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VIA ETARIFF FILING

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: *Tucson Electric Power Company*
Docket No. ER16-__-____
Open Access Transmission Tariff

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act¹ (“FPA”), and Part 35 of the regulations of the Federal Energy Regulatory Commission (“Commission”),² Tucson Electric Power Company (“Tucson Electric”) hereby tenders for filing proposed revisions to its Open Access Transmission Tariff (“OATT”).

Specifically, Tucson Electric proposes to revise its OATT to:

- (1) Remove the requirement for the collection of deposits associated with transmission service, including revisions to references to deposits in the OATT Table of Contents; Sections 1, 15, 17, 19, 20, 22, 29 and 32; and Attachments A and F;
- (2) Revise Attachments A, A-1 and B to the OATT to include language for umbrella-type requests for short-term firm point-to-point and non-firm point-to-point transmission transactions and to include a five-year term for all umbrella service agreements for short-term service;
- (3) Change and clarify language in Attachment L to the OATT (Creditworthiness Procedures);
- (4) Update the contact information in in Section 17.1 to allow OATT customers to email written applications for transmission service; and
- (5) Modify address information in Attachments A, B and F to the most up-to-date information.

¹ 16 U.S.C. § 824d (2006).

² 18 C.F.R. Part 35 (2010).

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All such proposed revisions are fully described below.

Tucson Electric respectfully requests that the Commission accept the revised tariff sheets in eTariff format to become effective December 5, 2016 (the first business day 60 days after the date of this filing).

I. DESCRIPTION OF TUCSON ELECTRIC

Tucson Electric is a vertically-integrated utility that provides regulated electric service to approximately 417,000 retail customers. Tucson Electric's retail service territory consists of a 1,155 square mile area and includes a population of approximately one million in the greater Tucson metropolitan area in Pima County, as well as parts of Cochise County, Arizona. In addition, Tucson Electric sells electricity at wholesale to other utilities and power marketers at locations in the southwestern United States.

Tucson Electric also owns certain electric transmission facilities which are used primarily to transmit power generated at the Four Corners, Luna, Navajo, Springerville, and San Juan generating stations to Tucson Electric's service territory for use by its customers. Tucson Electric presently owns, or participates in, an overhead electric transmission system consisting of approximately 2,173 pole and/or circuit-miles of high voltage lines (rated 138 kV to 500 kV). Open access to these facilities is provided pursuant to Tucson Electric's OATT.

II. EXPLANATION OF REVISIONS

(1) Deposits

Tucson Electric no longer requires a deposit for point-to-point transmission service. Therefore, all references to such deposit have been removed in Sections 1.5, 15.3, 17.3 (entire paragraph removed and section number reserved for future use), 17.6, 19.1, 19.4, 20.3, 22.2, 29.2 and 32.1. The Table of Contents has been revised to reflect the modification of Section 17.3. In Attachments A and F, paragraph 3.0 has been removed. The Commission has approved similar modifications in the past.³

Provided that the revisions are accepted by the Commission, Tucson Electric will refund deposits for transmission service that it collected, if any, under the currently effective 17.3, with interest.

³ *Arizona Public Service Co.*, Docket No. ER05-1183-000, (Letter Order dated August 25, 2005).

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(2) Umbrella Service

In Order No. 888,⁴ the Commission established a policy that enables transmission customers to enter into non-transaction specific “umbrella” or “blanket” transmission service agreements for transmission service. Those customers seeking short-term firm or non-firm service simply need to execute the two-page *pro forma* agreement for the relevant type of service (firm, non-firm, or resale/reassignment/transfer service).⁵ Once the umbrella service agreement is executed, transmission customers may enter into short-term firm and non-firm transactions when necessary by submitting requests for specific transactions on Tucson Electric’s Open Access Same-Time Information System. Transmission service customers seeking long-term service, in contrast, are required to complete the “Specifications” sheets attached to the *pro forma* agreement, where applicable.

While the long-term service transactions include a specified term of service in the Specifications sheet, the umbrella service agreements for short-term service include no initial term. Tucson Electric proposes to include a five-year term for each short-term umbrella service agreement.⁶ Under the proposed revisions, following an initial term of five years, a customer will be required to enter into a new umbrella service agreement for up to an additional five-year term.⁷ Tucson Electric will attempt to contact each transmission customer prior to the expiration of any umbrella service agreement using the contact information last provided by the customer and provide the customer with a new umbrella service agreement.

The proposed five-year term will assist Tucson Electric in the proper administration of its OATT by allowing Tucson Electric to keep an accurate, up-to-date listing of all active transmission customers. It is common for transmission customers to discontinue short-term service on Tucson Electric’s system or to change contact information without notice. The five-year term will streamline Tucson Electric’s administrative and reporting function.

The five-year term will also ensure that all short-term transmission customers are on a regular cycle to reaffirm their desire to remain a transmission customer under the Tucson Electric OATT. This proposed revision will not place any increased burden on transmission

⁴ *Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, 61 Fed. Reg. 21540 (May 10, 1996), FERC Stats. & Regs. ¶ 31,036 (1996) (“Order No. 888”).

⁵ The Commission’s *pro forma* OATT includes *pro forma* agreements in Attachments A (Firm Point-to-Point Transmission Service), A-1 (Resale, Reassignment, or Transfer of Point-to-Point Transmission Service), and B (Non-Firm Point-to-Point Transmission Service). Tucson Electric has incorporated the *pro forma* agreements into its OATT.

⁶ Tucson Electric notes that it is unnecessary to include this revision for long-term transactions inasmuch as those transactions include a set term as provided in the relevant specification sheet. Tucson Electric clarifies this point with a proposed revision to the *pro forma* agreement in Section 3.0 of Attachment A, Section 5.0 of Attachment A-1, and Section 5.0 of Attachment B.

⁷ These revisions appear in Section 3.0 of Attachment A, Section 5.0 of Attachment A-1, and Section 5.0 of Attachment B.

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customers – transmission customers will simply need to execute a new short-term umbrella service agreement for an additional five-year period.⁸

The Commission will permit revisions to the *pro forma* OATT if the proposed revisions are consistent with, or superior to, the *pro forma* OATT.⁹ Transmission service customers often discontinue service without informing Tucson Electric, change identified contact information, or include information that is not accurate. The inclusion of a five-year term for short-term transactions, therefore, is superior to the *pro forma* OATT because the five-year term will ensure proper administration of the OATT and more efficient documentation and reporting of transmission service transactions by Tucson Electric. The proposed revisions do not alter the underlying terms and conditions of service for any transmission customer, but simply afford Tucson Electric the ability to ensure more efficient tracking of its customers, which in turn permits Tucson Electric to effectively receive and use data for regulatory reporting requirements. The Commission approved similar filings in September 2011 and December 2012.¹⁰

Provided that the revisions are accepted by the Commission, Tucson Electric will ask all current short-term umbrella customers to execute new umbrella agreements to get all current customers on the five-year cycle.¹¹ As noted above, the terms and conditions of Tucson Electric's service will not change. The only difference is that each customer would need to enter into a new service agreement, for an additional five years, after the current arrangements expire.

(3) Attachment L – Creditworthiness Procedures

In Order No. 890, the Commission required transmission providers to include creditworthiness procedures in their *pro forma* OATT.¹² The inclusion of the procedures was to ensure that all customers have clear information regarding the processes and standards used by the transmission provider to grant or deny transmission service.¹³ Tucson Electric proposes modifications that are consistent with the requirements set forth by the Commission in Order No. 890 and serve to further clarify its internal processes and standards.

First, Tucson Electric proposes modifications to Section 1.2 of Attachment L, Transmission Credit Limit, to allow a more flexible amount of credit exposure for a

⁸ The ability to execute *pro forma* short-term umbrella service agreements does not require system impact studies or any other burden on transmission customers; therefore, a requirement to execute new service agreements every five years will not place any obligation on a transmission customer or delay service in any manner.

⁹ *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 72 FR 12266 (March 15, 2007), FERC Stats. & Regs. ¶ 31,241 at P 135 (2007).

¹⁰ *Puget Sound Energy Inc.*, Docket No. ER11-4014-000 (Sept. 2, 2011), and *Arizona Public Service Co.*, Docket No. ER13-447-000 (Dec. 27, 2012).

¹¹ It is not necessary for long-term point-to-point customers to execute new agreements because their transactions are already set for a fixed term.

¹² *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 72 FR 12266 (March 15, 2007), FERC Stats. & Regs. ¶ 31,241 at P 1656 (2007) (“Order No. 890”).

¹³ *Id.*

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transmission customer, up to an amount equal to an estimated five consecutive month period of service. The appropriate amount of exposure is determined by Tucson Electric in the course of examining the customer's creditworthiness, as described further in Section 1.3 of Attachment L.

The modifications further modify Section 1.3 of Attachment L, Creditworthiness Standard, to more clearly set forth Tucson Electric's standards used to determine whether a transmission customer will be given an unsecured credit line for transmission service, including potential sources of information the transmission customer may cite to as evidence of financial standing when requesting an unsecured line of credit.

Section 1.4 of Attachment L, Security Requirements, is revised to clarify the forms of security acceptable to Tucson Electric.

Finally, Section 1.5 of Attachment L, Changes in Creditworthiness Status, has been modified to remove the pre-pay option in the event that a transmission customer who had previously been creditworthy subsequently fails to meet Tucson Electric's credit requirements, which in practice has been administratively burdensome for short-term customers. Instead, under the newly proposed requirements, the transmission customer will be given 30 days to regain compliance with Tucson Electric's creditworthiness procedures.

(4) Update to Contact Information in Section 17.1

Tucson Electric proposes to modify Section 17.1 to require transmission customers to provide written applications via email, rather than requiring applications via traditional mail or facsimile. This modernization will allow transmission customers to provide applications in a more timely fashion and at less cost to them.

(5) Update to Address Information in Attachments A, B and F

Tucson Electric proposes to modify the address information in Attachments A, B and F in order for the OATT to contain the most up-to-date address information.

II. CONTENTS OF FILING

In accordance with the Commission's eTariff regulations, Tucson Electric submits an eTariff XML filing package containing the following materials:

1. This transmittal letter;
2. The revised clean tariff sheets of Tucson Electric's OATT Table of Contents; Sections 1, 15, 17, 19, 20, 22, 29 and 32; and Attachments A, A-1, B, F and L, with metadata attached;

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3. The revised version of the Table of Contents; Sections 1, 15, 17, 19, 20, 22, 29 and 32; and Attachments A, A-1, B, F and L of Tucson Electric's OATT in clean format for publishing in eLibrary; and
4. The revised version of the Table of Contents; Sections 1, 15, 17, 19, 20, 22, 29 and 32; and Attachments A, A-1, B, F and L of Tucson Electric's OATT in marked (red-line) format for publishing in eLibrary.

III. COMMUNICATIONS

Communications regarding this filing should be sent to the following individuals:

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IV. REQUEST FOR WAIVERS

Tucson Electric respectfully requests waiver of any requirements of Part 35 of the Commission's regulations that have not been fulfilled by this filing.

V. CONCLUSION

Tucson Electric respectfully requests that the Commission approve these aforementioned amendments to Tucson Electric's OATT to become effective December 5, 2016 (the first business day 60 days after the date of this filing).

Respectfully submitted,

/s/ V. Michael Nitido

V. Michael Nitido

Attorney for Tucson Electric Power Company

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METHODOLOGY FOR CLUSTERING

I. COMMON SERVICE PROVISIONS

1 Definitions

- 1.0 Affiliate:** With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.
- 1.1 Ancillary Services:** Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of Tucson Electric Power Company's ("TEP's") Transmission System in accordance with Good Utility Practice.
- 1.2 Annual Transmission Costs:** The total annual cost of the Transmission System for purposes of Network Integration Transmission Service or Retail Direct Access Network Integration Transmission Service shall be the amount specified in Attachment I until amended by TEP or modified by the Commission.
- 1.3 Application:** A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.
- 1.3a Arizona Corporation Commission Competition Rules:** The rules, decisions, and orders of the Arizona Corporation Commission establishing competition in retail electric markets in the State of Arizona.
- 1.3b Arizona Independent Scheduling Administrator Association (AISA):** A voluntary non-profit Arizona corporation serving as an interim electric transmission scheduling administrator to facilitate the operation of Arizona's competitive electric retail market until a regional independent system operator, currently known as Desert Star, becomes operational. AISA will initially administer and oversee all activities on the oasis of the Control Area operators.
- 1.4 Commission:** The Federal Energy Regulatory Commission.
- 1.5 Completed Application:** An Application that satisfies all of the information and other requirements of the Tariff.
- 1.6 Control Area:** An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:
- (1) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);

- (2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
 - (3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and
 - (4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.
- 1.7 Curtailment:** A reduction in firm or non-firm transmission service in response to a transfer capability shortage as a result of system reliability conditions.
- 1.8 Delivering Party:** The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.
- 1.9 Designated Agent:** Any entity that performs actions or functions on behalf of TEP, an Eligible Customer, or the Transmission Customer required under the Tariff.
- 1.10 Direct Assignment Facilities:** Facilities or portions of facilities that are constructed by TEP for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Commission approval.
- 1.11 Eligible Customer:** (i) Any electric utility (including TEP and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that TEP offer the unbundled transmission service, or pursuant to a voluntary offer of such service by TEP. (ii) Any Scheduling Coordinator acting on behalf of a retail customer taking unbundled Transmission Service pursuant to a state requirement that TEP offer the transmission service, or pursuant to a voluntary offer of such service by TEP, is an Eligible Customer under the Tariff.
- 1.12 Facilities Study:** An engineering study conducted by TEP to determine the required modifications to TEP's Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested transmission service.
- 1.13 Firm Point-To-Point Transmission Service:** Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.
- 1.14 Good Utility Practice:** Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant

time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region, including those practices required by Federal Power Act section 215(a)(4).

