the reporting period. All of these additional reports must be provided confidentially.

A. Information for each generating unit will include the following items:
   1. Net generation, in MWh per month, and 12 months cumulatively.
   2. Average heat rate, both monthly and 12-month average.
   3. Equivalent forced-outage rate, both monthly and 12-month average.
   4. Outage information for each month including, but not limited to, event type, start date and time, end date and time, and a description.
   5. Total fuel costs per month.
   6. The fuel cost per kWh per month.

B. Information on power purchases will include the following items per seller (information on economy interchange purchases may be aggregated):
   1. The quantity purchased in MWh.
   2. The demand purchased in MW to the extent specified in the contract.
   3. The total cost for demand to the extent specified in the contract.
   4. The total cost of energy.

C. Fuel purchase information shall include the following items:
   1. Natural gas interstate pipeline costs, itemized by pipeline and by individual cost components, such as reservation charge, usage, surcharges and fuel.
   2. Natural gas commodity costs, categorized by short-term purchases (one month or less) and longer term purchases, including price per therm, total cost, supply basin, and volume by contract.
   3. Cost of energy purchased from net metered customers at the Commission authorized Renewable Credit Rate.

D. UNS Electric will also provide:
   1. Monthly projections for the next 12-month period showing estimated (Over)/under collected amounts.
   2. A summary of unplanned outage costs by resource type.
   3. The data necessary to arrive at the System and Off-System Book Fuel and Purchased Power cost reflected in the non-confidential filing.
   4. The data necessary to arrive at the Native Load Energy Sales MWh reflected in the non-confidential filing.

Workpapers and other documents that contain proprietary or confidential information will be provided to the Commission Staff under a fully executed protective agreement. UNS Electric will keep fuel and purchased power invoices and contracts available for Commission review. The Commission has the right to review the prudence of fuel and power purchases and any calculations associated with the PPFAC at any time. Any costs flowed through the PPFAC are subject to refund, if those costs are found to be imprudently incurred.

98. ALLOWABLE COSTS

A. Accounts

The allowable PPFAC costs include fuel and purchased power costs incurred to provide service to retail customers. Additionally, the prudent direct costs of contracts used for hedging system fuel and purchased power will be recovered under the PPFAC. The allowable cost components include the following FERC accounts:

- 501 Fuel (Steam)
- 547 Fuel (Other Production)
- 555 Purchased Power
- 565 Wheeling (Transmission of Electricity by Others)

These accounts are subject to change if the FERC alters its accounting requirements or definitions.

B. Other Allowable Costs

- Brokerage Fees recorded in FERC Account 557

These accounts are subject to change if the FERC alters its accounting requirements or definitions.

~~No o~~Other costs or credits are allowed with~~out~~ approval from the Commission in an Order.

Exhibit CAJ-6

CLEAN

UNS Electric, Inc.
Lost Fixed Cost Recovery Mechanism
Plan of Administration

Table of Contents

1. General Description

This document describes the plan of administration for the Lost Fixed Cost Recovery ("LFCR") mechanism approved for UNS Electric, Inc. ("UNS Electric" or "Company") by the Arizona Corporation Commission ("ACC") on xxx xx, xxxx in Decision No. xxxxx. The LFCR mechanism provides for the recovery of lost fixed costs, as measured by a reduction in non-fuel revenue, associated with the amount of energy efficiency ("EE") savings and distributed generation ("DG") that is authorized by the Commission and determined to have occurred. Costs to be recovered through the LFCR include the non-fuel energy costs included in base rates and the demand rates in effect, plus any amount quantified in the Balancing Account.

2. Definitions

Applicable Company Revenues – The amount of revenue generated by sales to retail customers, for all applicable rate schedules.

Balancing Account – A mechanism to track the difference between allowed Lost Fixed Cost Revenue and actual amounts billed by the Company through the LFCR adjustment. The balancing account will be reflected in Schedule 2 of the LFCR Compliance Report and shall be calculated by taking the Total Lost Fixed Cost Revenue from Prior Period less the amount billed through the LFCR for the most recent collection period at the time of filing.

Current Period – The most recent measurement year.

Delivery Revenue – The amount of revenue determined at the conclusion of a rate case by multiplying each participating rate class' adjusted test year billing determinants (kWh or kW) by their approved non-fuel energy and demand charges.

DG Savings – The amount of kWh or kW sales reduced by DG. UNS Electric will use meter data for determining the kWh or kW lost through the implementation of DG systems. Where the meter data is not available, the lost sales will be quantified using statistical verification, output profile or other Commission-authorized methods as appropriate. Each year, UNS Electric will use actual data through December to calculate the savings. The calculation of DG Savings will consist of the following by class:

1. Current Period: The total kWh or kW reduction metered during the measurement year less the total kWh or kW reduction metered in UNS Electric's most recent general rate case test year.
2. The only DG Savings that will be excluded from the Lost Fixed Cost Revenue calculation are those kWh or kW that were lost as the result of actions by customers on the Excluded Rate Schedule.

EE Programs – Any program approved in UNS Electric's Energy Efficiency/Demand Side Management ("EE/DSM") implementation plan or Energy Efficiency Resource Plan.

EE Savings – The amount of sales, expressed in kWh or kW, reduced by Energy Efficiency activities as demonstrated by the Measurement, Evaluation, and Research Report ("MER") conducted for UNS Electric's EE Programs. This process will be a thorough review of the Company's EE activities and will determine the total kWh or kW lost as a result of those activities. As part of this filing the Commission Staff will have the option of reviewing any portion of the filing they deem necessary to verify the filing's accuracy. EE Savings shall be quantified based on the accumulated lost kWh or kW occurring since January 1, 2013, and shall be reset based on EE related losses as of the end of the test year in each rate case. The calculation of EE Savings will consist of the following by class:

1. Current Period: The annual EE related sales reductions (kWh or kW). Each year, UNS Electric will use actual MER data through December to calculate savings.
2. Prior Period: The cumulative total kWh or kW reduction reported in the previous year's LFCR filing, recognizing that the cumulative total is reset (to zero) at the end of each of UNS Electric's most recent rate case. The first such reset will be July 1, 2012, (the end of the Test Year in Decision 74235, dated December 31, 2013). The initial term of the LFCR will begin on January 1, 2013.
3. Excluded kWh reduction: The reduction of recoverable EE Savings calculated by subtracting the amount of EE savings actually achieved by customers on the Excluded Rate Schedule if included in the total reported in the annual EE/DSM filing.

Effective Period – The twelve month period beginning with July 1 of each year.

Excluded Rate Schedule – The LFCR mechanism shall not apply to the lighting rate class.

LFCR Adjustment – An amount calculated by dividing Lost Fixed Cost Revenue by the Applicable Company Revenues. This percentage-based LFCR Adjustment will be applied to all customer bills, excluding those on the Excluded Rate Schedule.

Lost Fixed Cost Rate – A rate determined at the conclusion of a rate case by taking the sum of allowed Delivery Revenue (which excludes the Basic Service Charge and purchased power and fuel) for each rate class and dividing each by their respective class adjusted test year kWh and/or kW billing determinants.

Lost Fixed Cost Revenue – The amount of fixed costs not recovered by the utility because of EE Savings and DG Savings during the measurement period. This amount is calculated by multiplying the Lost Fixed Cost Rate by Recoverable kWh or kW Savings, by rate class.

Prior Period – The twelve months in the calendar year preceding the Current Period.

Recoverable kWh or kW Savings – The EE Savings and DG Savings by applicable rate class.

3. LFCR Annual Incremental Cap

The total LFCR Adjustment will be subject to an annual 2% year-over-year cap based on Applicable Company Revenues. If the annual incremental LFCR Adjustment results in a surcharge in excess of 2%, in total, of Applicable Company Revenues, any amount in excess of the 2% cap will be deferred for collection until the next year its inclusion does not result in the 2% year-over-year cap being exceeded. Any deferred amounts, plus any amount quantified in the Balancing Account, will be collected in a subsequent year or rolled into the next rate case, whichever occurs first. Where the 2% cap limits the recovery of deferrals in any program year, and thus moves their recovery to the following year, a first-in, first-out ("FIFO") approach will be applied. In connection therewith, the new surcharge billed in the following year will first recover any such carried-over deferrals, as well as any Balancing Account balance, and then recover new deferrals arising in that following year. The one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release H-15 or its successor publication will be applied annually to any deferred balance. The interest rate shall be adjusted annually and shall be that annual rate applicable to the first business day of the calendar year.

