



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 traffic signal and street lighting service, lighting service, water pumping service, and large light and power service 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 rate shown in the TEP 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 ACC-mandated Energy Efficiency and Distributed Generation programs. Each year, percentage charges 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 1% of the Company's most recent total combined retail calendar year revenues for all participating Rate classes.

The LFCR adjustments shall be applied to all monthly bills as a percentage of the total bill and are anticipated to become effective on or around July 1, 2014.

TEP STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission (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 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.