- 1.15 Interruption:** A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.
- 1.16 Load Ratio Share:** Ratio of a Transmission Customer's Network Load to TEP's total load computed in accordance with Sections 34.2 and 34.3 of the Network Integration Transmission Service under Part III of the Tariff or Sections 42.2 and 42.3 of the Retail Direct Access Network Integration Transmission Service under Part IV and calculated on a monthly basis.
- 1.17 Load Shedding:** The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part III or Part IV of the Tariff.
- 1.18 Long-Term Firm Point-To-Point Transmission Service:** Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.
- 1.19 [RESERVED]**
- 1.20 Network Customer:** An entity receiving transmission service pursuant to the terms of TEP's Network Integration Transmission Service under Part III or Retail Direct Access Network Integration Transmission Service under Part IV of the Tariff.
- 1.21 Network Integration Transmission Service:** The transmission service provided under Part III of the Tariff.
- 1.22 Network Load:** The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff or that a Scheduling Coordinator designates for Retail Direct Access Network Integration Transmission Service under Part IV. The Network Customer's Network Load shall include all load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.

- 1.23 Network Operating Agreement:** An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.
- 1.24 Network Operating Committee:** A group made up of representatives from the Network Customer(s) and TEP established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.
- 1.25 Network Resource:** Any designated generating resource owned, purchased or leased by a Network Customer under the Network Integration Transmission Service Tariff under Part III or Retail Direct Access Network Integration Transmission Service under Part IV. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program.
- 1.26 Network Upgrades:** Modifications or additions to transmission-related facilities that are integrated with and support TEP's overall Transmission System for the general benefit of all users of such Transmission System.
- 1.27 Non-Firm Point-To-Point Transmission Service:** Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.
- 1.27a Non-Firm Sale:** An energy sale for which receipt or delivery may be interrupted for any reason or no reason, without liability on the part of either the buyer or seller.
- 1.28 Open Access Same-Time Information System (OASIS):** The information system and standards of conduct contained in Part 37 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.
- 1.29 Part I:** Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.
- 1.30 Part II:** Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.
- 1.31 Part III:** Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

- 1.31a Part IV:** Tariff Sections 36 through 43 pertaining to Retail Direct Access Network Integration Transmission Service in conjunction with the Applicable Common Service Provisions of Part I and appropriate schedules and attachments.
- 1.32 Parties:** TEP and the Transmission Customer receiving service under the Tariff.
- 1.33 Point(s) of Delivery:** Point(s) on TEP's Transmission System where capacity and energy transmitted by TEP will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.
- 1.34 Point(s) of Receipt:** Point(s) of interconnection on TEP's Transmission System where capacity and energy will be made available to TEP by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.
- 1.35 Point-To-Point Transmission Service:** The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.
- 1.36 Power Purchaser:** The entity that is purchasing the capacity and energy to be transmitted under the Tariff.
- 1.36a Pre-Confirmed Application:** An Application that commits the Eligible Customer to execute a Service Agreement upon receipt of notification that TEP can provide the requested Transmission Service.
- 1.37 Receiving Party:** The entity receiving the capacity and energy transmitted by TEP to Point(s) of Delivery.
- 1.38 Regional Transmission Group (RTG):** A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.
- 1.39 Reserved Capacity:** The maximum amount of capacity and energy that TEP agrees to transmit for the Transmission Customer over TEP's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.
- 1.39a Retail Competition Protocols:** The set of Protocols, attached to this Tariff as Attachment K, recognizing contractual commitments, providing greater precision to the procedures used for the calculation of total transfer capability, Committed Uses, and available transfer capability, to reservation procedures, and to the determination of priorities for the use of constrained paths on the Interconnected Transmission System.

- 1.39b Retail Direct Access Network Integration Transmission Service:** The transmission service provided under Part IV of the Tariff.
- 1.39c Retail Direct Access Network Operating Agreement:** An executed agreement that contains the terms and conditions under which the Scheduling Coordinator shall operate its facilities and the technical and operational matters associated with the implementation of Retail Direct Access Network Integration Transmission Service under Part IV of the Tariff.
- 1.39d Scheduling Coordinator:** Entity that schedules retail electric power transactions with the Control Area operator and AISA, and responds to directions from the Control Area operator or AISA during emergencies or curtailments.
- 1.40 Service Agreement:** The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and TEP for service under the Tariff.
- 1.41 Service Commencement Date:** The date TEP begins to provide service pursuant to the terms of an executed Service Agreement, or the date TEP begins to provide service in accordance with Section 15.3, Section 29.1 or Section 37.1 under the Tariff.
- 1.42 Short-Term Firm Point-To-Point Transmission Service:** Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.
- 1.42a Standard Offer Customers:** Current retail customers within TEP's service territory who choose not to enter the competitive marketplace as defined in the Arizona Corporation Commission's Electric Competition Rules.
- 1.42b System Condition:** A specified condition on TEP's system or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the curtailment priority pursuant to Section 13.6. Such conditions must be identified in the Transmission Customer's Service Agreement.
- 1.43 System Impact Study:** An assessment by TEP of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-To-Point Transmission Service, Network Integration Transmission Service or Retail Direct Access Network Integration Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.
- 1.44 Third-Party Sale:** Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration

Transmission Service or under Retail Direct Access Network Integration Transmission Service.

- 1.45 Transmission Customer:** Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that TEP file with the Commission, a proposed unexecuted Service Agreement to receive transmission service under Part II of the Tariff. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II, Part III and Part IV of this Tariff.
- 1.46 Transmission Provider:** Tucson Electric Power Company (“TEP”), the public utility (or its Designated Agent) that owns, controls, or operates facilities used for the transmission of electric energy in interstate commerce and provides transmission service under the Tariff.
- 1.47 Transmission Provider’s Monthly Transmission System Peak:** The maximum firm usage of TEP’s Transmission System in a calendar month.
- 1.48 Transmission Service:** Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.
- 1.49 Transmission System:** The facilities owned, controlled or operated by TEP that are used to provide transmission service under Part II, Part III and Part IV of the Tariff.
- 1.49a Universal Node Identifier:** A unique permanent, identification number assigned to each service delivery point.
- 1.50 Workday:** Monday through Friday, other than a designated TEP holiday.

I. COMMON SERVICE PROVISIONS

1 Definitions

- 1.0 Affiliate:** With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.
- 1.1 Ancillary Services:** Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of Tucson Electric Power Company's ("TEP's") Transmission System in accordance with Good Utility Practice.
- 1.2 Annual Transmission Costs:** The total annual cost of the Transmission System for purposes of Network Integration Transmission Service or Retail Direct Access Network Integration Transmission Service shall be the amount specified in Attachment I until amended by TEP or modified by the Commission.
- 1.3 Application:** A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.
- 1.3a Arizona Corporation Commission Competition Rules:** The rules, decisions, and orders of the Arizona Corporation Commission establishing competition in retail electric markets in the State of Arizona.
- 1.3b Arizona Independent Scheduling Administrator Association (AISA):** A voluntary non-profit Arizona corporation serving as an interim electric transmission scheduling administrator to facilitate the operation of Arizona's competitive electric retail market until a regional independent system operator, currently known as Desert Star, becomes operational. AISA will initially administer and oversee all activities on the oasis of the Control Area operators.
- 1.4 Commission:** The Federal Energy Regulatory Commission.
- 1.5 Completed Application:** An Application that satisfies all of the information and other requirements of the Tariff, ~~including any required deposit.~~
- 1.6 Control Area:** An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:
- (1) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);

- (2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
 - (3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and
 - (4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.
- 1.7 Curtailment:** A reduction in firm or non-firm transmission service in response to a transfer capability shortage as a result of system reliability conditions.
- 1.8 Delivering Party:** The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.
- 1.9 Designated Agent:** Any entity that performs actions or functions on behalf of TEP, an Eligible Customer, or the Transmission Customer required under the Tariff.
- 1.10 Direct Assignment Facilities:** Facilities or portions of facilities that are constructed by TEP for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Commission approval.
- 1.11 Eligible Customer:** (i) Any electric utility (including TEP and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that TEP offer the unbundled transmission service, or pursuant to a voluntary offer of such service by TEP. (ii) Any Scheduling Coordinator acting on behalf of a retail customer taking unbundled Transmission Service pursuant to a state requirement that TEP offer the transmission service, or pursuant to a voluntary offer of such service by TEP, is an Eligible Customer under the Tariff.
- 1.12 Facilities Study:** An engineering study conducted by TEP to determine the required modifications to TEP's Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested transmission service.
- 1.13 Firm Point-To-Point Transmission Service:** Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.
- 1.14 Good Utility Practice:** Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant

time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region, including those practices required by Federal Power Act section 215(a)(4).

- 1.15 Interruption:** A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.
- 1.16 Load Ratio Share:** Ratio of a Transmission Customer's Network Load to TEP's total load computed in accordance with Sections 34.2 and 34.3 of the Network Integration Transmission Service under Part III of the Tariff or Sections 42.2 and 42.3 of the Retail Direct Access Network Integration Transmission Service under Part IV and calculated on a monthly basis.
- 1.17 Load Shedding:** The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part III or Part IV of the Tariff.
- 1.18 Long-Term Firm Point-To-Point Transmission Service:** Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.
- 1.19 [RESERVED]**
- 1.20 Network Customer:** An entity receiving transmission service pursuant to the terms of TEP's Network Integration Transmission Service under Part III or Retail Direct Access Network Integration Transmission Service under Part IV of the Tariff.
- 1.21 Network Integration Transmission Service:** The transmission service provided under Part III of the Tariff.
- 1.22 Network Load:** The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff or that a Scheduling Coordinator designates for Retail Direct Access Network Integration Transmission Service under Part IV. The Network Customer's Network Load shall include all load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.

- 1.23 Network Operating Agreement:** An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.
- 1.24 Network Operating Committee:** A group made up of representatives from the Network Customer(s) and TEP established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.
- 1.25 Network Resource:** Any designated generating resource owned, purchased or leased by a Network Customer under the Network Integration Transmission Service Tariff under Part III or Retail Direct Access Network Integration Transmission Service under Part IV. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program.
- 1.26 Network Upgrades:** Modifications or additions to transmission-related facilities that are integrated with and support TEP's overall Transmission System for the general benefit of all users of such Transmission System.
- 1.27 Non-Firm Point-To-Point Transmission Service:** Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.
- 1.27a Non-Firm Sale:** An energy sale for which receipt or delivery may be interrupted for any reason or no reason, without liability on the part of either the buyer or seller.
- 1.28 Open Access Same-Time Information System (OASIS):** The information system and standards of conduct contained in Part 37 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.
- 1.29 Part I:** Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.
- 1.30 Part II:** Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.
- 1.31 Part III:** Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

- 1.31a Part IV:** Tariff Sections 36 through 43 pertaining to Retail Direct Access Network Integration Transmission Service in conjunction with the Applicable Common Service Provisions of Part I and appropriate schedules and attachments.
- 1.32 Parties:** TEP and the Transmission Customer receiving service under the Tariff.
- 1.33 Point(s) of Delivery:** Point(s) on TEP's Transmission System where capacity and energy transmitted by TEP will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.
- 1.34 Point(s) of Receipt:** Point(s) of interconnection on TEP's Transmission System where capacity and energy will be made available to TEP by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.
- 1.35 Point-To-Point Transmission Service:** The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.
- 1.36 Power Purchaser:** The entity that is purchasing the capacity and energy to be transmitted under the Tariff.
- 1.36a Pre-Confirmed Application:** An Application that commits the Eligible Customer to execute a Service Agreement upon receipt of notification that TEP can provide the requested Transmission Service.
- 1.37 Receiving Party:** The entity receiving the capacity and energy transmitted by TEP to Point(s) of Delivery.
- 1.38 Regional Transmission Group (RTG):** A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.
- 1.39 Reserved Capacity:** The maximum amount of capacity and energy that TEP agrees to transmit for the Transmission Customer over TEP's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.
- 1.39a Retail Competition Protocols:** The set of Protocols, attached to this Tariff as Attachment K, recognizing contractual commitments, providing greater precision to the procedures used for the calculation of total transfer capability, Committed Uses, and available transfer capability, to reservation procedures, and to the determination of priorities for the use of constrained paths on the Interconnected Transmission System.