4. Filing and Procedural Deadlines

UNS Electric will file the calculated Annual LFCR Adjustment, including all Compliance Reports, with the Commission for the previous year by May 15th. Staff will use its best efforts to process the matter based on the results of the Company's annual EE/DSM and Renewable Energy Standard Tariff ("REST") filings such that the new LFCR Adjustment may go into effect by July 1st of each year. However, the new LFCR Adjustment will not go into effect until approved by the Commission.

5. Compliance Reports

UNS Electric will provide comprehensive compliance reports to Staff and the Residential Utility Consumer Office by May 15th of each year. The information contained in the Compliance Reports will consist of the following schedules:

- Schedule 1: LFCR Annual Percentage Adjustment Rate
- Schedule 2: LFCR Annual Incremental Cap Calculation
- Schedule 3: LFCR Calculation
- Schedule 4: LFCR Test Year Rate Calculation
- Schedule 5: Delivery Revenue Calculation

UNS Electric, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 1: LFCR Annual Percentage Adjustment Rate

Line No.	(A) Annual Percentage Adjustment	(B) Reference		(C) Totals
1	Total Lost Fixed Cost Revenue for Current Period	Schedule 2, Line 15, Column C	$	#DIV/0!
2	20_ _ Applicable Company Revenues	Schedule 2, Line 1, Column C	$	-
3	Percentage Adjustment Applied to Customer's Bills	(Line 1 / Line 2)		0.0000%

UNS Electric, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 2: LFCR Annual Incremental Cap Calculation

Line No.	(A) LFCR Annual Incremental Cap Calculation	(B) Reference		(C) Totals
1	20__ Applicable Company Revenues		$	-
2	Allowed Cap %			2.00%
3	Maximum Allowed Incremental Recovery	(Line 1 * Line 2)	$	-
4	Total Lost Fixed Cost Revenue	Schedule 3, Line 123, Column C	$	#DIV/0!
5	Total Deferred Balance from Previous Period	Previous Filing, Schedule 2, Line 13, Column C	$	-
6	Annual Interest Rate			0.00%
7	Interest Accrued on Deferred Balance	(Line 5 * Line 6)	$	-
8	Total Lost Fixed Cost Revenue Current Period	(Line 4 + Line 5 + Line 7)	$	#DIV/0!
9	Lost Fixed Cost Revenue from Prior Period	Previous Filing, Schedule 2, Line 15, Column C	$	-
10	Lost Fixed Cost Revenue - Billed [1]		$	-
11	LFCR Balancing Account	(Line 9 - Line 10)	$	-
12	Total Incremental Lost Fixed Cost Revenue for Current Year	(Line 8 - Line 9 + Line 11)	$	#DIV/0!
13	Amount in Excess of Cap to Defer	(Line 12 - Line 3)	$	#DIV/0!
14	Incremental Period Adjustment as %	[(Line 12 - Line 13) / Line 1]		0.0000%
15	Total Lost Fixed Cost Revenue for Current Period	(Line 8 + Line 11 - Line 13)	$	#DIV/0!

[1] Amount billed to customers for the collection period of 20__

UNS Electric, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 3: LFCR Calculation

Line No.	(A) LFCR Fixed Cost Revenue Calculation	(B) Reference		(C) Totals	(D) Units
	Residential - Delivery Revenue - Demand				
	Energy Efficiency Savings				
1	Current Period			-	kW
2	Prior Period kW EE losses	Previous Filing, Schedule 3, Line 3, Column C		-	kW
3	Cumulative Recoverable kW savings	(Line 1 + Line 2)		-	kW
4	Total Recoverable EE Savings	Line 3		-	kW
5	Residential - Lost Fixed Cost Rate	Schedule 4, Line 6, Column C	$	#DIV/0!	$/kW
6	Residential - Lost Fixed Cost Revenue Relating to EE	(Line 4 * Line 5)	$	#DIV/0!	
	Distributed Generation				
7	Current Period			-	kW
8	Total Recoverable DG Savings	Line 7		-	kW
9	Residential - Lost Fixed Cost Rate	Schedule 4, Line 6, Column C	$	#DIV/0!	$/kW
10	Residential - Lost Fixed Cost Revenue Relating to DG	(Line 8 * Line 9)	$	#DIV/0!	
	Residential - Delivery Revenue				
	Energy Efficiency Savings				
11	Current Period			-	kWh
12	Prior Period kWh EE losses	Previous Filing, Schedule 3, Line 13, Column C		-	kWh
13	Cumulative Recoverable kWh savings	(Line 11 + Line 12)		-	kWh
14	Total Recoverable EE Savings	Line 13		-	kWh
15	Residential - Lost Fixed Cost Rate	Schedule 4, Line 3, Column C	$	#DIV/0!	$/kWh
16	Residential - Lost Fixed Cost Revenue Relating to EE	(Line 14 * Line 15)	$	#DIV/0!	
	Distributed Generation				
17	Current Period			-	kWh
18	Total Recoverable DG Savings	Line 17		-	kWh
19	Residential - Lost Fixed Cost Rate	Schedule 4, Line 3, Column C	$	#DIV/0!	$/kWh
20	Residential - Lost Fixed Cost Revenue Relating to DG	(Line 18 * Line 19)	$	#DIV/0!	
	Small General Service - Delivery Revenue - Demand				
	Energy Efficiency Savings				
21	Current Period			-	kW
22	Prior Period kW EE losses	Previous Filing, Schedule 3, Line 23, Column C		-	kW
23	Cumulative Recoverable kW savings	(Line 21 + Line 22)		-	kW
24	Total Recoverable EE Savings	Line 23		-	kW
25	Small General Service - Lost Fixed Cost Rate	Schedule 4, Line 12, Column C	$	#DIV/0!	$/kW
26	Small General Service - Lost Fixed Cost Revenue Relating to EE	(Line 24 * Line 25)	$	#DIV/0!	
	Distributed Generation				
27	Current Period			-	kW
28	Total Recoverable DG Savings	Line 27		-	kW
29	Small General Service - Lost Fixed Cost Rate	Schedule 4, Line 12, Column C	$	#DIV/0!	$/kW
30	Small General Service - Lost Fixed Cost Revenue Relating to DG	(Line 28 * Line 29)	$	#DIV/0!	

UNS Electric, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 3: LFCR Calculation

Line No.	(A) LFCR Fixed Cost Revenue Calculation	(B) Reference		(C) Totals	(D) Units
	Small General Service - Delivery Revenue				
	Energy Efficiency Savings				
31	Current Period			-	kWh
32	Prior Period kWh EE losses	Previous Filing, Schedule 3, Line 33, Column C		-	kWh
33	Cumulative Recoverable kWh savings	(Line 31 + Line 32)		-	kWh
34	Total Recoverable EE Savings	Line 33		-	kWh
35	Small General Service - Lost Fixed Cost Rate	Schedule 4, Line 9, Column C	$	#DIV/0!	$/kWh
36	Small General Service - Lost Fixed Cost Revenue Relating to EE	(Line 34 * Line 35)	$	#DIV/0!	
	Distributed Generation				
37	Current Period			-	kWh
38	Total Recoverable DG Savings	Line 37		-	kWh
39	Small General Service - Lost Fixed Cost Rate	Schedule 4, Line 9, Column C	$	#DIV/0!	$/kWh
40	Small General Service - Lost Fixed Cost Revenue Relating to DG	(Line 38 * Line 39)	$	#DIV/0!	
	Medium General Service - Delivery Revenue - Demand				
	Energy Efficiency Savings				
41	Current Period			-	kW
42	Prior Period kW EE losses	Previous Filing, Schedule 3, Line 43, Column C		-	kW
43	Cumulative Recoverable kW savings	(Line 41 + Line 42)		-	kW
44	Total Recoverable EE Savings	Line 43		-	kW
45	Medium General Service - Lost Fixed Cost Rate	Schedule 4, Line 18, Column C	$	#DIV/0!	$/kW
46	Medium General Service - Lost Fixed Cost Revenue Relating to EE	(Line 44 * Line 45)	$	#DIV/0!	
	Distributed Generation				
47	Current Period			-	kW
48	Total Recoverable DG Savings	Line 47		-	kW
49	Medium General Service - Lost Fixed Cost Rate	Schedule 4, Line 18, Column C	$	#DIV/0!	$/kW
50	Medium General Service - Lost Fixed Cost Revenue Relating to DG	(Line 48 * Line 49)	$	#DIV/0!	
	Medium General Service - Delivery Revenue				
	Energy Efficiency Savings				
51	Current Period			-	kWh
52	Prior Period kWh EE losses	Previous Filing, Schedule 3, Line 53, Column C		-	kWh
53	Cumulative Recoverable kWh savings	(Line 51 + Line 52)		-	kWh
54	Total Recoverable EE Savings	Line 53		-	kWh
55	Medium General Service - Lost Fixed Cost Rate	Schedule 4, Line 15, Column C	$	#DIV/0!	$/kWh
56	Medium General Service - Lost Fixed Cost Revenue Relating to EE	(Line 54 * Line 55)	$	#DIV/0!	
	Distributed Generation				
57	Current Period			-	kWh
58	Total Recoverable DG Savings	Line 57		-	kWh
59	Medium General Service - Lost Fixed Cost Rate	Schedule 4, Line 15, Column C	$	#DIV/0!	$/kWh
60	Medium General Service - Lost Fixed Cost Revenue Relating to DG	(Line 58 * Line 59)	$	#DIV/0!	

