



## Rider-13 Economic Development Rider (EDR)

### AVAILABILITY

Available throughout the Company's entire electric service area at all points where facilities of adequate capacity, required phase and suitable voltage are adjacent to the sites served. This rider is available for commercial or industrial Customers with a projected peak demand of 3,000 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 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 200 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, of which at least 51 percent pay a wage that equals or exceeds 125 percent of the median state wage. Also, the applicant shall provide health insurance coverage for all net new full-time employment positions for which the applicant pays at least 80 percent of new employees' health care premiums.

The incremental jobs created by the qualifying additional load must be located within the Company's electric service area. 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:

- <sup>1</sup> Economic Development means new or expanding business operations that build new facilities.
- <sup>2</sup> Economic Redevelopment means new or expanding business operations that occupy existing vacant facilities.



CHARACTER OF SERVICE

Must meet all service requirements for the Customer's applicable tariff.

RATE

All provisions, charges, and adjustments in the Customer's applicable 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 <u>and</u> create new/expanding load of 3,000 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 <u>and</u> create new/expanding load of 3,000 kW, <u>plus</u> 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.

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 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.