- 1.39b Retail Direct Access Network Integration Transmission Service:** The transmission service provided under Part IV of the Tariff.
- 1.39c Retail Direct Access Network Operating Agreement:** An executed agreement that contains the terms and conditions under which the Scheduling Coordinator shall operate its facilities and the technical and operational matters associated with the implementation of Retail Direct Access Network Integration Transmission Service under Part IV of the Tariff.
- 1.39d Scheduling Coordinator:** Entity that schedules retail electric power transactions with the Control Area operator and AISA, and responds to directions from the Control Area operator or AISA during emergencies or curtailments.
- 1.40 Service Agreement:** The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and TEP for service under the Tariff.
- 1.41 Service Commencement Date:** The date TEP begins to provide service pursuant to the terms of an executed Service Agreement, or the date TEP begins to provide service in accordance with Section 15.3, Section 29.1 or Section 37.1 under the Tariff.
- 1.42 Short-Term Firm Point-To-Point Transmission Service:** Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.
- 1.42a Standard Offer Customers:** Current retail customers within TEP's service territory who choose not to enter the competitive marketplace as defined in the Arizona Corporation Commission's Electric Competition Rules.
- 1.42b System Condition:** A specified condition on TEP's system or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the curtailment priority pursuant to Section 13.6. Such conditions must be identified in the Transmission Customer's Service Agreement.
- 1.43 System Impact Study:** An assessment by TEP of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-To-Point Transmission Service, Network Integration Transmission Service or Retail Direct Access Network Integration Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.
- 1.44 Third-Party Sale:** Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration

Transmission Service or under Retail Direct Access Network Integration Transmission Service.

- 1.45 Transmission Customer:** Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that TEP file with the Commission, a proposed unexecuted Service Agreement to receive transmission service under Part II of the Tariff. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II, Part III and Part IV of this Tariff.
- 1.46 Transmission Provider:** Tucson Electric Power Company (“TEP”), the public utility (or its Designated Agent) that owns, controls, or operates facilities used for the transmission of electric energy in interstate commerce and provides transmission service under the Tariff.
- 1.47 Transmission Provider’s Monthly Transmission System Peak:** The maximum firm usage of TEP’s Transmission System in a calendar month.
- 1.48 Transmission Service:** Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.
- 1.49 Transmission System:** The facilities owned, controlled or operated by TEP that are used to provide transmission service under Part II, Part III and Part IV of the Tariff.
- 1.49a Universal Node Identifier:** A unique permanent, identification number assigned to each service delivery point.
- 1.50 Workday:** Monday through Friday, other than a designated TEP holiday.

15 Service Availability

- 15.1 General Conditions:** TEP will provide Firm and Non-Firm Point-To-Point Transmission Service over, on or across its Transmission System to any Transmission Customer that has met the requirements of Section 16.
- 15.2 Determination of Available Transfer Capability:** A description of TEP's specific methodology for assessing available transfer capability posted on TEP's OASIS (Section 4) is contained in Attachment C of the Tariff. In the event sufficient transfer capability may not exist to accommodate a service request, TEP will respond by performing a System Impact Study pursuant to Section 19.
- 15.3 Initiating Service in the Absence of an Executed Service Agreement:** If TEP and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all the terms and conditions of the Point-To-Point Service Agreement, TEP shall file with the Commission, within thirty (30) days after the date the Transmission Customer provides written notification directing TEP to file, an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by TEP for such requested Transmission Service. TEP shall commence providing Transmission Service subject to the Transmission Customer agreeing to (i) compensate TEP at whatever rate the Commission ultimately determines to be just and reasonable, and (ii) comply with the terms and conditions of the Tariff.
- 15.4 Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System, Redispatch or Conditional Curtailment:**
- (a) If TEP determines that it cannot accommodate a Completed Application for Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, TEP will use due diligence to expand or modify its Transmission System to provide the requested Firm Transmission Service, consistent with its planning obligations in Attachment K, provided the Transmission Customer agrees to compensate TEP for such costs pursuant to the terms of Section 27. TEP will conform to Good Utility Practice and its planning obligations in Attachment K, in determining the need for new facilities and in the design and construction of such facilities. The obligation applies only to those facilities that TEP has the right to expand or modify.
 - (b) If TEP determines that it cannot accommodate a Completed Application for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, TEP will use due diligence to provide redispatch from its own resources until (i) Network Upgrades are completed for the Transmission Customer, (ii) TEP determines through a biennial reassessment that it can no longer reliably provide the redispatch, or (iii) the Transmission Customer terminates the

service because of redispatch changes resulting from the reassessment. A Transmission Provider shall not unreasonably deny self-provided redispatch or redispatch arranged by the Transmission Customer from a third party resource.

- (c) If TEP determines that it cannot accommodate a Completed Application for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, TEP will offer the Firm Transmission Service with the condition that TEP may curtail the service prior to the curtailment of other Firm Transmission Service for a specified number of hours per year or during System Condition(s). If the Transmission Customer accepts the service, TEP will use due diligence to provide the service until (i) Network Upgrades are completed for the Transmission Customer, (ii) TEP determines through a biennial reassessment that it can no longer reliably provide such service, or (iii) the Transmission Customer terminates the service because the reassessment increased the number of hours per year of conditional curtailment or changed the System Conditions.

15.5 Deferral of Service: TEP may defer providing service until it completes construction of new transmission facilities or upgrades needed to provide Firm Point-To-Point Transmission Service whenever TEP determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.

15.6 Other Transmission Service Schedules: Eligible Customers receiving transmission service under other agreements on file with the Commission may continue to receive transmission service under those agreements until such time as those agreements may be modified by the Commission.

15.7 Real Power Losses: Real Power Losses are associated with all transmission service. TEP is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service as calculated by TEP. The applicable Real Power Loss factor is 3.30% for EHV Transmission Service (345kV and above) and 1% for Non-EHV Transmission Service (69kV - 138kV) and for transmission service utilizing both EHV and Non-EHV facilities, the transmission loss factor is 4.3%.

15 Service Availability

- 15.1 General Conditions:** TEP will provide Firm and Non-Firm Point-To-Point Transmission Service over, on or across its Transmission System to any Transmission Customer that has met the requirements of Section 16.
- 15.2 Determination of Available Transfer Capability:** A description of TEP's specific methodology for assessing available transfer capability posted on TEP's OASIS (Section 4) is contained in Attachment C of the Tariff. In the event sufficient transfer capability may not exist to accommodate a service request, TEP will respond by performing a System Impact Study pursuant to Section 19.
- 15.3 Initiating Service in the Absence of an Executed Service Agreement:** If TEP and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all the terms and conditions of the Point-To-Point Service Agreement, TEP shall file with the Commission, within thirty (30) days after the date the Transmission Customer provides written notification directing TEP to file, an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by TEP for such requested Transmission Service. TEP shall commence providing Transmission Service subject to the Transmission Customer agreeing to (i) compensate TEP at whatever rate the Commission ultimately determines to be just and reasonable, and (ii) comply with the terms and conditions of the Tariff ~~including posting appropriate security deposits in accordance with the terms of Section 17.3.~~
- 15.4 Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System, Redispatch or Conditional Curtailment:**
- (a) If TEP determines that it cannot accommodate a Completed Application for Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, TEP will use due diligence to expand or modify its Transmission System to provide the requested Firm Transmission Service, consistent with its planning obligations in Attachment K, provided the Transmission Customer agrees to compensate TEP for such costs pursuant to the terms of Section 27. TEP will conform to Good Utility Practice and its planning obligations in Attachment K, in determining the need for new facilities and in the design and construction of such facilities. The obligation applies only to those facilities that TEP has the right to expand or modify.
 - (b) If TEP determines that it cannot accommodate a Completed Application for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, TEP will use due diligence to provide redispatch from its own resources until (i) Network Upgrades are completed for the Transmission Customer, (ii) TEP determines through a biennial reassessment that it can no longer reliably

provide the redispatch, or (iii) the Transmission Customer terminates the service because of redispatch changes resulting from the reassessment. A Transmission Provider shall not unreasonably deny self-provided redispatch or redispatch arranged by the Transmission Customer from a third party resource.

- (c) If TEP determines that it cannot accommodate a Completed Application for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, TEP will offer the Firm Transmission Service with the condition that TEP may curtail the service prior to the curtailment of other Firm Transmission Service for a specified number of hours per year or during System Condition(s). If the Transmission Customer accepts the service, TEP will use due diligence to provide the service until (i) Network Upgrades are completed for the Transmission Customer, (ii) TEP determines through a biennial reassessment that it can no longer reliably provide such service, or (iii) the Transmission Customer terminates the service because the reassessment increased the number of hours per year of conditional curtailment or changed the System Conditions.

15.5 Deferral of Service: TEP may defer providing service until it completes construction of new transmission facilities or upgrades needed to provide Firm Point-To-Point Transmission Service whenever TEP determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.

15.6 Other Transmission Service Schedules: Eligible Customers receiving transmission service under other agreements on file with the Commission may continue to receive transmission service under those agreements until such time as those agreements may be modified by the Commission.

15.7 Real Power Losses: Real Power Losses are associated with all transmission service. TEP is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service as calculated by TEP. The applicable Real Power Loss factor is 3.30% for EHV Transmission Service (345kV and above) and 1% for Non-EHV Transmission Service (69kV - 138kV) and for transmission service utilizing both EHV and Non-EHV facilities, the transmission loss factor is 4.3%.

17 Procedures for Arranging Firm Point-To-Point Transmission Service

17.1 Application: A request for Firm Point-To-Point Transmission Service for periods of one year or longer must contain a written Application via electronic mail addressed to transcoord@tep.com, at least sixty (60) days in advance of the calendar month in which service is to commence. TEP will consider requests for such firm service on shorter notice when feasible. Requests for firm service for periods of less than one year shall be subject to expedited procedures that shall be negotiated between the Parties within the time constraints provided in Section 17.5. All Firm Point-To-Point Transmission Service requests should be submitted by entering the information listed below on TEP's OASIS. Prior to implementation of TEP's OASIS, a Completed Application may be submitted by (i) transmitting the required information to TEP by facsimile (520-571-4036), or (ii) providing the information by telephone over TEP's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the priority of the Application.

17.2 Completed Application: A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. TEP will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to RTG transmission information sharing agreements. TEP shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations;
- (v) A description of the supply characteristics of the capacity and energy to be delivered;
- (vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- (vii) The Service Commencement Date and the term of the requested Transmission Service;

- (viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on TEP's Transmission System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement;
- (ix) A statement indicating that, if the Eligible Customer submits a Pre-Confirmed Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that TEP can provide the requested Transmission Service; and
- (x) Any additional information required by TEP's planning process established in Attachment K.

TEP shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

17.3 [RESERVED]

17.4 Notice of Deficient Application: If an Application fails to meet the requirements of the Tariff, TEP shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. TEP will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, TEP shall return the Application. Upon receipt of a new or revised Application that fully complies with the requirements of Part II of the Tariff, the Eligible Customer shall be assigned a new priority consistent with the date of the new or revised Application.

17.5 Response to a Completed Application: Following receipt of a Completed Application for Firm Point-To-Point Transmission Service, TEP shall make a determination of available transfer capability as required in Section 15.2. TEP shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application either (i) if it will be able to provide service without performing a System Impact Study or (ii) if such a study is needed to evaluate the impact of the Application pursuant to Section 19.1. Responses by TEP must be made as soon as practicable to all completed applications (including applications by its own merchant function) and the timing of such responses must be made on a non-discriminatory basis.