UNS Electric, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 3: LFCR Calculation

Line No.	(A) LFCR Fixed Cost Revenue Calculation	(B) Reference		(C) Totals	(D) Units
	Large General Service - Delivery Revenue - Demand				
	Energy Efficiency Savings				
61	Current Period			-	kW
62	Prior Period kW EE losses	Previous Filing, Schedule 3, Line 63, Column C		-	kW
63	Cumulative Recoverable kW savings	(Line 61 + Line 62)		-	kW
64	Total Recoverable EE Savings	Line 63		-	kW
65	Large General Service - Lost Fixed Cost Rate	Schedule 4, Line 24, Column C	$	#DIV/0!	$/kW
66	Large General Service - Lost Fixed Cost Revenue Relating to EE	(Line 64 * Line 65)	$	#DIV/0!	
	Distributed Generation				
67	Current Period			-	kW
68	Total Recoverable DG Savings	Line 67		-	kW
69	Large General Service - Lost Fixed Cost Rate	Schedule 4, Line 24, Column C	$	#DIV/0!	$/kW
70	Large General Service - Lost Fixed Cost Revenue Relating to DG	(Line 68 * Line 69)	$	#DIV/0!	
	Large General Service - Delivery Revenue				
	Energy Efficiency Savings				
71	Current Period			-	kWh
72	Prior Period kWh EE losses	Previous Filing, Schedule 3, Line 73, Column C		-	kWh
73	Cumulative Recoverable kWh savings	(Line 71 + Line 72)		-	kWh
74	Total Recoverable EE Savings	Line 73		-	kWh
75	Large General Service - Lost Fixed Cost Rate	Schedule 4, Line 21, Column C	$	#DIV/0!	$/kWh
76	Large General Service - Lost Fixed Cost Revenue Relating to EE	(Line 74 * Line 75)	$	#DIV/0!	
	Distributed Generation				
77	Current Period			-	kWh
78	Total Recoverable DG Savings	Line 77		-	kWh
79	Large General Service - Lost Fixed Cost Rate	Schedule 4, Line 21, Column C	$	#DIV/0!	$/kWh
80	Large General Service - Lost Fixed Cost Revenue Relating to DG	(Line 78 * Line 79)	$	#DIV/0!	
	Interruptible Power Service - Delivery Revenue - Demand				
	Energy Efficiency Savings				
81	Current Period			-	kW
82	Prior Period kW EE losses	Previous Filing, Schedule 3, Line 83, Column C		-	kW
83	Cumulative Recoverable kW savings	(Line 81 + Line 82)		-	kW
84	Total Recoverable EE Savings	Line 83		-	kW
85	Interruptible - Lost Fixed Cost Rate	Schedule 4, Line 30, Column C	$	#DIV/0!	$/kW
86	Interruptible - Lost Fixed Cost Revenue Relating to EE	(Line 84 * Line 85)	$	#DIV/0!	
	Distributed Generation				
87	Current Period			-	kW
88	Total Recoverable DG Savings	Line 87		-	kW
89	Interruptible - Lost Fixed Cost Rate	Schedule 4, Line 30, Column C	$	#DIV/0!	$/kW
90	Interruptible - Lost Fixed Cost Revenue Relating to DG	(Line 88 * Line 89)	$	#DIV/0!	

UNS Electric, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 3: LFCR Calculation

Line No.	(A) LFCR Fixed Cost Revenue Calculation	(B) Reference		(C) Totals	(D) Units
	Interruptible Power Service - Delivery Revenue				
	Energy Efficiency Savings				
91	Current Period			-	kWh
92	Prior Period kWh EE losses	Previous Filing, Schedule 3, Line 93, Column C		-	kWh
93	Cumulative Recoverable kWh savings	(Line 91 + Line 92)		-	kWh
94	Total Recoverable EE Savings	Line 93		-	kWh
95	Interruptible - Lost Fixed Cost Rate	Schedule 4, Line 27, Column C	$	#DIV/0!	$/kWh
96	Interruptible - Lost Fixed Cost Revenue Relating to EE	(Line 94 * Line 95)	$	#DIV/0!	
	Distributed Generation				
97	Current Period			-	kWh
98	Total Recoverable DG Savings	Line 97		-	kWh
99	Interruptible - Lost Fixed Cost Rate	Schedule 4, Line 27, Column C	$	#DIV/0!	$/kWh
100	Interruptible - Lost Fixed Cost Revenue Relating to DG	(Line 98 * Line 99)	$	#DIV/0!	
	Large Power Service - Delivery Revenue - Demand				
	Energy Efficiency Savings				
101	Current Period				kW
102	Prior Period kW EE losses	Previous Filing, Schedule 3, Line 103, Column C		-	kW
103	Cumulative Recoverable kW savings	(Line 101 + Line 102)		-	kW
104	Total Recoverable EE Savings	Line 103		-	kW
105	Large Power Service - Lost Fixed Cost Rate	Schedule 4, Line 36, Column C	$	#DIV/0!	$/kW
106	Large Power Service - Lost Fixed Cost Revenue Relating to EE	(Line 104 * Line 105)	$	#DIV/0!	
	Distributed Generation				
107	Current Period			-	kW
108	Total Recoverable DG Savings	Line 107		-	kW
109	Large Power Service - Lost Fixed Cost Rate	Schedule 4, Line 36, Column C	$	#DIV/0!	$/kW
110	Large Power Service - Lost Fixed Cost Revenue Relating to DG	(Line 108 * Line 109)	$	#DIV/0!	
	Large Power Service - Delivery Revenue				
	Energy Efficiency Savings				
111	Current Period			-	kWh
112	Prior Period kWh EE losses	Previous Filing, Schedule 3, Line 113, Column C		-	kWh
113	Cumulative Recoverable kWh savings	(Line 111 + Line 112)		-	kWh
114	Total Recoverable EE Savings	Line 113		-	kWh
115	Large Power Service - Lost Fixed Cost Rate	Schedule 4, Line 33, Column C	$	#DIV/0!	$/kWh
116	Large Power Service - Lost Fixed Cost Revenue Relating to EE	(Line 114 * Line 115)	$	#DIV/0!	
	Distributed Generation				
117	Current Period			-	kWh
118	Total Recoverable DG Savings	Line 117		-	kWh
119	Large Power Service - Lost Fixed Cost Rate	Schedule 4, Line 33, Column C	$	#DIV/0!	$/kWh
120	Large Power Service - Lost Fixed Cost Revenue Relating to DG	(Line 118 * Line 119)	$	#DIV/0!	
121	Total Lost Fixed Cost Revenue Related to Energy Efficiency	Sum Line 6 + 16 + 26 + 36 + 46 + 56 + 66 + 76 + 86 + 96 + 106 + 116	$	#DIV/0!	
122	Total Lost Fixed Cost Revenue Related to Distributed Generation	Sum Line 10 + 20 + 30 + 40 + 50 + 60 + 70 + 80 + 90 + 100 + 110 + 120	$	#DIV/0!	
123	Total Lost Fixed Cost Revenue	(Line 121 + Line 122)	$	#DIV/0!	

