Special Residential 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
To single-phase residential electric service (subject to availability at point of delivery) in individual residences when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this rate requires that the Customer use exclusively the Company’s service for all space heating and all water heating energy requirements except as provided below. New homes must conform to the standards of the Company’s approved efficiency program for new construction as in effect at the time of subscription to this rate. Existing homes must conform to certain standards of the Company’s approved efficiency program for existing homes as in effect at the time of subscription to this rate. Company accredited testing and inspection is required for verification.

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, or 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.

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 Single-Phase Service Charge, per month: | $13.00 |
| Energy Charges ($/kWh): | |
| 0 – 500 | $0.066152 |
| 501-1000 | $0.081152 |
| Over 1000 | $0.086652 |

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.
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 Service R-06-201AF</td>
<td>$30</td>
</tr>
<tr>
<td>Residential Lifeline Medical R-08-201AF</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.

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.

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Power Supply Charge ($/kWh) | Summer (May – September) | Winter (October – April) |
--------------------------------|-------------------------|-------------------------|
Base Power                   | $0.028689                | $0.026012                |

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.
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, per month: $1.42
- Meter Reading, per month: $0.27
- Billing & Collection, per month: $3.32
- Customer Delivery, per month: $7.99
- Total: $13.00

Energy Charge Components of Delivery Services (Per kWh) (Unbundled):
- Local Delivery Energy
  - 0 - 500: $0.016609
  - 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 and Voltage Control: $0.000450
- Regulation and 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 Charges:
- Summer (May – September): $0.028689
- Winter (October - April): $0.026012

PPFAC:
- In accordance with Rider 1

Filed By: Kentton C. Grant
Title: Vice President, Rates and Planning
District: Entire Electric Service Area
Rate: TRRSP
Effective: February 27, 2017
Decision No.: 75975