17.6 Execution of Service Agreement: Whenever TEP determines that a System Impact Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. Where a System Impact Study is required, the provisions of Section 19 will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service Agreement or request the filing of an unexecuted service agreement pursuant to Section 15.3, within fifteen (15) days after it is tendered by TEP will be deemed a withdrawal

and termination of the Application. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

17.7 Extensions for Commencement of Service: The Transmission Customer can obtain, subject to availability, up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Transmission Service for each year or fraction thereof within 15 days of notifying TEP it intends to extend the commencement of service. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate for its Reserved Capacity concurrent with the new Service Commencement Date. In the event the Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

17 Procedures for Arranging Firm Point-To-Point Transmission Service

17.1 Application: A request for Firm Point-To-Point Transmission Service for periods of one year or longer must contain a written Application ~~to: Transmission Coordinator, Tucson Electric Power Company, One South Church Avenue, Suite 1820, P.O. Box 711, Tucson, Arizona 85701~~ via electronic mail addressed to transcoord@tep.com, at least sixty (60) days in advance of the calendar month in which service is to commence. TEP will consider requests for such firm service on shorter notice when feasible. Requests for firm service for periods of less than one year shall be subject to expedited procedures that shall be negotiated between the Parties within the time constraints provided in Section 17.5. All Firm Point-To-Point Transmission Service requests should be submitted by entering the information listed below on TEP's OASIS. Prior to implementation of TEP's OASIS, a Completed Application may be submitted by (i) transmitting the required information to TEP by facsimile (520-571-4036), or (ii) providing the information by telephone over TEP's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the priority of the Application.

17.2 Completed Application: A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. TEP will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to RTG transmission information sharing agreements. TEP shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations;
- (v) A description of the supply characteristics of the capacity and energy to be delivered;
- (vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- (vii) The Service Commencement Date and the term of the requested Transmission Service;

- (viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on TEP's Transmission System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement;
- (ix) A statement indicating that, if the Eligible Customer submits a Pre-Confirmed Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that TEP can provide the requested Transmission Service; and
- (x) Any additional information required by TEP's planning process established in Attachment K.

TEP shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

17.3 ~~_____ **[RESERVED] Deposit:** A Completed Application for Firm Point To Point Transmission Service also shall include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. If the Application is rejected by TEP because it does not meet the conditions for service as set forth herein, or in the case of requests for service arising in connection with losing bidders in a Request For Proposals (RFP), said deposit shall be returned with interest less any reasonable costs incurred by TEP in connection with the review of the losing bidder's Application. The deposit also will be returned with interest less any reasonable costs incurred by TEP if TEP is unable to complete new facilities needed to provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Firm Point To Point Transmission Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by TEP to the extent such costs have not already been recovered by TEP from the Eligible Customer. TEP will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Section 19. If a Service Agreement for Firm Point To Point Transmission Service is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration or termination of the Service Agreement for Firm Point To Point Transmission Service. Applicable interest shall be computed in accordance with the Commission's regulations at 18 CFR § 35.19a(a)(2)(iii), and shall be calculated from the day the deposit check is credited to TEP's account.~~

17.4 Notice of Deficient Application: If an Application fails to meet the requirements of the Tariff, TEP shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. TEP will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, TEP shall return the Application, ~~along with any deposit, with interest.~~ Upon receipt of a new or revised Application that

fully complies with the requirements of Part II of the Tariff, the Eligible Customer shall be assigned a new priority consistent with the date of the new or revised Application.

- 17.5 Response to a Completed Application:** Following receipt of a Completed Application for Firm Point-To-Point Transmission Service, TEP shall make a determination of available transfer capability as required in Section 15.2. TEP shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application either (i) if it will be able to provide service without performing a System Impact Study or (ii) if such a study is needed to evaluate the impact of the Application pursuant to Section 19.1. Responses by TEP must be made as soon as practicable to all completed applications (including applications by its own merchant function) and the timing of such responses must be made on a non-discriminatory basis.
- 17.6 Execution of Service Agreement:** Whenever TEP determines that a System Impact Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. Where a System Impact Study is required, the provisions of Section 19 will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service Agreement or request the filing of an unexecuted service agreement pursuant to Section 15.3, within fifteen (15) days after it is tendered by TEP will be deemed a withdrawal and termination of the Application ~~and any deposit submitted shall be refunded with interest~~. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.
- 17.7 Extensions for Commencement of Service:** The Transmission Customer can obtain, subject to availability, up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Transmission Service for each year or fraction thereof within 15 days of notifying TEP it intends to extend the commencement of service. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate for its Reserved Capacity concurrent with the new Service Commencement Date. In the event the Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

19 Additional Study Procedures For Firm Point-To-Point Transmission Service Requests

19.1 Notice of Need for System Impact Study: After receiving a request for service, TEP shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of TEP's methodology for completing a System Impact Study is provided in Attachment D. If TEP determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. Once informed, the Eligible Customer shall timely notify TEP if it elects to have TEP study redispach or conditional curtailment as part of the System Impact Study. If notification is provided prior to tender of the System Impact Study Agreement, the Eligible Customer can avoid the costs associated with the study of these options. TEP shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse TEP for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to TEP within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its application shall be deemed withdrawn.

19.2 System Impact Study Agreement and Cost Reimbursement:

- (i) The System Impact Study Agreement will clearly specify TEP's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, TEP shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.
- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for TEP to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.
- (iii) For System Impact Studies that TEP conducts on its own behalf, TEP shall record the cost of the System Impact Studies pursuant to Section 20.

19.3 System Impact Study Procedures: Upon receipt of an executed System Impact Study Agreement, TEP will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints, identified with specificity by transmission element or flowgate, (2) redispach options (when requested by an Eligible

Customer) including an estimate of the cost of redispatch, (3) conditional curtailment options (when requested by an Eligible Customer) including the number of hours per year and the System Conditions during which conditional curtailment may occur, and (4) additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. For customers requesting the study of redispatch options, the System Impact Study shall (1) identify all resources located within TEP's Control Area that can significantly contribute toward relieving the system constraint and (2) provide a measurement of each resource's impact on the system constraint. If TEP possesses information indicating that any resource outside its Control Area could relieve the constraint, it shall identify each such resource in the System Impact Study. In the event that TEP is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. TEP will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. TEP shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement pursuant to Section 15.3, or the Application shall be deemed terminated and withdrawn.

19.4 Facilities Study Procedures: If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, and if the Eligible Customer is a SWRTA member, then TEP and the Eligible Customer shall follow the procedures for facilities studies set forth in Sections 4.3.6 - 4.3.11 of the SWRTA Bylaws. If the Eligible Customer is not a SWRTA member, then TEP, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse TEP for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to TEP within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its application shall be deemed withdrawn. Upon receipt of an executed Facilities Study Agreement, TEP will use due diligence to complete the required Facilities Study within a sixty (60) day period. If TEP is unable to complete the Facilities Study in the allotted time period, TEP shall notify the Transmission Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Transmission Customer, (ii) the Transmission

Customer's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Part II of the Tariff, and (iii) the time required to complete such construction and initiate the requested service. The Transmission Customer shall provide TEP with a letter of credit or other reasonable form of security acceptable to TEP equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Transmission Customer shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn.

- 19.5 Facilities Study Modifications:** Any change in design arising from inability to site or construct facilities as proposed will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of TEP that significantly affect the final cost of new facilities or upgrades to be charged to the Transmission Customer pursuant to the provisions of Part II of the Tariff.
- 19.6 Due Diligence in Completing New Facilities:** TEP shall use due diligence to add necessary facilities or upgrade its Transmission System within a reasonable time. TEP will not upgrade its existing or planned Transmission System in order to provide the requested Firm Point-To-Point Transmission Service if doing so would impair system reliability or otherwise impair or degrade existing firm service.
- 19.7 Partial Interim Service:** If TEP determines that it will not have adequate transfer capability to satisfy the full amount of a Completed Application for Firm Point-To-Point Transmission Service, TEP nonetheless shall be obligated to offer and provide the portion of the requested Firm Point-To-Point Transmission Service that can be accommodated without addition of any facilities and through redispatch. However, TEP shall not be obligated to provide the incremental amount of requested Firm Point-To-Point Transmission Service that requires the addition of facilities or upgrades to the Transmission System until such facilities or upgrades have been placed in service.
- 19.8 Expedited Procedures for New Facilities:** In lieu of the procedures set forth above, the Eligible Customer shall have the option to expedite the process by requesting TEP to tender at one time, together with the results of required studies, an "Expedited Service Agreement" pursuant to which the Eligible Customer would agree to compensate TEP for all costs incurred pursuant to the terms of the Tariff. In order to exercise this option, the Eligible Customer shall request in writing an expedited Service Agreement covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in providing the requested service. While TEP agrees to provide the Eligible Customer with its best estimate of the new facility costs and other charges that may be incurred, such estimate shall not

be binding and the Eligible Customer must agree in writing to compensate TEP for all costs incurred pursuant to the provisions of the Tariff. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer's request for service will cease to be a Completed Application and will be deemed terminated and withdrawn.

19.9 Penalties for Failure to Meet Study Deadlines:

Sections 19.3 and 19.4 require a Transmission Provider to use due diligence to meet 60-day study completion deadlines for System Impact Studies and Facilities Studies.

- (i) TEP is required to file a notice with the Commission in the event that more than twenty (20) percent of non-Affiliates' System Impact Studies and Facilities Studies completed by TEP in any two consecutive calendar quarters are not completed within the 60-day study completion deadlines. Such notice must be filed within thirty (30) days of the end of the calendar quarter triggering the notice requirement.
- (ii) For the purposes of calculating the percent of non-Affiliates' System Impact Studies and Facilities Studies processed outside of the 60-day study completion deadlines, TEP shall consider all System Impact Studies and Facilities Studies that it completes for non-Affiliates during the calendar quarter. The percentage should be calculated by dividing the number of those studies which are completed on time by the total number of completed studies. TEP may provide an explanation in its notification filing to the Commission if it believes there are extenuating circumstances that prevented it from meeting the 60-day study completion deadlines.
- (iii) TEP is subject to an operational penalty if it completes ten (10) percent or more of non-Affiliates' System Impact Studies and Facilities Studies outside of the 60-day study completion deadlines for each of the two calendar quarters immediately following the quarter that triggered its notification filing to the Commission. The operational penalty will be assessed for each calendar quarter for which an operational penalty applies, starting with the calendar quarter immediately following the quarter that triggered TEP's notification filing to the Commission. The operational penalty will continue to be assessed each quarter until TEP completes at least ninety (90) percent of all non-Affiliates' System Impact Studies and Facilities Studies within the 60-day deadline.
- (iv) For penalties assessed in accordance with subsection (iii) above, the penalty amount for each System Impact Study or Facilities Study shall be equal to \$500 for each day TEP takes to complete that study beyond the 60-day deadline.

19 Additional Study Procedures For Firm Point-To-Point Transmission Service Requests

19.1 Notice of Need for System Impact Study: After receiving a request for service, TEP shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of TEP's methodology for completing a System Impact Study is provided in Attachment D. If TEP determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. Once informed, the Eligible Customer shall timely notify TEP if it elects to have TEP study redispach or conditional curtailment as part of the System Impact Study. If notification is provided prior to tender of the System Impact Study Agreement, the Eligible Customer can avoid the costs associated with the study of these options. TEP shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse TEP for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to TEP within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its application shall be deemed withdrawn ~~and its deposit, pursuant to Section 17.3, shall be returned with interest.~~

19.2 System Impact Study Agreement and Cost Reimbursement:

- (i) The System Impact Study Agreement will clearly specify TEP's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, TEP shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.
- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for TEP to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.
- (iii) For System Impact Studies that TEP conducts on its own behalf, TEP shall record the cost of the System Impact Studies pursuant to Section 20.

19.3 System Impact Study Procedures: Upon receipt of an executed System Impact Study Agreement, TEP will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints, identified with specificity by transmission

element or flowgate, (2) redispatch options (when requested by an Eligible Customer) including an estimate of the cost of redispatch, (3) conditional curtailment options (when requested by an Eligible Customer) including the number of hours per year and the System Conditions during which conditional curtailment may occur, and (4) additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. For customers requesting the study of redispatch options, the System Impact Study shall (1) identify all resources located within TEP's Control Area that can significantly contribute toward relieving the system constraint and (2) provide a measurement of each resource's impact on the system constraint. If TEP possesses information indicating that any resource outside its Control Area could relieve the constraint, it shall identify each such resource in the System Impact Study. In the event that TEP is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. TEP will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. TEP shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement pursuant to Section 15.3, or the Application shall be deemed terminated and withdrawn.

19.4 Facilities Study Procedures: If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, and if the Eligible Customer is a SWRTA member, then TEP and the Eligible Customer shall follow the procedures for facilities studies set forth in Sections 4.3.6 - 4.3.11 of the SWRTA Bylaws. If the Eligible Customer is not a SWRTA member, then TEP, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse TEP for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to TEP within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its application shall be deemed withdrawn ~~and its deposit, pursuant to Section 17.3, shall be returned with interest.~~ Upon receipt of an executed Facilities Study Agreement, TEP will use due diligence to complete the required Facilities Study within a sixty (60) day period. If TEP is unable to complete the Facilities Study in the allotted time period, TEP shall notify the Transmission Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include

a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Transmission Customer, (ii) the Transmission Customer's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Part II of the Tariff, and (iii) the time required to complete such construction and initiate the requested service. The Transmission Customer shall provide TEP with a letter of credit or other reasonable form of security acceptable to TEP equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Transmission Customer shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn.