UNS Electric, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 4: LFCR Test Year Rate Calculation

Line No.	(A) LFCR Fixed Cost Calculation		(B) Reference		(C) Totals
	Residential Customers				
1		Delivery Revenue	Schedule 5, Line 7, Column E	$	-
2		kWh Billed	Schedule 5, Line 7, Column B		-
3		Lost Fixed Cost Rate	(Line 1 / Line 2)	$	#DIV/0!
	Residential Customers				
4		Delivery Revenue - Demand	Schedule 5, Line 29, Column E	$	-
5		kW Billed	Schedule 5, Line 29, Column B		-
6		Lost Fixed Cost Rate	(Line 4 / Line 5)	$	#DIV/0!
	Small General Service				
7		Delivery Revenue	Schedule 5, Line 12, Column E	$	-
8		kWh Billed	Schedule 5, Line 12, Column B		-
9		Lost Fixed Cost Rate	(Line 7 / Line 8)	$	#DIV/0!
	Small General Service				
10		Delivery Revenue - Demand	Schedule 5, Line 32, Column E	$	-
11		kW Billed	Schedule 5, Line 32, Column B		-
12		Lost Fixed Cost Rate	(Line 10 / Line 11)	$	#DIV/0!
	Medium General Service				
13		Delivery Revenue	Schedule 5, Line 16, Column E	$	-
14		kWh Billed	Schedule 5, Line 16, Column B		-
15		Lost Fixed Cost Rate	(Line 13 / Line 14)	$	#DIV/0!
	Medium General Service				
16		Delivery Revenue - Demand	Schedule 5, Line 36, Column E	$	-
17		kW Billed	Schedule 5, Line 36, Column B		-
18		Lost Fixed Cost Rate	(Line 16 / Line 17)	$	#DIV/0!
	Large General Service				
19		Delivery Revenue	Schedule 5, Line 20, Column E	$	-
20		kWh Billed	Schedule 5, Line 20, Column B		-
21		Lost Fixed Cost Rate	(Line 19 / Line 20)	$	#DIV/0!
	Large General Service				
22		Delivery Revenue - Demand	Schedule 5, Line 40, Column E	$	-
23		kW Billed	Schedule 5, Line 40, Column B		-
24		Lost Fixed Cost Rate	(Line 22 / Line 23)	$	#DIV/0!
	Interruptible Power Service				
25		Delivery Revenue	Schedule 5, Line 22, Column E	$	-
26		kWh Billed	Schedule 5, Line 22, Column B		-
27		Lost Fixed Cost Rate	(Line 25 / Line 26)	$	#DIV/0!
	Interruptible Power Service				
28		Delivery Revenue - Demand	Schedule 5, Line 42, Column E	$	-
29		kW Billed	Schedule 5, Line 42, Column B		-
30		Lost Fixed Cost Rate	(Line 28 / Line 29)	$	#DIV/0!
	Large Power Service				
31		Delivery Revenue	Schedule 5, Line 25, Column E	$	-
32		kWh Billed	Schedule 5, Line 25, Column B		-
33		Lost Fixed Cost Rate	(Line 31 / Line 32)	$	#DIV/0!
	Large Power Service				
34		Delivery Revenue - Demand	Schedule 5, Line 45, Column E	$	-
35		kW Billed	Schedule 5, Line 45, Column B		-
36		Lost Fixed Cost Rate	(Line 34 / Line 35)	$	#DIV/0!

UNS Electric, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 5: Delivery Revenue Calculation

Line No.	(A) Rate Schedule	(B) Adjusted Test Year Billing Determinants	(C) Units	(D) Delivery Charge	(E) B x D Total Delivery Revenue
	kWh related				
1	Residential Service (RES-01)		kWh	$	$ -
2	Residential Service (RES-01 TOU)		kWh	$	$ -
3	Residential Service (RES-01 TOU SuperPeak)		kWh	$	$ -
4	Residential Service (CARES)		kWh	$	$ -
5	Residential Service (RES-01 Demand)		kWh	$	$ -
6	Residential Service (RES-01 Demand TOU)		kWh	$	$ -
7	Subtotal - kWh	-	kWh		$ -
8	Small General Service (SGS-10)		kWh	$	$ -
9	Small General Service (SGS-10 TOU)		kWh	$	$ -
10	Small General Service (SGS-10 Demand)		kWh	$	$ -
11	Small General Service (SGS-10 Demand TOU)		kWh	$	$ -
12	Subtotal - kWh	-	kWh		$ -
13	Medium General Service (MGS)		kWh	$	$ -
14	Medium General Service (MGS-TOU)		kWh	$	$ -
15	Medium General Service (MGS-TOU-S)		kWh	$	$ -
16	Subtotal - kWh	-	kWh		$ -
17	Large General Service (LGS)		kWh	$	$ -
18	Large General Service (LGS-TOU)		kWh	$	$ -
19	Large General Service (LGS-TOU-S)		kWh	$	$ -
20	Subtotal - kWh	-	kWh		$ -
21	Interruptible Power Service (IPS)		kWh	$	$ -
22	Subtotal - kWh	-	kWh		$ -
23	Large Power Service (LPS)		kWh	$	$ -
24	Large Power Service (LPS-TOU)		kWh	$	$ -
25	Subtotal - kWh	-	kWh		$ -
26	Total kWh	-	kWh		$ -
	kW related				
27	Residential Service (RES-01 Demand)		kW	$	$ -
28	Residential Service (RES-01 Demand TOU)		kW	$	$ -
29	Subtotal - kW	-	kW		$ -
30	Small General Service (SGS-10 Demand)		kW	$	$ -
31	Small General Service (SGS-10 Demand TOU)		kW	$	$ -
32	Subtotal - kW	-	kW		$ -
33	Medium General Service (MGS)		kW	$	$ -
34	Medium General Service (MGS-TOU)		kW	$	$ -
35	Medium General Service (MGS-TOU-S)		kW	$	$ -
36	Subtotal - kW	-	kW		$ -
37	Large General Service (LGS)		kW	$	$ -
38	Large General Service (LGS-TOU)		kW	$	$ -
39	Large General Service (LGS-TOU-S)		kW	$	$ -
40	Subtotal - kW	-	kW		$ -
41	Interruptible Power Service (IPS)		kW	$	$ -
42	Subtotal - kW	-	kW		$ -
43	Large Power Service (LPS)		kW	$	$ -
44	Large Power Service (LPS-TOU)		kW	$	$ -
45	Subtotal - kW	-	kW		$ -
46	Total kW	-	kW		$ -

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UNS Electric, Inc.
Lost Fixed Cost Recovery Mechanism
Plan of Administration

Table of Contents

1. General Description

This document describes the plan of administration for the Lost Fixed Cost Recovery Mechanism ("LFCR") mechanism approved for UNS Electric, Inc. ("UNS Electric" or "Company") by the Arizona Corporation Commission ("ACC") on xxx xx, xxxxDecember 31, 2013 in Decision No. xxxxx74235. The LFCR mechanism provides for the recovery of lost fixed costs, as measured by a reduction in non-fuel revenue, associated with the amount of energy efficiency ("EE") savings and distributed generation ("DG") that is authorized by the Commission and determined to have occurred. Costs to be recovered through the LFCR include the portion of transmission and distributionnon-fuel energy costs included in base rates exclusive of the Customer Charge and 50% of the demand rates in effect, plus any amount quantified in the Balancing Account.

2. Definitions

Applicable Company Revenues – The amount of revenue generated by sales to retail customers, for all applicable rate schedules. less the amount attributable to sales to those residential customers who chose the Fixed Cost Option.

Balancing Account – A mechanism to track the difference between allowed Lost Fixed Cost Revenue and actual amounts billed by the Company through the LFCR adjustment. The balancing account will be reflected in Schedule 2 of the LFCR Compliance Report and shall be calculated by taking the Total Lost Fixed Cost Revenue from Prior Period less the amount billed through the LFCR for the most recent collection period at the time of filing.

Current Period – The most recent adjustment measurement year.

Demand Stability Factor – Fifty percent of Demand based revenue (excluding any purchased power and fuel costs) produced by base rates.

