



**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 Standard Offer service from the Company pursuant to the Arizona Corporation Commission (ACC) Decision No. 73912 dated June 27, 2013 and as updated and defined in the Company's PPFAC Plan of Administration approved in ACC Decision No. 73912.

RATE

The Customer monthly bill shall consist of the applicable Rate, charges and adjustments in addition to the PPFAC. The PPFAC adjustor Rate, as shown in the TEP Statement of Charges, is an amount expressed as a Rate per kWh charge to reflect the cost to the Company for energy either generated or purchased.

TEP STATEMENT OF CHARGES

For all additional charges and assessments approved by the ACC see the TEP Statement of Charges which is available on TEP's website at www.tep.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

This standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this Rider.