

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 10

Sheet No. 1 of 5

Revision No. _____

Effective: January 1, 2000

DIRECT ACCESS
GENERAL SERVICE SCHEDULE NO. 10

The Company's following Riders apply to this tariff: Adder Associated with MGC – Rider No. 1; Must-Run Generation – Rider No. 2; Transmission and Ancillary Services – Rider No. 3; Fixed CTC by Class – Rider No. 4; and Transmission Credit -- Rider No. 5.

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all general power and lighting service unless otherwise addressed by specific rate schedules, when all energy is supplied at one point of delivery and through one metered service. Also applicable to ESA (special contract) customers who, after expiration of their contracts pursuant to the Company's Amended Settlement Agreement, choose to take Direct Access service.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATES - Single-Phase Service

A monthly net bill based on the following, as applicable, plus any adjustments incorporated in this Schedule:

Distribution - Primary

Applicability: Required for Direct Access Service.

Price of Service: \$0.014912 *per kWh*

Distribution - Secondary

Applicability: Required for Direct Access Service.

Applies to primary & secondary customers; a primary discount may apply to primary customers.

Price of Service: \$0.006724 *per kWh*

Distribution - Customer Service Drop

Applicability: Required for Direct Access Service.

Price of Service: \$0.139440 *per customer per*

Uncollectible Accounts

Applicability: Required for Direct Access Service.

Price of Service: \$0.000134 *per kWh*

Fixed Must-Run

Applicability: Required for Direct Access Service.

See Must-Run Generation - Rider No. 2

Price of Service: \$0.005493 *per kWh*

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Fixed CTC

Applicability: Required for Direct Access Service.

See Fixed CTC by Class - Rider No. 4

Price of Service: \$0.011825 *per kWh*

Floating CTC

Applicability: Required for Direct Access Service.

See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.

Demand Side Management

Applicability: Required System Benefits Charge for Direct Access Service.

Price of Service: \$0.000625 *per kWh*

Customer Information and Lifeline Discount

Applicability: Required System Benefits Charge for Direct Access Service.

Price of Service: \$0.000693 *per kWh*

Meter Services

Applicability: Required for Direct Access Service; may be purchased from a qualified third party.

Installation \$1.206974 *per customer per*

Maintenance \$0.241395 *per customer per*

Equipment \$0.965579 *per customer per*

Subtotal \$2.413948 *per customer per*

Meter Reading Services

Applicability: Required for Direct Access Service; may be purchased from a qualified third party.

Price of Service: \$0.817837 *per customer per*

Billing and Collection

Applicability: Required for Direct Access Service; may be purchased from a qualified third party.

Price of Service: \$2.568775 *per customer per*

Transmission - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service pursuant to the Company's OATT.

The rates in Transmission Credit -- Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups.

For illustrative purposes, an estimated rate is shown below.

Energy-based rate for transmission: \$0.009551 *per kWh*

Transmission - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service pursuant to the Company's OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

See Transmission Rider No. 3.

As of June 7, 1999, the transmission charges are as follows:

EHV \$2.259000 *per kW / Month*

Non-EHV \$0.757000 *per kW / Month*

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Ancillary Services - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service pursuant to the Company's OATT.

The rates in Transmission Credit -- Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups.

For illustrative purposes, estimated rates are shown below.

System Control & Dispatch	\$0.000130 per kWh
Reactive Supply and Voltage Control	\$0.000510 per kWh
Regulation and Frequency Response	\$0.000494 per kWh
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.001340 per kWh
Supplemental Reserve Service	\$0.000219 per kWh

Ancillary Services - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service pursuant to the Company's OATT.

The following OATT rates are shown below for information and for calculation of the floating CTC.

See Transmission Rider No. 3.