Delivery Revenue - The amount of revenue determined at the conclusion of a rate case by multiplying each participating rate class' adjusted test year billing determinants (kWh or kW) by their approved non-fuel energy and demand distribution and transmission related charges. This

~~will be determined by reducing each class' total retail revenue by the customer charge, generation related revenue, purchased power and fuel costs and the Demand Stability Factor.~~

~~Distributed Generation ("DG")~~DG Savings – The amount of kWh or kW sales reduced by DG. UNS Electric will use meter data for determining the kWh or kW lost through the implementation of DG systems. Where the meter data is not available, the lost sales will be quantified using statistical verification, output profile or other Commission-authorized methods as appropriate. Each year, UNS Electric will use actual data through December to calculate the savings. The calculation of DG Savings will consist of the following by class:

1. ~~Cumulative Verified Current Period~~: The total kWh or kW reduction as metered ~~each year~~during the measurement year less the total kWh or kW reduction metered in UNS Electric's most recent general rate case test year ~~(July 1, 2011 through June 30, 2012)~~. ~~The initial Cumulative Verified term of the LFCR will begin on January 1, 2013.~~

2. ~~Current Period: The annual kWh or kW produced by the cumulative total of DG installations since the end of the test year used in UNS Electric's most recent general rate case.~~

2. The only DG Savings that will be excluded from the ~~calculated~~ Lost Fixed Cost Revenue calculation are those kWh or kW that were lost as the result of actions by customers ~~on~~in the Eexcluded Rate Schedule~~classes or that chose the Fixed Cost Option~~.

~~Fixed Cost Option – The rate schedule choice for residential customers who prefer contributing to the recovery of Lost Fixed Cost Revenue in the form of an optional fixed rate added as an incremental charge to the Customer Charge in the applicable residential tariff rate. The total dollars paid as an incremental amount added to the otherwise effective Customer Charge will be accumulated over the Current Period and used to reduce the total Lost Fixed Cost Revenue recovered as part of the LFCR adjustment. The variable LFCR adjustment shall not be applied to residential customers who choose the Fixed Cost option. This rate will be reflected as an incremental addition to the customer charge on the otherwise effective tariff and made available to customers at the time of the first LFCR adjustment. Customers choosing this fixed option within the first twelve months subsequent to the initial effective date of the LFCR will be allowed to change back to the volumetric option one time without any penalties. After the initial twelve month period, customer will be required to stay on whichever option they choose for twelve full months before a change can be made.~~

EE Programs – Any program approved in UNS Electric's Energy Efficiency/Demand Side Management ("EE/DSM") implementation plan or Energy Efficiency Resource Plan.

EE Savings – The amount of sales, expressed in kWh or kW, reduced by Energy Efficiency activities as demonstrated by the Measurement, Evaluation, and Research Report ("MER") conducted for UNS Electric's EE Programs. ~~Since T~~this process will be a thorough review of the Company's EE activities and will determine the total kWh or kW lost as a result of those activities. As part of this filing the Commission Staff will have the option of reviewing any portion of the filing they deem necessary to verify the filing's accuracy. EE Savings shall be quantified based on the accumulated lost kWh or kW occurring since January 1, 2013, and shall be reset based on EE related losses as of the end of the test year in each ~~subsequent~~ rate case. The calculation of EE Savings will consist of the following by class:

1. Current Period: The annual EE related sales reductions (kWh or kW). Each year, UNS Electric will use actual MER data through December to calculate savings.

2. ~~Cumulative Verified~~Prior Period: The cumulative total kWh or kW reduction ~~as reported in the previous year's LFCR filing~~ ~~determined by the MER~~, recognizing that the cumulative total is reset (to zero) at the end of each of UNS Electric's most recent rate case. The first such reset will be July 1, 2012, (the end of the Test Year in Decision 74235, dated December 31, 2013). The initial ~~Cumulative Verified~~ term of the LFCR will begin on January 1, 2013.

~~2. Current Period: The annual EE related sales reductions (kWh or kW). Each year, UNS Electric will use actual MER data through December to calculate savings.~~

3. Excluded kWh reduction: The reduction of recoverable EE Savings calculated by subtracting the amount of EE savings actually achieved by customers on the Excluded Rate Schedule if included in the total reported in the annual EE/DSM filing.

Effective Period – The twelve month period beginning with July 1 of each year.

Excluded Rate Schedule – The LFCR mechanism shall not apply to the lighting rate class.

LFCR Adjustment – An amount calculated by dividing Lost Fixed Cost Revenue ~~(As reduced by the total incremental fixed cost option dollars paid by the residential customers who have chosen the Fixed Cost Option and will be based on the incremental increase in the customer charge they have paid over the twelve months during the Current Period.)~~ by the Applicable Company Revenues ~~Current Period retail revenue (less the estimated sales to the residential customers who chose the Fixed Cost Option) during the Effective Period for the participating rate classes. This percentage based LFCR Adjustment will be presented on the customer's bills as two separate charges. These two charges will be developed by applying the weighted average proportion of the Energy Efficiency related lost revenues and the Distributed Generation related lost revenues as a proportion of total lost revenues falling under the 1% cap referenced herein. The weighted average proportions will be as shown on Schedule 3 of this Plan of Administration. These two separate percentage adjustment rates~~ This percentage-based LFCR Adjustment will be applied to all customer bills, excluding those on the Excluded Rate Schedules.

Lost Fixed Cost Rate – A rate determined at the conclusion of a rate case by taking the sum of allowed Delivery Revenue (which excludes the ~~Customer~~Basic Service Charge ~~, the generation component in rates~~ and purchased power and fuel) for each rate class and dividing each by their respective class adjusted test year kWh and/or kW billing determinants.

Lost Fixed Cost Revenue – The amount of fixed costs not recovered by the utility because of EE Savings and DG Savings during the measurement period. This amount is calculated by multiplying the Lost Fixed Cost Rate by Recoverable kWh or kW Savings, by rate class.

Prior Period – The twelve months in the calendar year preceding the Current Period.

Recoverable kWh or kW Savings – The ~~sum of~~ EE Savings and DG Savings by applicable rate class.

3. *LFCR Annual Incremental Cap*

The total LFCR Adjustment will be subject to an annual 2% year-over-year cap based on Applicable Company Revenues. If the annual incremental LFCR Adjustment results in a surcharge in excess of 2%, in total, of Applicable Company Revenues, any amount in excess of the 2% cap will be deferred for collection until the next year its inclusion does not result in the 2% year-over-year cap being exceeded. Any deferred amounts, plus any amount quantified in the Balancing Account, will be collected in a subsequent year or rolled into the next rate case, whichever occurs first. Where the 2% cap limits the recovery of deferrals in any program year, and thus moves their recovery to the following year, a first-in, first-out ("FIFO") approach will be applied. In connection therewith, the new surcharge billed in the following year will first recover any such carried-over deferrals, as well as any Balancing Account balance, and then recover new deferrals arising in that following year. The one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release H-15 or its successor publication will be applied annually to any deferred balance. The interest rate shall be adjusted annually and shall be that annual rate applicable to the first business day of the calendar year.

4. *Filing and Procedural Deadlines*

UNS Electric will file the calculated Annual LFCR Adjustments, including all Compliance Reports, with the Commission for the previous year by May 15th. Staff will use its best efforts to process the matter based on the results of the Company's annual EE/DSM and Renewable Energy Standard Tariff ("REST") filings such that the new LFCR Adjustments may go into effect by July 1st of each year. However, the new LFCR Adjustments will not go into effect until approved by the Commission.