- 19.5 Facilities Study Modifications:** Any change in design arising from inability to site or construct facilities as proposed will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of TEP that significantly affect the final cost of new facilities or upgrades to be charged to the Transmission Customer pursuant to the provisions of Part II of the Tariff.
- 19.6 Due Diligence in Completing New Facilities:** TEP shall use due diligence to add necessary facilities or upgrade its Transmission System within a reasonable time. TEP will not upgrade its existing or planned Transmission System in order to provide the requested Firm Point-To-Point Transmission Service if doing so would impair system reliability or otherwise impair or degrade existing firm service.
- 19.7 Partial Interim Service:** If TEP determines that it will not have adequate transfer capability to satisfy the full amount of a Completed Application for Firm Point-To-Point Transmission Service, TEP nonetheless shall be obligated to offer and provide the portion of the requested Firm Point-To-Point Transmission Service that can be accommodated without addition of any facilities and through redispatch. However, TEP shall not be obligated to provide the incremental amount of requested Firm Point-To-Point Transmission Service that requires the addition of facilities or upgrades to the Transmission System until such facilities or upgrades have been placed in service.
- 19.8 Expedited Procedures for New Facilities:** In lieu of the procedures set forth above, the Eligible Customer shall have the option to expedite the process by requesting TEP to tender at one time, together with the results of required studies, an "Expedited Service Agreement" pursuant to which the Eligible Customer would agree to compensate TEP for all costs incurred pursuant to the terms of the Tariff. In order to exercise this option, the Eligible Customer shall request in writing an expedited Service Agreement covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in providing the requested service. While TEP agrees to provide the Eligible Customer with its best estimate of the

new facility costs and other charges that may be incurred, such estimate shall not be binding and the Eligible Customer must agree in writing to compensate TEP for all costs incurred pursuant to the provisions of the Tariff. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer's request for service will cease to be a Completed Application and will be deemed terminated and withdrawn.

19.9 Penalties for Failure to Meet Study Deadlines:

Sections 19.3 and 19.4 require a Transmission Provider to use due diligence to meet 60-day study completion deadlines for System Impact Studies and Facilities Studies.

- (i) TEP is required to file a notice with the Commission in the event that more than twenty (20) percent of non-Affiliates' System Impact Studies and Facilities Studies completed by TEP in any two consecutive calendar quarters are not completed within the 60-day study completion deadlines. Such notice must be filed within thirty (30) days of the end of the calendar quarter triggering the notice requirement.
- (ii) For the purposes of calculating the percent of non-Affiliates' System Impact Studies and Facilities Studies processed outside of the 60-day study completion deadlines, TEP shall consider all System Impact Studies and Facilities Studies that it completes for non-Affiliates during the calendar quarter. The percentage should be calculated by dividing the number of those studies which are completed on time by the total number of completed studies. TEP may provide an explanation in its notification filing to the Commission if it believes there are extenuating circumstances that prevented it from meeting the 60-day study completion deadlines.
- (iii) TEP is subject to an operational penalty if it completes ten (10) percent or more of non-Affiliates' System Impact Studies and Facilities Studies outside of the 60-day study completion deadlines for each of the two calendar quarters immediately following the quarter that triggered its notification filing to the Commission. The operational penalty will be assessed for each calendar quarter for which an operational penalty applies, starting with the calendar quarter immediately following the quarter that triggered TEP's notification filing to the Commission. The operational penalty will continue to be assessed each quarter until TEP completes at least ninety (90) percent of all non-Affiliates' System Impact Studies and Facilities Studies within the 60-day deadline.
- (iv) For penalties assessed in accordance with subsection (iii) above, the penalty amount for each System Impact Study or Facilities Study shall be equal to \$500 for each day TEP takes to complete that study beyond the 60-day deadline.

20 Procedures if the Transmission Provider is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service

- 20.1 Delays in Construction of New Facilities:** If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, TEP shall promptly notify the Transmission Customer. In such circumstances, TEP shall within thirty (30) days of notifying the Transmission Customer of such delays, convene a technical meeting with the Transmission Customer to evaluate the alternatives available to the Transmission Customer. TEP also shall make available to the Transmission Customer studies and work papers related to the delay, including all information that is in the possession of TEP that is reasonably needed by the Transmission Customer to evaluate any alternatives.
- 20.2 Alternatives to the Original Facility Additions:** When the review process of Section 20.1 determines that one or more alternatives exist to the originally planned construction project, TEP shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires to maintain its Completed Application subject to construction of the alternative facilities, it may request TEP to submit a revised Service Agreement for Firm Point-To-Point Transmission Service. If the alternative approach solely involves Non-Firm Point-To-Point Transmission Service, TEP shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for the service. In the event TEP concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.
- 20.3 Refund Obligation for Unfinished Facility Additions:** If TEP and the Transmission Customer mutually agree that no other reasonable alternatives exist and the requested service cannot be provided out of existing capability under the conditions of Part II of the Tariff, the obligation to provide the requested Firm Point-To-Point Transmission Service shall terminate. However, the Transmission Customer shall be responsible for all prudently incurred costs by TEP through the time construction was suspended.

20 Procedures if the Transmission Provider is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service

- 20.1 Delays in Construction of New Facilities:** If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, TEP shall promptly notify the Transmission Customer. In such circumstances, TEP shall within thirty (30) days of notifying the Transmission Customer of such delays, convene a technical meeting with the Transmission Customer to evaluate the alternatives available to the Transmission Customer. TEP also shall make available to the Transmission Customer studies and work papers related to the delay, including all information that is in the possession of TEP that is reasonably needed by the Transmission Customer to evaluate any alternatives.
- 20.2 Alternatives to the Original Facility Additions:** When the review process of Section 20.1 determines that one or more alternatives exist to the originally planned construction project, TEP shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires to maintain its Completed Application subject to construction of the alternative facilities, it may request TEP to submit a revised Service Agreement for Firm Point-To-Point Transmission Service. If the alternative approach solely involves Non-Firm Point-To-Point Transmission Service, TEP shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for the service. In the event TEP concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.
- 20.3 Refund Obligation for Unfinished Facility Additions:** If TEP and the Transmission Customer mutually agree that no other reasonable alternatives exist and the requested service cannot be provided out of existing capability under the conditions of Part II of the Tariff, the obligation to provide the requested Firm Point-To-Point Transmission Service shall terminate ~~and any deposit made by the Transmission Customer shall be returned with interest pursuant to Commission regulations 35.19a(a)(2)(iii).~~ However, the Transmission Customer shall be responsible for all prudently incurred costs by TEP through the time construction was suspended.

22 Changes in Service Specifications

22.1 Modifications On a Non-Firm Basis: The Transmission Customer taking Firm Point-To-Point Transmission Service may request TEP to provide transmission service on a non-firm basis over Receipt and Delivery Points other than those specified in the Service Agreement (“Secondary Receipt and Delivery Points”), in amounts not to exceed its firm capacity reservation, without incurring an additional Non-Firm Point-To-Point Transmission Service charge or executing a new Service Agreement, subject to the following conditions.

- (a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or by TEP on behalf of its Standard Offer Customers.
- (b) The sum of all Firm and non-firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement under which such services are provided.
- (c) The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Receipt and Delivery Points specified in the relevant Service Agreement in the amount of its original capacity reservation.
- (d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-To-Point Transmission Service under the Tariff. However, all other requirements of Part II of the Tariff (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

22.2 Modification On a Firm Basis: Any request by a Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement.

22 Changes in Service Specifications

22.1 Modifications On a Non-Firm Basis: The Transmission Customer taking Firm Point-To-Point Transmission Service may request TEP to provide transmission service on a non-firm basis over Receipt and Delivery Points other than those specified in the Service Agreement (“Secondary Receipt and Delivery Points”), in amounts not to exceed its firm capacity reservation, without incurring an additional Non-Firm Point-To-Point Transmission Service charge or executing a new Service Agreement, subject to the following conditions.

- (a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or by TEP on behalf of its Standard Offer Customers.
- (b) The sum of all Firm and non-firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement under which such services are provided.
- (c) The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Receipt and Delivery Points specified in the relevant Service Agreement in the amount of its original capacity reservation.
- (d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-To-Point Transmission Service under the Tariff. However, all other requirements of Part II of the Tariff (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

22.2 Modification On a Firm Basis: Any request by a Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof, ~~except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Service Agreement.~~ While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement.

29 Initiating Service

- 29.1 Condition Precedent for Receiving Service:** Subject to the terms and conditions of Part III of the Tariff, TEP will provide Network Integration Transmission Service to any Eligible Customer, provided that (i) the Eligible Customer completes an Application for service as provided under Part III of the Tariff, (ii) the Eligible Customer and TEP complete the technical arrangements set forth in Sections 29.3 and 29.4, (iii) the Eligible Customer executes a Service Agreement pursuant to Attachment F for service under Part III of the Tariff or requests in writing that TEP file a proposed unexecuted Service Agreement with the Commission, and (iv) the Eligible Customer executes a Network Operating Agreement with TEP pursuant to Attachment G.
- 29.2 Application Procedures:** An Eligible Customer requesting service under Part III of the Tariff must submit an Application to TEP as far as possible in advance of the month in which service is to commence. Unless subject to the procedures in Section 2, Completed Applications for Network Integration Transmission Service will be assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. Applications should be submitted by entering the information listed below on TEP's OASIS. Prior to implementation of TEP's OASIS, a Completed Application may be submitted by (i) transmitting the required information to TEP by facsimile (520-571-4036), or (ii) providing the information by telephone over TEP's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application. A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:
- (i) The identity, address, telephone number and facsimile number of the party requesting service;
 - (ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
 - (iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each TEP substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;
 - (iv) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and

frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10 year load forecast provided in response to (iii) above;

(v) A description of Network Resources (current and 10-year projection). For each on-system Network Resource, such description shall include:

- Unit size and amount of capacity from that unit to be designated as Network Resource
- VAR capability (both leading and lagging) of all generators
- Operating restrictions
- Any periods of restricted operations throughout the year
- Maintenance schedules
- Minimum loading level of unit
- Normal operating level of unit
- Any must-run unit designations required for system reliability or contract reasons
- Approximate variable generating cost (\$/MWH) for redispatch computations
- Arrangements governing sale and delivery of power to third parties from generating facilities located in TEP's Control Area, where only a portion of unit output is designated as a Network Resource;

For each off-system Network Resource, such description shall include:

- Identification of the Network Resource as an off-system resource
- Amount of power to which the customer has rights
- Identification of the control area from which the power will originate
- Delivery point(s) to TEP's Transmission System
- Transmission arrangements on the external transmission system(s)
- Operating restrictions, if any
- Any periods of restricted operations throughout the year

- Maintenance schedules
- Minimum loading level of unit
- Normal operating level of unit
- Any must-run unit designations required for system reliability or contract reasons
- Approximate variable generating cost (\$/MWH) for redispatch computations;

(vi) Description of Eligible Customer's transmission system:

- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by TEP
- Operating restrictions needed for reliability
- Operating guides employed by system operators
- Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
- Location of Network Resources described in subsection (v) above
- 10 year projection of system expansions or upgrades
- Transmission System maps that include any proposed expansions or upgrades
- Thermal ratings of Eligible Customer's Control Area ties with other Control Areas;

(vii) Service Commencement Date and the term of the requested Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one year;

(viii) A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources listed pursuant to Section 29.2(v) satisfy the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation

where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) the Network

Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program; and

- (ix) Any additional information required of the Transmission Customer as specified in TEP's planning process established in Attachment K.

Unless the Parties agree to a different time frame, TEP must acknowledge the request within ten (10) days of receipt. The acknowledgment must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, TEP shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, TEP will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, TEP shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. TEP shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

- 29.3 Technical Arrangements to be Completed Prior to Commencement of Service:** Network Integration Transmission Service shall not commence until TEP and the Network Customer, or a third party, have completed installation of all equipment specified under the Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the Transmission System. TEP shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.
- 29.4 Network Customer Facilities:** The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and energy from TEP's Transmission System to the Network Customer. The Network Customer shall be solely responsible for constructing or installing all facilities on the Network Customer's side of each such delivery point or interconnection.
- 29.5 Filing of Service Agreement:** TEP will file Service Agreements with the Commission in compliance with applicable Commission regulations.

