Residential Service Time-of-Use

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 residential electric service (subject to availability at point of delivery) 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.

Separately metered buildings (such as garages and or wells) that are on the same lot as a residential area will be classified as non-residential and the appropriate general service rate will be applied.

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

Customers may switch between applicable rate tariffs once in a rolling twelve month period.

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

<table>
<thead>
<tr>
<th>Energy Charges ($/kWh)</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 500</td>
<td>$0.072152</td>
</tr>
<tr>
<td>501 - 1000</td>
<td>$0.081152</td>
</tr>
<tr>
<td>Over 1000</td>
<td>$0.086652</td>
</tr>
</tbody>
</table>

Energy Charge is a bundled charge that includes: Local Delivery-Energy (Local Delivery and/or Distribution exclusive of Transmission/Ancillaries), Generation Capacity, Fixed Must-Run, Transmission and Ancillary Services.
Power Supply Charge ($/kWh):

<table>
<thead>
<tr>
<th></th>
<th>Summer (May – September)</th>
<th>Winter (October – April)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Power On-Peak</td>
<td>$0.066567</td>
<td>$0.032565</td>
</tr>
<tr>
<td>Base Power Off-Peak</td>
<td>$0.026332</td>
<td>$0.025651</td>
</tr>
</tbody>
</table>

Purchased Power and Fuel Adjustment Clause (PPFAC): The Base Power Supply Charge shall be subject to a per kWh adjustment in accordance with Rider-1 to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost of purchased power and fuel.

TIME-OF-USE TIME 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 6:00 a.m. - 09:00 a.m. and 6:00 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.

MONTHLY LIFELINE DISCOUNT:
For current and new eligible Lifeline customers taking service hereunder, the monthly bill shall be in accordance to the rate above except that a discount of $15.00 per month shall be applied.

New customers, including those who move, are no longer eligible for the discounts in the table below. For current Lifeline customers formerly taking service under one of the following discontinued rates, the monthly bill shall be in accordance to the rate above except the discount per month shall be applied as follows:

<table>
<thead>
<tr>
<th>Frozen Lifeline Service Rate</th>
<th>Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Lifeline/Senior R-04-21F</td>
<td>$30</td>
</tr>
<tr>
<td>Residential Lifeline Service R-05-21F</td>
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</tr>
<tr>
<td>Residential Lifeline Service R-06-21F</td>
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</tr>
<tr>
<td>Residential Lifeline Medical R-08-21F</td>
<td>$60</td>
</tr>
<tr>
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<tr>
<td>Residential Lifeline Medical R-08-70F</td>
<td>$60</td>
</tr>
</tbody>
</table>

For all customers, no Lifeline discount will be applied that will reduce the bill to less than zero.

LIFELINE ELIGIBILITY
1. The TEP account must be in the Customer's name applying for a Lifeline discount.
2. Applicant must be a TEP 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 TEP’s website at www.tep.com or contact a TEP customer care representative.
ELECTRIC VEHICLES
Customers who own and operate Electric Vehicles will receive a 5% discount to the Base Fuel and the PPFAC during the off-peak period. Customers must provide documentation for highway approved Electric Vehicles.

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.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AZISA) CHARGE
A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AZISA in Arizona.

TEP STATEMENT OF CHARGES
For all additional charges and assessments approved by the Arizona Corporation Commission 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
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): Single-Phase
- Meter Services $1.09
- Meter Reading $0.21
- Billing & Collection $2.55
- Customer Delivery $6.15
  Total $10.00

Energy Charge Components (per kWh) (Unbundled)
Local Delivery - Energy
- 0 – 500 $0.022609
- 501 – 1000 $0.031609
- Over 1000 $0.037109
- Generation Capacity $0.031960
- Fixed Must-Run $0.006710
- Transmission $0.008483
- System Control & Dispatch $0.000120
- Reactive Supply & Voltage Control $0.000450
- Regulation & Frequency Response $0.000440
- Spinning Reserve Service $0.001190
- Supplemental Reserve Service $0.000190
- Energy Imbalance Service: Currently charged pursuant to the Company’s OATT

Power Supply Charge ($/kWh):

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