5. *Compliance Reports*

UNS Electric will provide comprehensive compliance reports to Staff and the Residential Utility Consumer Office by May 15th of each year. The information contained in the Compliance Reports will consist of the following schedules:

- Schedule 1: LFCR Annual Percentage Adjustment Rate
- Schedule 2: LFCR Annual Incremental Cap Calculation
- Schedule 3: LFCR Calculation
- Schedule 4: LFCR Test Year Rate Calculation
- Schedule 5: Delivery Revenue Calculation

UNS Electric, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 1: LFCR Annual Percentage Adjustment Rate

Line No.	(A) Annual Percentage Adjustment	(B) Reference		(C) Totals
	Energy Efficiency Related Adjustment			
1	Total Lost Fixed Cost Revenue for Current Period	Schedule 2, Line 15, Column C (Sch 2, Line 15, Col C + Sch 3, Line 104, Col E)	$	#DIV/0!
2	20__ Applicable Company Revenues	Schedule 2, Line 1, Column C	$	-
3	Percentage Adjustment Applied to Customer's Bills for EE	(Line 1 / Line 2)		0.0000%
	Distributed Generation Related Adjustment			
4	Total Lost Fixed Cost Revenue for Current Period	(Sch 2, Line 15, Col C + Sch 3, Line 104, Col E)	$	#DIV/0!
5	20__ Applicable Company Revenues	Schedule 2, Line 1, Column C	$	-
6	Percentage Adjustment Applied to Customer's Bills for DG	(Line 4 / Line 5)		0.0000%

UNS Electric, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 2: LFCR Annual Incremental Cap Calculation

Line No.	(A) LFCR Annual Incremental Cap Calculation	(B) Reference		(C) Totals
1	20_ _ Applicable Company Revenues		$	-
2	Allowed Cap %			2% 4%
3	Maximum Allowed Incremental Recovery	(Line 1 * Line 2)	$	#VALUE!
4	Total Lost Fixed Cost Revenue	Schedule 3, Line 123, Column C	$	#DIV/0!
5	Total Deferred Balance from Previous Period	Previous Filing, Schedule 2, Line 13, Column C	$	-
6	Annual Interest Rate			0.00%
7	Interest Accrued on Deferred Balance	(Line 5 * Line 6)	$	-
8	Total Lost Fixed Cost Revenue Current Period	(Line 4 + Line 5 + Line 7)	$	#DIV/0!
9	Lost Fixed Cost Revenue from Prior Period	Previous Filing, Schedule 2, Line 15, Column C	$	-
10	Lost Fixed Cost Revenue - Billed [1]		$	-
11	LFCR Balancing Account	(Line 9 - Line 10)	$	-
12	Total Incremental Lost Fixed Cost Revenue for Current Year	(Line 8 - Line 9 + Line 11)	$	#DIV/0!
13	Amount in Excess of Cap to Defer	(Line 12 - Line 3)	$	#DIV/0!
14	Incremental Period Adjustment as %	[(Line 12 - Line 13) / Line 1]		0.0000%
15	Total Lost Fixed Cost Revenue for Current Period	(Line 8 + Line 11 - Line 13)	$	#DIV/0!

[1] Amount billed to customers for the collection period of 20_ _

UNS Electric, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 3: LFCR Calculation

Line No.	(A) LFCR Fixed Cost Revenue Calculation	(B) Reference		(C) Totals	(D) Units	(E) Workpaper
	Residential - Delivery Revenue - Demand					
	Energy Efficiency Savings					
1	Current Period				kW	
2	Prior Period kW EE Losses	Previous Filing, Schedule 3, Line 2, Column C		-	kW	
3	Cumulative Recoverable kW savings	(Line 1 + Line 2)		-	kW	
4	Total Recoverable EE Savings	Line 3		-	kW	
5	Residential - Lost Fixed Cost Rate	Schedule 4, Line 6, Column C	$	#DIV/0!	$/kW	
6	Residential - Lost Fixed Cost Revenue Relating to EE	(Line 4 * Line 5)	$	#DIV/0!		
	Distributed Generation					
7	Current Period			-	kW	
8	Total Recoverable DG Savings	Line 7		-	kW	
9	Residential - Lost Fixed Cost Rate	Schedule 4, Line 6, Column C	$	#DIV/0!	$/kW	
10	Residential - Lost Fixed Cost Revenue Relating to DG	(Line 8 * Line 9)	$	#DIV/0!		
	Residential - Delivery Revenue					
	Energy Efficiency Savings					
11	**Current Period**			-	kWh	
12	Kwh Residential Customers Adopting Fixed Option			0.0%		
13	Excluded kWh reduction	(Line 11 * Line 12)		-	kWh	
14	Net Current Period	(Line 11 - Line 13)		-	kWh	
15	**Prior Period kWh EE losses**	Previous Filing, Schedule 3, Line 15, Column C		-	kWh	
16	**Cumulative Recoverable kWh savings**	(Previous Filing, Schedule 3, Line 3, Column C + Line 14)		-	kWh	
17	**Total Recoverable EE Savings**	Line 16			kWh	
18	**Residential - Lost Fixed Cost Rate**	Schedule 4, Line 3, Column C	$	#DIV/0!	$/kWh	
19	**Residential - Lost Fixed Cost Revenue Relating to EE**	(Line 17 * Line 18)	$	#DIV/0!		
	Distributed Generation					
20	Current Period			-	kWh	
21	Kwh Residential Customers Adopting Fixed Option			0.0%		
22	Excluded kWh reduction	(Line 20 * Line 21)		-	kWh	
23	Net Current Period	(Line 20 - Line 22)		-	kWh	
24	**Prior Period kWh DG losses**	Previous Filing, Schedule 3, Line 24, Column C		-	kWh	
25	**Cumulative Recoverable kWh savings**	(Previous Filing, Schedule 3, Line 5, Column C + Line 23)		-	kWh	
26	**Total Recoverable DG Savings**	Line 25		-	kWh	
27	**Residential - Lost Fixed Cost Rate**	Schedule 4, Line 3, Column C	$	#DIV/0!	$/kWh	
28	**Residential - Lost Fixed Cost Revenue Relating to DG**	(Line 26 * Line 27)	$	#DIV/0!		
	Small General Service - Delivery Revenue - Demand					
	Energy Efficiency Savings					
29	Current Period			-	kW	
30	Prior Period kW EE losses	Previous Filing, Schedule 3, Line 29, Column C			kW	
31	Cumulative Recoverable kW savings	(Line 29 + Line 30)			kW	
32	Total Recoverable EE Savings	Line 29		-	kW	
33	Small General Service - Lost Fixed Cost Rate	Schedule 4, Line 17, Column C	$	#DIV/0!	$/kW	
34	Small General Service - Lost Fixed Cost Revenue Relating to EE	(Line 32 * Line 33)	$	#DIV/0!		
	Distributed Generation					
35	Current Period			-	kW	
36	Total Recoverable DG Savings	Line 35			kW	
37	Small General Service - Lost Fixed Cost Rate	Schedule 4, Line 17, Column C	$	#DIV/0!	$/kW	
38	Small General Service - Lost Fixed Cost Revenue Relating to DG	(Line 36 * Line 37)	$	#DIV/0!		

UNS Electric, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 3: LFCR Calculation

Line No.	(A) LFCR Fixed Cost Revenue Calculation	(B) Reference		(C) Totals	(D) Units	(E) Weighting
	Small General Service - Delivery Revenue					
	Energy Efficiency Savings					
31	Current Period			-	kWh	
32	Prior Period kWh EE losses	Previous Filing, Schedule 3, Line 34, Column C		-	kWh	
33	Cumulative Recoverable kWh savings	Line 31 + Line 32		-	kWh	
34	Total Recoverable EE Savings	Line 33		-	kWh	
35	Small General Service - Lost Fixed Cost Rate	Schedule 4, Line 3, Column C	$	#DIV/0!	$/kWh	
36	Small General Service - Lost Fixed Cost Revenue Relating to EE	(Line 34 * Line 35)	$	#DIV/0!		
	Distributed Generation					
37	Current Period			-	kWh	
38	Prior Period kWh DG losses	Previous Filing, Schedule 3, Line 41, Column C		-	kWh	
39	Cumulative Recoverable kWh savings	Line 37 + Line 38		-	kWh	
40	Total Recoverable DG Savings	Line 39		-	kWh	
41	Small General Service - Lost Fixed Cost Rate	Schedule 4, Line 9, Column C	$	#DIV/0!	$/kWh	
42	Small General Service - Lost Fixed Cost Revenue Relating to DG	(Line 39 * Line 40)	$	#DIV/0!		
	Medium General Service - Delivery Revenue - Demand					
	Energy Efficiency Savings					
43	Current Period			-	kW	
44	Prior Period kW EE losses	Previous Filing, Schedule 3, Line 47, Column C		-	kW	
45	Cumulative Recoverable kW savings	Line 43 + Line 44		-	kW	
46	Total Recoverable EE Savings	Line 45		-	kW	
47	Medium General Service - Lost Fixed Cost Rate	Schedule 4, Line 18, Column C	$	#DIV/0!	$/kW	
48	Medium General Service - Lost Fixed Cost Revenue Relating to EE	(Line 46 * Line 47)	$	#DIV/0!		
	Distributed Generation					
49	Current Period				kW	
50	Total Recoverable DG Savings	Line 49		-	kW	
51	Medium General Service - Lost Fixed Cost Rate	Schedule 4, Line 23, Column C	$	#DIV/0!	$/kW	
52	Medium General Service - Lost Fixed Cost Revenue Relating to DG	(Line 50 * Line 51)	$	#DIV/0!		
	Medium General Service - Delivery Revenue - Energy					
	Energy Efficiency Savings					
53	Current Period			-	kWh	
54	Prior Period kWh EE losses	Previous Filing, Schedule 3, Line 53, Column C		-	kWh	
55	Cumulative Recoverable kWh savings	Line 53 + Line 54		-	kWh	
56	Total Recoverable EE Savings	Line 55		-	kWh	
57	Medium General Service - Lost Fixed Cost Rate	Schedule 4, Line 15, Column C	$	#DIV/0!	$/kWh	
58	Medium General Service - Lost Fixed Cost Revenue Relating to EE	(Line 56 * Line 57)	$	#DIV/0!		
	Distributed Generation					
59	Current Period			-	kWh	
60	Total Recoverable DG Savings	Line 59		-	kWh	
61	Medium General Service - Lost Fixed Cost Rate	Schedule 4, Line 15, Column C	$	#DIV/0!	$/kWh	
62	Medium General Service - Lost Fixed Cost Revenue Relating to DG	(Line 58 * Line 59)	$	#DIV/0!		