29 Initiating Service

29.1 Condition Precedent for Receiving Service: Subject to the terms and conditions of Part III of the Tariff, TEP will provide Network Integration Transmission Service to any Eligible Customer, provided that (i) the Eligible Customer completes an Application for service as provided under Part III of the Tariff, (ii) the Eligible Customer and TEP complete the technical arrangements set forth in Sections 29.3 and 29.4, (iii) the Eligible Customer executes a Service Agreement pursuant to Attachment F for service under Part III of the Tariff or requests in writing that TEP file a proposed unexecuted Service Agreement with the Commission, and (iv) the Eligible Customer executes a Network Operating Agreement with TEP pursuant to Attachment G.

29.2 Application Procedures: An Eligible Customer requesting service under Part III of the Tariff must submit an Application, ~~with a deposit approximating the charge for one month of service,~~ to TEP as far as possible in advance of the month in which service is to commence. Unless subject to the procedures in Section 2, Completed Applications for Network Integration Transmission Service will be assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. Applications should be submitted by entering the information listed below on TEP's OASIS. Prior to implementation of TEP's OASIS, a Completed Application may be submitted by (i) transmitting the required information to TEP by facsimile (520-571-4036), or (ii) providing the information by telephone over TEP's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application. A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the party requesting service;
- (ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each TEP substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;
- (iv) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and

frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10 year load forecast provided in response to (iii) above;

(v) A description of Network Resources (current and 10-year projection). For each on-system Network Resource, such description shall include:

- Unit size and amount of capacity from that unit to be designated as Network Resource
- VAR capability (both leading and lagging) of all generators
- Operating restrictions
- Any periods of restricted operations throughout the year
- Maintenance schedules
- Minimum loading level of unit
- Normal operating level of unit
- Any must-run unit designations required for system reliability or contract reasons
- Approximate variable generating cost (\$/MWH) for redispatch computations
- Arrangements governing sale and delivery of power to third parties from generating facilities located in TEP's Control Area, where only a portion of unit output is designated as a Network Resource;

For each off-system Network Resource, such description shall include:

- Identification of the Network Resource as an off-system resource
- Amount of power to which the customer has rights
- Identification of the control area from which the power will originate
- Delivery point(s) to TEP's Transmission System
- Transmission arrangements on the external transmission system(s)
- Operating restrictions, if any
- Any periods of restricted operations throughout the year

- Maintenance schedules
- Minimum loading level of unit
- Normal operating level of unit
- Any must-run unit designations required for system reliability or contract reasons
- Approximate variable generating cost (\$/MWH) for redispatch computations;

(vi) Description of Eligible Customer's transmission system:

- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by TEP
- Operating restrictions needed for reliability
- Operating guides employed by system operators
- Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
- Location of Network Resources described in subsection (v) above
- 10 year projection of system expansions or upgrades
- Transmission System maps that include any proposed expansions or upgrades
- Thermal ratings of Eligible Customer's Control Area ties with other Control Areas;

(vii) Service Commencement Date and the term of the requested Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one year;

(viii) A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources listed pursuant to Section 29.2(v) satisfy the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation

where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) the Network

Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program; and

- (ix) Any additional information required of the Transmission Customer as specified in TEP's planning process established in Attachment K.

Unless the Parties agree to a different time frame, TEP must acknowledge the request within ten (10) days of receipt. The acknowledgment must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, TEP shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, TEP will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, TEP shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. TEP shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

- 29.3 Technical Arrangements to be Completed Prior to Commencement of Service:** Network Integration Transmission Service shall not commence until TEP and the Network Customer, or a third party, have completed installation of all equipment specified under the Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the Transmission System. TEP shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.
- 29.4 Network Customer Facilities:** The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and energy from TEP's Transmission System to the Network Customer. The Network Customer shall be solely responsible for constructing or installing all facilities on the Network Customer's side of each such delivery point or interconnection.
- 29.5 Filing of Service Agreement:** TEP will file Service Agreements with the Commission in compliance with applicable Commission regulations.

32 Additional Study Procedures For Network Integration Transmission Service Requests

32.1 Notice of Need for System Impact Study: After receiving a request for service, TEP shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of TEP's methodology for completing a System Impact Study is provided in Attachment D. If TEP determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. In such cases, TEP shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse TEP for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to TEP within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its Application shall be deemed withdrawn.

32.2 System Impact Study Agreement and Cost Reimbursement:

- (i) The System Impact Study Agreement will clearly specify TEP's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, TEP shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.
- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for TEP to accommodate the service requests, the costs of that study shall be pro-rated among the Eligible Customers.
- (iii) For System Impact Studies that TEP conducts on its own behalf, TEP shall record the cost of the System Impact Studies pursuant to Section 8.

32.3 System Impact Study Procedures: Upon receipt of an executed System Impact Study Agreement, TEP will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints, identified with specificity by transmission element or flowgate, (2) redispatch options (when requested by an Eligible Customer) including, to the extent possible, an estimate of the cost of redispatch, (3) available options for installation of automatic devices to curtail service (when requested by an Eligible Customer), and (4) additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. For customers

requesting the study of redispatch options, the System Impact Study shall (1) identify all resources located within TEP's Control Area that can significantly contribute toward relieving the system constraint and (2) provide a measurement of each resource's impact on the system constraint. If TEP possesses information indicating that any resource outside its Control Area could relieve the constraint, it shall identify each such resource in the System Impact Study. In the event that TEP is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. TEP will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. TEP shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement, or the Application shall be deemed terminated and withdrawn.

32.4 Facilities Study Procedures: If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, and if the Eligible Customer is a SWRTA member, then TEP and the Eligible Customer shall follow the procedures for facilities studies set forth in Sections 4.3.6-4.3.11 of the SWRTA Bylaws. If the Eligible Customer is not a SWRTA member, then TEP, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse TEP for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to TEP within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application shall be deemed withdrawn. Upon receipt of an executed Facilities Study Agreement, TEP will use due diligence to complete the required Facilities Study within a sixty (60) day period. If TEP is unable to complete the Facilities Study in the allotted time period, TEP shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades, and (iii) the time required to complete such construction and initiate the requested service. The Eligible Customer shall provide TEP with a letter of credit or other reasonable form of security acceptable to TEP equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial

Code. The Eligible Customer shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn.

32.5 Penalties for Failure to Meet Study Deadlines: Section 19.9 defines penalties that apply for failure to meet the 60-day study completion due diligence deadlines for System Impact Studies and Facilities Studies under Part II of the Tariff. These same requirements and penalties apply to service under Part III of the Tariff.

32 Additional Study Procedures For Network Integration Transmission Service Requests

32.1 Notice of Need for System Impact Study: After receiving a request for service, TEP shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of TEP's methodology for completing a System Impact Study is provided in Attachment D. If TEP determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. In such cases, TEP shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse TEP for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to TEP within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its Application shall be deemed withdrawn ~~and its deposit shall be returned with interest.~~

32.2 System Impact Study Agreement and Cost Reimbursement:

- (i) The System Impact Study Agreement will clearly specify TEP's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, TEP shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.
- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for TEP to accommodate the service requests, the costs of that study shall be pro-rated among the Eligible Customers.
- (iii) For System Impact Studies that TEP conducts on its own behalf, TEP shall record the cost of the System Impact Studies pursuant to Section 8.

32.3 System Impact Study Procedures: Upon receipt of an executed System Impact Study Agreement, TEP will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints, identified with specificity by transmission element or flowgate, (2) redispatch options (when requested by an Eligible Customer) including, to the extent possible, an estimate of the cost of redispatch, (3) available options for installation of automatic devices to curtail service (when requested by an Eligible Customer), and (4) additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. For customers

requesting the study of redispatch options, the System Impact Study shall (1) identify all resources located within TEP's Control Area that can significantly contribute toward relieving the system constraint and (2) provide a measurement of each resource's impact on the system constraint. If TEP possesses information indicating that any resource outside its Control Area could relieve the constraint, it shall identify each such resource in the System Impact Study. In the event that TEP is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. TEP will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. TEP shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement, or the Application shall be deemed terminated and withdrawn.

32.4 Facilities Study Procedures: If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, and if the Eligible Customer is a SWRTA member, then TEP and the Eligible Customer shall follow the procedures for facilities studies set forth in Sections 4.3.6-4.3.11 of the SWRTA Bylaws. If the Eligible Customer is not a SWRTA member, then TEP, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse TEP for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to TEP within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application shall be deemed withdrawn ~~and its deposit shall be returned with interest~~. Upon receipt of an executed Facilities Study Agreement, TEP will use due diligence to complete the required Facilities Study within a sixty (60) day period. If TEP is unable to complete the Facilities Study in the allotted time period, TEP shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades, and (iii) the time required to complete such construction and initiate the requested service. The Eligible Customer shall provide TEP with a letter of credit or other reasonable form of security acceptable to TEP equivalent to the costs of new facilities or upgrades consistent with commercial

practices as established by the Uniform Commercial Code. The Eligible Customer shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn.

32.5 Penalties for Failure to Meet Study Deadlines: Section 19.9 defines penalties that apply for failure to meet the 60-day study completion due diligence deadlines for System Impact Studies and Facilities Studies under Part II of the Tariff. These same requirements and penalties apply to service under Part III of the Tariff.

ATTACHMENT A

Form Of Service Agreement For Firm Point-to-Point Transmission Service

1.0 This Service Agreement (“Agreement”), dated as of _____, is entered into, by and between Tucson Electric Power Company (“TEP”), an Arizona corporation, and _____ (“Transmission Customer”).

2.0 The Transmission Customer has been determined by TEP to have a Completed Application for Firm Point-to-Point Transmission Service under TEP’s Open Access Transmission Tariff (“Tariff”).

If the Transmission Customer requests “umbrella” type service, this Agreement provides an “umbrella” agreement for short-term firm point-to-point transmission service in accordance with provisions in Part II of the Tariff.

Requests for specific short-term firm transmission service shall be evaluated on an individual basis upon the Transmission Customer providing TEP the information regarding each requested transaction as set forth in Sections 17.2(i) and 17.2(iii) - 17.2(vii) (inclusive) of the Tariff. Requests for specific Firm Point-to-Point Transmission Service transactions must be submitted on TEP’s OASIS.

3.0 Service under this Agreement shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. With respect to requests for blanket authorization for Short-Term Firm Point-to-Point Transmission Service, the term of this Agreement shall be five (5) years from the date referenced in Section 1.0, at which time Transmission Customer must provide written notice to TEP that Transmission Customer would like to renew this Agreement for an additional five (5) year term. With respect to Long-Term Firm Point-to-Point Transmission Service, the term of this Agreement shall be mutually agreed to between the parties and included in the Specifications sheet attached hereto. Notwithstanding the foregoing, service under this Agreement shall terminate on such date as mutually agreed upon by the parties.

4.0 TEP agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-to-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Agreement.

5.0 Any notice or request made to or by either Party regarding this Agreement shall be made to the representative of the other Party as indicated below.

Tucson Electric Power Company:

P.O. Box 711
Mailstop SC212
Tucson, Arizona 85702
Attention: *Transmission Coordination*
Telephone: (520) 745-7193
Facsimile: (520) 770-6720
Email: transcoord@tep.com

Transmission Customer:

6.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized officials.

Tucson Electric Power Company:

By: _____

Name Title Date

Transmission Customer:

By: _____

Name Title Date

Specifications For Long-Term Firm Point-to-Point
Transmission Service

- 1.0 Term of Transaction: _____
Start Date: _____
Termination Date: _____
- 2.0 Description of capacity and energy to be transmitted by TEP including the electric Control Area in which the transaction originates.

- 3.0 Point(s) of Receipt: _____
Delivering Party _____
- 4.0 Point(s) of Delivery: _____
Receiving Party: _____
- 5.0 Maximum amount of capacity and energy to be transmitted (Reserved Capacity): _____

- 6.0 Designation of Party(ies) subject to reciprocal service obligation: _____

- 7.0 Name(s) of any Intervening Systems providing Transmission Service:

8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charge: _____

8.2 System Impact and/or Facilities Study Charge(s): _____

8.3 Direct Assignment Facilities Charge: _____

8.4 Ancillary Services Charges: _____

ATTACHMENT A

Form Of Service Agreement For Firm Point-to-Point Transmission Service

1.0 This Service Agreement (“Agreement”), dated as of _____, is entered into, by and between Tucson Electric Power Company (“TEP”), an Arizona corporation, and _____ (“Transmission Customer”).

2.0 The Transmission Customer has been determined by TEP to have a Completed Application for Firm Point-to-Point Transmission Service under TEP’s Open Access Transmission Tariff ~~the (“Tariff”)~~.

If the Transmission Customer requests “umbrella” type service, this Agreement provides an “umbrella” agreement for short-term firm point-to-point transmission service in accordance with provisions in Part II of the Tariff.