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 per kW / Month
Reactive Supply and Voltage Control	\$0.161000 per kW / Month
Regulation and Frequency Response	\$0.156000 per kW / Month
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.423000 per kW / Month
Supplemental Reserve Service	\$0.069000 per kW / Month

Notes:

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

RATES - Three Phase Service

Same as single-phase service, except three-phase service is subject to the following additional charges:

Distribution - Customer Service Drop \$1.00 per customer per month

Meter Services

Installation	\$0.81 per customer per month
Maintenance	\$0.81 per customer per month
<u>Equipment</u>	<u>\$4.88</u> per customer per month
Subtotal	\$6.50 per customer per month

Total \$7.50 per customer per month

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ADDITIONAL NOTES

Summer billing months are May through October and winter billing months are November through April. Demand-Side Management, Customer Information and Lifeline Discount are collectively referred to as the System Benefits Charge (SBC).

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.

See Must-Run Generation – Rider No. 2 for treatment of variable Must-Run Generation.

MARKET GENERATION CREDIT (MGC) and STRANDED COST RECOVERY

The floating CTC is used to recover a portion of stranded cost and is calculated using a MGC methodology. The MGC is determined quarterly, with such change set 45 days prior to each quarter, although the amount will vary from month to month. The floating CTC equals the difference between the customer's bundled rate and the sum of the MGC, the Adder (pursuant to Adder Associated with MGC – Rider No. 1), and the unbundled charges for a) distribution, b) transmission, c) meter services, d) meter reading services, e) billing and collection, f) demand-side management system benefits charge, g) customer information and lifeline discount system benefits charge, h) uncollectible accounts, i) ancillary services (Transmission and Ancillary Services – Rider No. 3), j) fixed must-run generation (Must-Run Generation – Rider No. 2), and k) fixed CTC (Fixed CTC by Class – Rider No. 4). In a given quarter, the floating CTC can have a negative value, in which case the negative value will be credited to the customer's monthly bill. The floating CTC for an ESA customer shall be calculated using the customer's ESA price as of May 1, 1999 (subject to any automatic escalation provisions contained in the ESA) as the customer's bundled rate per the Company's Amended Settlement Agreement of 1999, §2.1(h).

The monthly MGC will be calculated using an on-peak component and an off-peak component and will be calculated in advance. The monthly on-peak component will be equal to a market price multiplied by the quantity of 1 plus the appropriate line loss (including UFE). The market price will be equal to the Palo Verde NYMEX futures price, except when adjusted for the variable cost of must-run generation. The off-peak component will be determined in the same manner as the on-peak component, except that the Palo Verde futures price will be adjusted by the ratio of off-peak to on-peak hourly prices from the California Power Exchange of the same month from the preceding year.

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge of \$0.00004473 per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

ADJUSTMENT FOR TRANSFORMER OWNERSHIP AND METERING

1. When Company owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the demand each month.
2. When Customer owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 20.6¢ per kW per month of the demand each month.
3. When Customer owns transformers and, at Company's option, energy is metered on secondary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the demand each month.

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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

Service Connection Charges

1. There shall be a \$13.50 charge for the initial establishment of each new service for each Customer.
2. There shall be a \$13.50 charge for the re-establishment of each service for each Customer.

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.

The Company may require a written contract and a minimum term of contract.

Where the Customer's utilization equipment is operated on a fixed schedule and can be readily and efficiently inspected by the Company to verify its demand and/or kWh usage, the Company may supply unmetered service under this Rate Schedule upon the basis of the demand and/or kWh usage determined by the Company. The Company reserves the right at any time to meter service previously supplied on an unmetered basis. The Customer will be responsible for notifying the Company of any changes being made in the equipment connected to the system. The determined demand and/or kWh usage will be adjusted as equipment is changed.

Optional rates are or may become available for certain classes of Customers. Upon application for service or upon request the Company will assist the Customer in selecting the rate schedule best suited to the Customer's requirements, but Company does not guarantee that Customers will be served under the most favorable rate schedule. Upon written notification of any material changes in Customer's installation, load conditions, or use of service, Company will assist in determining if a change in rates is desirable, but not more than one such change in rates will be made within any twelve-month period.