UNS Electric, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 3: LFCR Calculation

Line No.	(A) LFCR Fixed Cost Revenue Calculation	(B) Reference		(C) Totals	(D) Units	(E) Weighting
	Large General Service - Delivery Revenue - Demand					
	Energy Efficiency Savings					
61	Current Period			-	kW	
62	Prior Period kW EE losses	Previous Filing, Schedule 3, Line 63, Column C		-	kW	
63	Cumulative Recoverable kW savings	(Previous Filing, Schedule 3, Line 63, Column C + Line 61 + Line 62)		-	kW	
64	Total Recoverable EE Savings	Line 63		-	kW	
65	Large General Service - Lost Fixed Cost Rate	Schedule 4, Line 23, Column C	$	#DIV/0!	$/kW	
66	Large General Service - Lost Fixed Cost Revenue Relating to EE	(Line 64 * Line 65)	$	#DIV/0!		
	Distributed Generation					
67	Current Period			-	kW	
68	Prior Period kW DG losses	Previous Filing, Schedule 3, Line 69, Column C		-	kW	
69	Cumulative Recoverable kW savings	(Previous Filing, Schedule 3, Line 69, Column C + Line 67 + Line 68)		-	kW	
70	Total Recoverable DG Savings	Line 67		-	kW	
71	Large General Service - Lost Fixed Cost Rate	Schedule 4, Line 23, Column C	$	#DIV/0!	$/kW	
72	Large General Service - Lost Fixed Cost Revenue Relating to DG	(Line 70 * Line 71)	$	#DIV/0!		
	Large General Service - Delivery Revenue					
	Energy Efficiency Savings					
73	Current Period				kWh	
74	Prior Period kWh EE losses	Previous Filing, Schedule 3, Line 75, Column C			kWh	
75	Cumulative Recoverable kWh savings	(Previous Filing, Schedule 3, Line 75, Column C + Line 73 + Line 74)		-	kWh	
76	Total Recoverable EE Savings	Line 75		-	kWh	
77	Large General Service - Lost Fixed Cost Rate	Schedule 4, Line 24, Column C	$	#DIV/0!	$/kWh	
78	Large General Service - Lost Fixed Cost Revenue Relating to EE	(Line 76 * Line 77)	$	#DIV/0!		
	Distributed Generation					
79	Current Period			-	kWh	
80	Prior Period kWh DG losses	Previous Filing, Schedule 3, Line 81, Column C		-	kWh	
81	Cumulative Recoverable kWh savings	(Previous Filing, Schedule 3, Line 81, Column C + Line 79 + Line 80)		-	kWh	
82	Total Recoverable DG Savings	Line 79		-	kWh	
83	Large General Service - Lost Fixed Cost Rate	Schedule 4, Line 24, Column C	$	#DIV/0!	$/kWh	
84	Large General Service - Lost Fixed Cost Revenue Relating to DG	(Line 82 * Line 83)	$	#DIV/0!		
	Interruptible Power Service - Delivery Revenue - Demand					
	Energy Efficiency Savings					
85	Current Period			-	kW	
86	Prior Period kW EE losses	Previous Filing, Schedule 3, Line 87, Column C		-	kW	
87	Cumulative Recoverable kW savings	(Previous Filing, Schedule 3, Line 87, Column C + Line 85 + Line 86)		-	kW	
88	Total Recoverable EE Savings	Line 87		-	kW	
89	Interruptible - Lost Fixed Cost Rate	Schedule 4, Line 30, Column C	$	#DIV/0!	$/kW	
90	Interruptible - Lost Fixed Cost Revenue Relating to EE	(Line 88 * Line 89)	$	#DIV/0!		
	Distributed Generation					
91	Current Period			-	kW	
92	Prior Period kW DG losses	Previous Filing, Schedule 3, Line 93, Column C		-	kW	
93	Cumulative Recoverable kW savings	(Previous Filing, Schedule 3, Line 93, Column C + Line 91 + Line 92)		-	kW	
94	Total Recoverable DG Savings	Line 91		-	kW	
95	Interruptible - Lost Fixed Cost Rate	Schedule 4, Line 30, Column C	$	#DIV/0!	$/kW	
96	Interruptible - Lost Fixed Cost Revenue Relating to DG	(Line 94 * Line 95)	$	#DIV/0!		

UNS Electric, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 3: LFCR Calculation

Line No.	(A) LFCR Fixed Cost Revenue Calculation	(B) Reference		(C) Totals	(D) Units	(E)
	Interruptible Power Service - Delivery Revenue					
	Energy Efficiency Savings					
91	Current Period			-	kWh	
92	Prior Period kWh EE losses	Previous Filing, Schedule 3, Line 76, Column C		-	kWh	
93	Cumulative Recoverable kWh savings	Line 91 + Line 92		-	kWh	
94	Total Recoverable EE Savings	Line 93		-	kWh	
95	Interruptible - Lost Fixed Cost Rate	Schedule 4, Line 76, Column C	$	#DIV/0!	$/kWh	
96	Interruptible - Lost Fixed Cost Revenue Relating to EE	(Line 94 * Line 95)	$	#DIV/0!		
	Distributed Generation					
97	Current Period			-	kWh	
98	Prior Period kWh DG losses	Previous Filing, Schedule 3, Line 83, Column C		-	kWh	
99	Cumulative Recoverable kWh savings	Line 97 + Line 98		-	kWh	
100	Total Recoverable DG Savings	Line 97		-	kWh	
101	Interruptible - Lost Fixed Cost Rate	Schedule 4, Line 77, Column C	$	#DIV/0!	$/kWh	
102	Interruptible - Lost Fixed Cost Revenue Relating to DG	(Line 98 * Line 99)	$	#DIV/0!		
	Large Power Service - Delivery Revenue - Demand					
	Energy Efficiency Savings					
103	Current Period				kW	
104	Prior Period kW EE losses	Previous Filing, Schedule 3, Line 103, Column C		-	kW	
105	Cumulative Recoverable kW savings	Line 103 + Line 104		-	kW	
106	Total Recoverable EE Savings	Line 105		-	kW	
107	Large Power Service - Lost Fixed Cost Rate	Schedule 4, Line 86, Column C	$	#DIV/0!	$/kW	
108	Large Power Service - Lost Fixed Cost Revenue Relating to EE	(Line 106 * Line 107)	$	#DIV/0!		
	Distributed Generation					
109	Current Period			-	kW	
110	Prior Period kW DG losses	Previous Filing, Schedule 3, Line 90, Column C		-	kW	
111	Cumulative Recoverable kW savings	Line 109 + Line 110		-	kW	
112	Total Recoverable DG Savings	Line 109		-	kW	
113	Large Power Service - Lost Fixed Cost Rate	Schedule 4, Line 87, Column C	$	#DIV/0!	$/kW	
114	Large Power Service - Lost Fixed Cost Revenue Relating to DG	(Line 112 * Line 113)	$	#DIV/0!		
	Large Power Service - Delivery Revenue					
	Energy Efficiency Savings					
115	Current Period			-	kWh	
116	Prior Period kWh EE losses	Previous Filing, Schedule 3, Line 113, Column C		-	kWh	
117	Cumulative Recoverable kWh savings	Line 115 + Line 116		-	kWh	
118	Total Recoverable EE Savings	Line 117		-	kWh	
119	Large Power Service - Lost Fixed Cost Rate	Schedule 4, Line 88, Column C	$	#DIV/0!	$/kWh	
120	Large Power Service - Lost Fixed Cost Revenue Relating to EE	(Line 118 * Line 119)	$	#DIV/0!		
						Supporting Data
121	Total Lost Fixed Cost Revenue Related to Energy Efficiency	Sum Line 3 + 16 + 26 + 36 + 46 + 56 + 66 + 76 + 86 + 96 + 106 + 116	$	#DIV/0!		Notes: Supporting Data
122	Total Lost Fixed Cost Revenue Related to Distributed Generation	Sum Line 13 + 23 + 33 + 43 + 53 + 63 + 73 + 83 + 93 + 103 + 113 + 123	$	#DIV/0!		Notes: Supporting Data
123	Total Lost Fixed Cost Revenue	(Line 121 + Line 122)	$	#DIV/0!		