Requests for specific short-term firm transmission service shall be evaluated on an individual basis upon the Transmission Customer providing TEP the information regarding each requested transaction as set forth in Sections 17.2(i) and 17.2(iii) - 17.2(vii) (inclusive) of the Tariff. Requests for specific Firm Point-to-Point Transmission Service transactions must be submitted on TEP’s OASIS.

~~3.0 The Transmission Customer has provided to TEP an Application deposit in accordance with the provisions of Section 17.3 of the Tariff.~~

~~4.03.0~~ Service under this Agreement shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. With respect to requests for blanket authorization for Short-Term Firm Point-to-Point Transmission Service, the term of this Agreement shall be five (5) years from the date referenced in Section 1.0, at which time Transmission Customer must provide written notice to TEP that Transmission Customer would like to renew this Agreement for an additional five (5) year term. With respect to Long-Term Firm Point-to-Point Transmission Service, the term of this Agreement shall be mutually agreed to between the parties and included in the Specifications sheet attached hereto. Notwithstanding the foregoing, service under this Agreement shall terminate on such date as mutually agreed upon by the parties. Service under this Agreement shall terminate on such date as mutually agreed upon by the parties.

~~5.04.0~~ TEP agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-to-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Agreement.

6.05.0 Any notice or request made to or by either Party regarding this Agreement shall be made to the representative of the other Party as indicated below.

Tucson Electric Power Company:

~~One South Church Avenue, Suite 1820~~
P.O. Box 711
Mailstop SC212
Tucson, Arizona ~~85701~~85702
Attention: *Transmission* ~~Coordinator~~Coordination
Telephone: (520) 745-7193
Facsimile: (520) ~~571-4036~~770-6720
Email: transcoord@tep.com

Transmission Customer:

7.06.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized officials.

Tucson Electric Power Company:

By: _____

Name Title Date

Transmission Customer:

By: _____

Name Title Date

Specifications For Long-Term Firm Point-to-Point
Transmission Service

- 1.0 Term of Transaction: _____
Start Date: _____
Termination Date: _____
- 2.0 Description of capacity and energy to be transmitted by TEP including the electric Control Area in which the transaction originates.

- 3.0 Point(s) of Receipt: _____
Delivering Party _____
- 4.0 Point(s) of Delivery: _____
Receiving Party: _____
- 5.0 Maximum amount of capacity and energy to be transmitted (Reserved Capacity): _____

- 6.0 Designation of Party(ies) subject to reciprocal service obligation: _____

- 7.0 Name(s) of any Intervening Systems providing Transmission Service:

8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charge: _____

8.2 System Impact and/or Facilities Study Charge(s): _____

8.3 Direct Assignment Facilities Charge: _____

8.4 Ancillary Services Charges: _____

ATTACHMENT A-1

Form Of Service Agreement For The Resale, Reassignment Or Transfer Of Point-To-Point Transmission Service

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between _____ (the Transmission Provider), and _____ (the Assignee).
- 2.0 The Assignee has been determined by the Transmission Provider to be an Eligible Customer under the Tariff pursuant to which the transmission service rights to be transferred were originally obtained.
- 3.0 The terms and conditions for the transaction entered into under this Service Agreement shall be subject to the terms and conditions of Part II of the Transmission Provider's Tariff, except for those terms and conditions negotiated by the Reseller of the reassigned transmission capacity (pursuant to Section 23.1 of this Tariff) and the Assignee, to include: contract effective and termination dates, the amount of reassigned capacity or energy, point(s) of receipt and delivery. Changes by the Assignee to the Reseller's Points of Receipt and Points of Delivery will be subject to the provisions of Section 23.2 of this Tariff.
- 4.0 The Transmission Provider shall credit the Reseller for the price reflected in the Assignee's Service Agreement or the associated OASIS schedule.
- 5.0 With respect to requests for blanket authorization for Short-Term Firm Point-to-Point Transmission Service, the term of this Service Agreement shall be five (5) years from the date referenced in Section 1.0, at which time Transmission Customer must provide written notice to TEP that Transmission Customer would like to renew this Service Agreement for an additional five (5) year term. With respect to Long-Term Firm Point-to-Point Transmission Service, the term of this Service Agreement shall be mutually agreed to between the parties and included in the Specifications sheet attached hereto.
- 6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Assignee:

7.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By: _____
Name Title Date

Assignee:

By: _____
Name Title Date

Specifications For The Resale, Reassignment Or Transfer of
Long-Term Firm Point-To-Point Transmission Service

1.0 Term of Transaction: _____

Start Date: _____

Termination Date: _____

2.0 Description of capacity and energy to be transmitted by Transmission Provider including the electric Control Area in which the transaction originates.

3.0 Point(s) of Receipt: _____

Delivering Party: _____

4.0 Point(s) of Delivery: _____

Receiving Party: _____

5.0 Maximum amount of reassigned capacity: _____

6.0 Designation of party(ies) subject to reciprocal service obligation:

7.0 Name(s) of any Intervening Systems providing transmission service: _____

8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charge:

8.2 System Impact and/or Facilities Study Charge(s):

8.3 Direct Assignment Facilities Charge:

8.4 Ancillary Services Charges:

9.0 Name of Reseller of the reassigned transmission capacity:

ATTACHMENT A-1

Form Of Service Agreement For The Resale, Reassignment Or Transfer Of Point-To-Point Transmission Service

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between _____ (the Transmission Provider), and _____ (the Assignee).
- 2.0 The Assignee has been determined by the Transmission Provider to be an Eligible Customer under the Tariff pursuant to which the transmission service rights to be transferred were originally obtained.
- 3.0 The terms and conditions for the transaction entered into under this Service Agreement shall be subject to the terms and conditions of Part II of the Transmission Provider's Tariff, except for those terms and conditions negotiated by the Reseller of the reassigned transmission capacity (pursuant to Section 23.1 of this Tariff) and the Assignee, to include: contract effective and termination dates, the amount of reassigned capacity or energy, point(s) of receipt and delivery. Changes by the Assignee to the Reseller's Points of Receipt and Points of Delivery will be subject to the provisions of Section 23.2 of this Tariff.
- 4.0 The Transmission Provider shall credit the Reseller for the price reflected in the Assignee's Service Agreement or the associated OASIS schedule.
- 5.0 With respect to requests for blanket authorization for Short-Term Firm Point-to-Point Transmission Service, the term of this Service Agreement shall be five (5) years from the date referenced in Section 1.0, at which time Transmission Customer must provide written notice to TEP that Transmission Customer would like to renew this Service Agreement for an additional five (5) year term. With respect to Long-Term Firm Point-to-Point Transmission Service, the term of this Service Agreement shall be mutually agreed to between the parties and included in the Specifications sheet attached hereto.
- ~~5.06.0~~ Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Assignee:

6.07.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By: _____
Name Title Date

Assignee:

By: _____
Name Title Date

Specifications For The Resale, Reassignment Or Transfer of
Long-Term Firm Point-To-Point Transmission Service

1.0 Term of Transaction: _____

Start Date: _____

Termination Date: _____

2.0 Description of capacity and energy to be transmitted by Transmission Provider including the electric Control Area in which the transaction originates.

3.0 Point(s) of Receipt: _____

Delivering Party: _____

4.0 Point(s) of Delivery: _____

Receiving Party: _____

5.0 Maximum amount of reassigned capacity: _____

6.0 Designation of party(ies) subject to reciprocal service obligation:

7.0 Name(s) of any Intervening Systems providing transmission service: _____

8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charge:

8.2 System Impact and/or Facilities Study Charge(s):

8.3 Direct Assignment Facilities Charge:

8.4 Ancillary Services Charges:

9.0 Name of Reseller of the reassigned transmission capacity:

ATTACHMENT B

Form Of Service Agreement For Non-Firm Point-To-Point Transmission Service

1.0 This Service Agreement (“Agreement”), dated as of _____, is entered into, by and between Tucson Electric Power Company (“TEP”), an Arizona corporation, and _____ (Transmission Customer).

2.0 The Transmission Customer has been determined by TEP to be a Transmission Customer under Part II of TEP’s Open Access Transmission Tariff (“Tariff”) and has filed a Completed Application for Non-Firm Point-To-Point Transmission Service in accordance with Section 18.2 of the Tariff.

If the Transmission Customer requests “umbrella” type service, this Agreement provides an “umbrella” agreement for non-firm point-to-point transmission service in accordance with provisions in Part II of the Tariff.

Requests for specific non-firm transmission service shall be evaluated on an individual basis upon the Transmission Customer providing TEP the information regarding each requested transaction as set forth in Sections 18.2(i) and 18.2(iii) - 18.2(vii) (inclusive) of the Tariff.

3.0 Service under this Agreement shall be provided by TEP upon request by an authorized representative of the Transmission Customer.

4.0 The Transmission Customer agrees to supply information TEP deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.

5.0 The term of this Agreement shall be five (5) years from the date referenced in Section 1.0, at which time Transmission Customer must provide written notice to TEP that Transmission Customer would like to renew this Agreement for an additional five (5) year term.

6.0 TEP agrees to provide and the Transmission Customer agrees to take and pay for Non-Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Agreement.

7.0 Any notice or request made to or by either Party regarding this Agreement shall be made to the representative of the other Party as indicated below.

Tucson Electric Power Company:

P.O. Box 711
Mailstop SC212
Tucson, Arizona 85702
Attention: *Transmission Coordination*

Telephone: (520) 745-7193
Facsimile: (520) 770-6720
Email: transcoord@tep.com

Transmission Customer:

8.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized officials.

Tucson Electric Power Company:

By: _____

Name

Title

Date

Transmission Customer:

By: _____

Name

Title

Date

ATTACHMENT B

Form Of Service Agreement For Non-Firm Point-To-Point Transmission Service

- 1.0 This Service Agreement (“Agreement”), dated as of _____, is entered into, by and between Tucson Electric Power Company (“TEP”), an Arizona corporation, and _____ (Transmission Customer).
- 2.0 The Transmission Customer has been determined by TEP to be a Transmission Customer under Part II of TEP’s Open Access Transmission Tariff ~~the (“Tariff”)~~ and has filed a Completed Application for Non-Firm Point-To-Point Transmission Service in accordance with Section 18.2 of the Tariff.
- If the Transmission Customer requests “umbrella” type service, this Agreement provides an “umbrella” agreement for non-firm point-to-point transmission service in accordance with provisions in Part II of the Tariff.
- Requests for specific non-firm transmission service shall be evaluated on an individual basis upon the Transmission Customer providing TEP the information regarding each requested transaction as set forth in Sections 18.2(i) and 18.2(iii) - 18.2(vii) (inclusive) of the Tariff.
- 3.0 Service under this Agreement shall be provided by TEP upon request by an authorized representative of the Transmission Customer.
- 4.0 The Transmission Customer agrees to supply information TEP deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.
- 5.0 The term of this Agreement shall be five (5) years from the date referenced in Section 1.0, at which time Transmission Customer must provide written notice to TEP that Transmission Customer would like to renew this Agreement for an additional five (5) year term.
- ~~5.0~~ TEP agrees to provide and the Transmission Customer agrees to take and pay for Non-Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Agreement.
- ~~6.0~~ Any notice or request made to or by either Party regarding this Agreement shall be made to the representative of the other Party as indicated below.

Tucson Electric Power Company:

~~One South Church Avenue, Suite 1820~~

P.O. Box 711

Mailstop SC212

Tucson, Arizona ~~85704~~85702

Attention: ~~Transmission Coordinator~~Coordination

Telephone: (520) 745-7193

Facsimile: (520) ~~571-4036~~770-6720

Email: transoord@tep.com

Transmission Customer:

78.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized officials.

Tucson Electric Power Company:

By: _____

Name

Title

Date

Transmission Customer:

By: _____

Name

Title

Date

ATTACHMENT F

Service Agreement For Network Integration Transmission Service

1.0 This Service Agreement (“NSA”), dated as of _____, is entered into by and between Tucson Electric Power Company (“TEP”), an Arizona corporation, and _____ (“Transmission Customer”).

2.0 Based upon its submitted Completed Application, _____ has been determined by TEP to be a Transmission Customer under Part III of TEP’s Open Access Transmission Tariff (“Tariff”).

3.0 The Transmission Customer has executed a Network Operating Agreement with TEP.

4.0 Service under this NSA shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this NSA shall terminate on such date as mutually agreed upon by the parties.