UNS Electric, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 4: LFCR Test Year Rate Calculation

Line No.	(A) LFCR Fixed Cost Calculation	(B) Reference		(C) Totals
	Residential Customers			
1	Delivery Revenue	Schedule 5, Line 7, Column E	$	-
2	kWh Billed	Schedule 5, Line 7, Column B		-
3	Lost Fixed Cost Rate	(Line 1 / Line 2)	$	#DIV/0!
	Residential Customers			
4	Delivery Revenue - Demand	Schedule 5, Line 29, Column E	$	-
5	kW Billed	Schedule 5, Line 29, Column B		-
6	Lost Fixed Cost Rate	(Line 4 / Line 5)	$	#DIV/0!
	Small General Service			
7	Delivery Revenue	Schedule 5, Line 12, Column E	$	-
8	kWh Billed	Schedule 5, Line 12, Column B		-
9	Lost Fixed Cost Rate	(Line 7 / Line 8)	$	#DIV/0!
	Small General Service			
10	Delivery Revenue - Demand	Schedule 5, Line 32, Column E	$	-
11	kW Billed	Schedule 5, Line 32, Column B		-
12	Lost Fixed Cost Rate	(Line 10 / Line 11)	$	#DIV/0!
	Medium General Service			
13	Delivery Revenue	Schedule 5, Line 16, Column E	$	-
14	kWh Billed	Schedule 5, Line 16, Column B		-
15	Lost Fixed Cost Rate	(Line 13 / Line 14)	$	#DIV/0!
	Medium General Service			
16	Delivery Revenue - Demand	Schedule 5, Line 36, Column E	$	-
17	kW Billed	Schedule 5, Line 36, Column B		-
18	Lost Fixed Cost Rate	(Line 16 / Line 17)	$	#DIV/0!
	Large General Service			
19	Delivery Revenue	Schedule 5, Line 20, Column E	$	-
20	kWh Billed	Schedule 5, Line 20, Column B		-
21	Lost Fixed Cost Rate	(Line 19 / Line 20)	$	#DIV/0!
	Large General Service			
22	Delivery Revenue - Demand	Schedule 5, Line 40, Column E	$	-
23	kW Billed	Schedule 5, Line 40, Column B		-
24	Lost Fixed Cost Rate	(Line 22 / Line 23)	$	#DIV/0!
	Interruptible Power Service			
25	Delivery Revenue	Schedule 5, Line 22, Column E	$	-
26	kWh Billed	Schedule 5, Line 22, Column B		-
27	Lost Fixed Cost Rate	(Line 25 / Line 26)	$	#DIV/0!
	Interruptible Power Service			
28	Delivery Revenue - Demand	Schedule 5, Line 42, Column E	$	-
29	kW Billed	Schedule 5, Line 42, Column B		-
30	Lost Fixed Cost Rate	(Line 28 / Line 29)	$	#DIV/0!
	Large Power Service			
31	Delivery Revenue	Schedule 5, Line 25, Column E	$	-
32	kWh Billed	Schedule 5, Line 25, Column B		-
33	Lost Fixed Cost Rate	(Line 31 / Line 32)	$	#DIV/0!
	Large Power Service			
34	Delivery Revenue - Demand	Schedule 5, Line 45, Column E	$	-
35	kW Billed	Schedule 5, Line 45, Column B		-
36	Lost Fixed Cost Rate	(Line 34 / Line 35)	$	#DIV/0!

UNS Electric, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 5: Delivery Revenue Calculation

Line No	(A) Rate Schedule	(B) Adjusted Test Year Billing Determinants	Units	(C)	Delivery Charge	(D)	(E)	(D) x (E) Total Delivery Revenue
	kWh related							
1	Residential Service (RES-01)		kWh	$		100%	$	-
2	Residential Service (RES-01 TOU)		kWh	$		100%	$	-
3	Residential Service (RES-01 TOU Super Peak)		kWh	$			$	-
4	Residential Service (RES-01 CARES)		kWh	$		100%	$	-
5	Residential Service (RES-01 Demand)		kWh	$			$	-
6	Residential Service (RES-01 Demand TOU)		kWh	$			$	-
7		Subtotal - kWh	- kWh				$	-
8	Small General Service (SGS-10)		kWh	$		100%	$	-
9	Small General Service (SGS-10 TOU)		kWh	$		100%	$	-
10	Small General Service (SGS-10 TOU-S)		kWh	$		100%	$	-
11	Small General Service (SGS-10 Demand)		kWh	$			$	-
12	Small General Service (SGS-10 Demand TOU)		kWh	$			$	-
13		Subtotal - kWh	- kWh				$	-
14	Medium General Service (MGS)		kWh	$			$	-
15	Medium General Service (MGS-TOU)		kWh	$			$	-
16	Medium General Service (MGS-TOU-S)		kWh	$			$	-
17		Subtotal - kWh	- kWh				$	-
18	Large General Service (LGS)		kWh	$		100%	$	-
19	Large General Service (LGS-TOU)		kWh	$		100%	$	-
20	Large General Service (LGS-TOU-S)		kWh	$		100%	$	-
21		Subtotal - kWh	- kWh				$	-
22	Interruptible Power Service (IPS)		kWh	$		100%	$	-
23		Subtotal - kWh	- kWh				$	-
24	Large Power Service (LPS)		kWh	$		100%	$	-
25	Large Power Service (LPS-TOU)		kWh	$		100%	$	-
26		Subtotal - kWh	- kWh				$	-
27	Total kWh		- kWh				$	-
	kW related							
28	Residential Service (RES-01 Demand)		kW	$			$	
29	Residential Service (RES-01 Demand TOU)		kW	$			$	
30		Subtotal - kW	- kW				$	-
31	Small General Service (SGS-10 Demand)		kW	$			$	-
32	Small General Service (SGS-10 Demand TOU)		kW	$			$	-
33		Subtotal - kW	- kW				$	-
34	Medium General Service (MGS)		kW	$			$	-
35	Medium General Service (MGS-TOU)		kW	$			$	-
36	Medium General Service (MGS-TOU-S)		kW	$			$	-
37		Subtotal - kW	- kW				$	-
38	Large General Service (LGS)		kW	$		100%	$	-
39	Large General Service (LGS-TOU)		kW	$		100%	$	-
40	Large General Service (LGS-TOU-S)		kW	$		100%	$	-
41		Subtotal - kW	- kW				$	-
42	Interruptible Power Service (IPS)		kW	$		100%	$	-
43		Subtotal - kW	- kW				$	-
44	Large Power Service (LPS)		kW	$		100%	$	-
45	Large Power Service (LPS-TOU)		kW	$		100%	$	-
46		Subtotal - kW	- kW				$	-
47	Total kW		- kW				$	-