5.0 TEP agrees to provide and the Transmission Customer agrees to take and pay for Network Integration Transmission Service in accordance with the provisions of Part III of this Tariff, this NSA, and the Network Operating Agreement, as they may be amended from time to time. Initially the Transmission Customer makes the following designations:

5.1 Network Resources:

5.2 Network Loads:

5.3 Points of interconnection between the Transmission Customer’s facilities and TEP’s Transmission System:

5.4 The Transmission Customer’s initial Load Ratio Share:

6.0 TEP agrees to provide and the Transmission Customer agrees to take and pay for other services as indicated below:

6.1 Scheduling, System Control and Dispatch Service:

6.2 Reactive Supply and Voltage Control from Generation Sources Service:

6.3 Regulation and Frequency Response Service:

YES _____ NO _____

6.4 Energy Imbalance Service:

YES _____ NO _____

6.5 Operating Reserves - Spinning Reserve Service:

YES _____ NO _____

6.6 Operating Reserve - Supplemental Reserve Service:

YES _____ NO _____

7.0 Any notice or request, other than requests to schedule specific transactions, made to or by either Party regarding this NSA shall be made to the representative of the other Party as indicated below:

Tucson Electric Power Company:

Tucson Electric Power Company
P. O. Box 711
Tucson, Arizona 85702
Attn: *Transmission Coordination*

Transmission Customer:

Telephone: (520) 745-7193
Facsimile: (520) 770-6720
Email: transcoord@tep.com

8.0 This Tariff is incorporated herein and made a part hereof and all initially capitalized terms shall have the meanings ascribed to them in the Tariff. The terms and conditions set forth in Part I, Common Service Provisions and Part III, Network Integration Transmission Service, of the Tariff are incorporated into this NSA and shall govern the services provided under this NSA.

9.0 Payments for Network Integration Transmission Service provided to the Transmission Customer by TEP under this NSA shall be sent to the name and address indicated on the bill provided to the Transmission Customer.

IN WITNESS WHEREOF, the Parties have caused this NSA to be executed by their respective authorized officials.

Tucson Electric Power Company:

By: _____
Name Title Date

Transmission Customer:

By: _____
Name Title Date

ATTACHMENT F

Service Agreement For Network Integration Transmission Service

1.0 This Service Agreement (“NSA”), dated as of _____, is entered into by and between Tucson Electric Power Company (“TEP”), an Arizona corporation, and _____ (“Transmission Customer”).

2.0 Based upon its submitted Completed Application, _____ has been determined by TEP to be a Transmission Customer under Part III of ~~this~~ TEP’s Open Access Transmission Tariff (“Tariff”).

~~3.0 The Transmission Customer has provided to TEP an Application deposit in the amount of \$_____.~~

4.03.0 The Transmission Customer has executed a Network Operating Agreement with TEP.

5.04.0 Service under this NSA shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this NSA shall terminate on such date as mutually agreed upon by the parties.

6.05.0 TEP agrees to provide and the Transmission Customer agrees to take and pay for Network Integration Transmission Service in accordance with the provisions of Part III of this Tariff, this NSA, and the Network Operating Agreement, as they may be amended from time to time. Initially the Transmission Customer makes the following designations:

6.15.1 Network Resources:

6.25.2 Network Loads:

6.35.3 Points of interconnection between the Transmission Customer’s facilities and TEP’s Transmission System:

6.45.4 The Transmission Customer's initial Load Ratio Share:

7.06.0 TEP agrees to provide and the Transmission Customer agrees to take and pay for other services as indicated below:

7.16.1 Scheduling, System Control and Dispatch Service:

7.26.2 Reactive Supply and Voltage Control from Generation Sources Service:

7.36.3 Regulation and Frequency Response Service:

YES _____ NO _____

7.46.4 Energy Imbalance Service:

YES _____ NO _____

7.56.5 Operating Reserves - Spinning Reserve Service:

YES _____ NO _____

7.66.6 Operating Reserve - Supplemental Reserve Service:

YES _____ NO _____

8.07.0 Any notice or request, other than requests to schedule specific transactions, made to or by either Party regarding this NSA shall be made to the representative of the other Party as indicated below:

Tucson Electric Power Company:

Tucson Electric Power Company

P. O. Box 711

Tucson, Arizona 85702

Attn: ~~Transmission Coordinator~~ Coordination

Telephone: (520) 745-7193

Facsimile: (520) ~~571-4036770-6720~~

Email: transcoord@tep.com

Transmission Customer:

9.08.0 This Tariff is incorporated herein and made a part hereof and all initially capitalized terms shall have the meanings ascribed to them in the Tariff. The terms and conditions set forth in Part I, Common Service Provisions and Part III, Network Integration Transmission Service, of the Tariff are incorporated into this NSA and shall govern the services provided under this NSA.

10.09.0 Payments for Network Integration Transmission Service provided to the Transmission Customer by TEP under this NSA shall be sent to the name and address indicated on the bill provided to the Transmission Customer.

IN WITNESS WHEREOF, the Parties have caused this NSA to be executed by their respective authorized officials.

Tucson Electric Power Company:

By: _____

Name

Title

Date

Transmission Customer:

By: _____

Name

Title

Date

ATTACHMENT L

CREDITWORTHINESS PROCEDURES

Purpose

The purpose of these Creditworthiness Procedures is to establish credit review standards for entities (“Transmission Customers”) who request transmission service from Tucson Electric Power Company (“TEP”, “the Company” or “Transmission Provider”) under the Tucson Electric Power Company’s Open Access Transmission Tariff (“OATT”). This policy is designed to mitigate Transmission Provider’s risk of non-payment or late payment by Transmission Customers and defines the procedures used by TEP to evaluate and address credit risk. TEP reserves the right to modify this policy at any time, subject to acceptance of such modifications by the FERC (to the extent necessary).

1.1 Credit Review:

A Transmission Credit Limit will be established for each Transmission Customer pursuant to Section 1.2. For the purpose of determining the creditworthiness of a Transmission Customer, the Transmission Provider will conduct a credit review to evaluate the Transmission Customer’s ability to meet the creditworthiness standard set out in Section 1.3 of this document. A credit review will be conducted at the time that a new Transmission Customer submits a Completed Application or an existing Transmission Customer seeks to increase its established Transmission Credit Limit. In addition, the Transmission Provider may perform credit reviews on a periodic basis to ensure continuing compliance.

1.2 Transmission Credit Limit:

- (i) A Transmission Credit Limit will be established for each Transmission Customer based on a reasonable estimate of creditworthiness pursuant to Section 1.3 and the maximum amount of exposure the Transmission Provider expects from the Transmission Customer during the term of its Service Agreement, up to an amount equal to the estimated amount of transmission service the Transmission Customer may use over any five consecutive month period.
- (ii) A Transmission Customer may seek to establish a new Transmission Credit Limit based on a change in circumstances regarding the estimated maximum amount of transmission service that the Transmission Customer expects, up to an amount equal to the estimated amount of transmission service the Transmission Customer may use over any five consecutive month period, as long as it meets the creditworthiness standard set forth in Section 1.3.

1.3 Creditworthiness Standard:

In order for the Transmission Provider to extend an unsecured line of credit to the Transmission Customer, the Transmission Customer must meet the following standards:

- (i) The Transmission Customer is not in default of its payment obligations, if any, under Part I, Section 7.3 of the Tariff; and

- (ii) The Transmission Customer meets one of the following four criteria:
- a. The Transmission Customer has been in business at least one year and has a credit rating on senior unsecured debt of at least Baa3 (Moody's) or BBB- (Standard & Poors) where, if rated by both agencies, the lower of the two ratings controls (*see* Appendix A for credit rating scales); or
 - b. The Transmission Customer is a borrower from the Rural Utilities Service ("RUS") and demonstrates to the Transmission Provider that it is maintaining the times interest earned ratio and debt service coverage ratio as established in the Transmission Customer's RUS Mortgage (or if not specified in the Mortgage, has a times interest earned ratio of 1.10x or better and a debt service coverage ratio of 1.10x or better in the most recent calendar year); or
 - c. The Transmission Customer is found by Transmission Provider to have a strong enough credit profile based on a review of the following:
 1. Length of time the Transmission Customer has been in business;
 2. Current audited annual financial statements, including notes to the financial statements, and Management's Discussion and Analysis (if available) (and current quarterly financial statements if available) conforming to generally accepted accounting principles (GAAP);
 3. Information the Transmission Provider may reasonably request from the Transmission Customer possibly including, but not limited to, the following: Transmission Customer's business history; a description of the nature of Transmission Customer's organization and operating environment; and the state and local regulatory environment in which the Transmission Customer operates; and
 4. Any publically available information.
 - d. The Transmission Customer's parent company meets the criteria set out in (i) and (ii)(a), (b), or (c) above, and the parent company provides a written guarantee (in a form acceptable to the Transmission Provider), that the parent company will be unconditionally responsible for all financial obligations associated with the Transmission Customer's receipt of transmission service.
- (iii) If a Transmission Customer is determined not to be worthy of an unsecured line of credit, the Transmission Provider will inform the Transmission Customer of the reasons for that determination and the Transmission Customer may dispute this finding pursuant to Section 1.6.

1.4 Security Requirements:

A Transmission Customer that does not meet (i) and one of (ii) a-d of the creditworthiness standards set out in Section 1.3 above shall comply with the following to be approved for transmission service:

- (i) Not less than five days prior to the commencement of service and until the Transmission Customer's final obligation is settled, the Transmission Customer or its parent company shall provide in a form acceptable to the Transmission Provider, an unconditional and irrevocable letter of credit issued by a domestic financial institution (or domestic branch of a foreign bank) rated at least A- by S&P or A3 by Moody's (for senior unsecured debt) with greater than \$10 billion in assets, or an alternative form of security acceptable to the Transmission Provider, in an amount equal to the maximum amount of exposure the Transmission Provider expects from the Transmission Customer during the duration of its Service Agreement, up to an amount equal to the estimated amount of transmission service the Transmission Customer may use over any five consecutive month period.

1.5 Changes in Creditworthiness Status:

At any time during the duration of the Service Agreement, the Transmission Customer must disclose to the Transmission Provider material adverse changes to their financial status, and the Transmission Customer must disclose when it (or the parent company in cases of a parental guarantee) does not meet the Creditworthiness Standard established in Section 1.3 (i) or (ii) (a) or (b) above within five business days of the occurrence of such a change.

- (i) If a Transmission Customer that originally meets the creditworthiness standard of Section 1.3 subsequently fails to meet those requirements at any time after it submits a Completed Application but before the termination of service, it shall comply with the requirements of Section 1.4 within 30 days of notification by the Transmission Provider.
- (ii) If requested by the Transmission Customer, the Transmission Provider, within three business days, must provide a written explanation detailing the justification for a change in the Transmission Customer's creditworthiness status.

1.6 Procedures for Contesting Determination of Creditworthiness Status:

Within 5 business days of receiving notice of the need for security, or if a finding is made that the Transmission Customer does not satisfy the creditworthiness standard of Section 1.3, a Transmission Customer may, in good faith, contest this determination by providing additional information addressing the Transmission Provider's concerns. If after reviewing the additional information submitted by the Transmission Customer, the Transmission Provider continues to require security and the Transmission Customer contests this determination, the Transmission Customer must provide the required security and the matter shall be referred to dispute resolution pursuant to Section 12 of the Tariff.

Appendix A

The following table shows the credit rating scales of the major rating agencies.

Credit Rating Scales*	S&P	Moody's
Investment Grade	AAA	Aaa
	AA+	Aa1
	AA	Aa2
	AA-	Aa3
	A+	A1
	A	A2
	A-	A3
	BBB+	Baa1
	BBB	Baa2
	BBB-	Baa3
Below Investment Grade	BB+	Ba1
	BB	Ba2
	BB-	Ba3
	etc	etc

* For purposes of establishing a Transmission Credit Limit, the rating referenced will be the rating for senior unsecured obligations (or the overall issuer rating if senior unsecured rating is not available), rather than that assigned to secured indebtedness. Debt ratings based on the acquisition by the issuer of insurance on the underlying debt shall not be considered as reflective of the creditworthiness of the issuer.

Internal Risk Ratings will be developed by the Tucson Electric Power Company Credit Risk Management group based on an entity's audited financial statements and other available relevant information. Factors likely to have an impact on the Internal Risk Rating assigned to a customer include the following:

- Strength of balance sheet, as indicated by degree of financial leverage, interest coverage ratios, etc.;
- Strength of earnings and cash flow indicators;
- Market structure within which the entity operates, and its competitive positioning within that structure;
- Impact of regulation, including overall regulatory environment;

- Ability to establish and/or maintain adequate levels of customer rates;
- Overall size of entity relative to expected credit requirements;
- Adequacy of access to capital given capital expenditure requirements and/or other financing needs (including debt refunding);
- Volatility of earnings, cash flow, interest, and overall performance;
- Degree of exposure to adverse business, financial, or economic conditions;
- Susceptibility to business concentration risk; and
- Indications of potential bankruptcy, payment default, or other signs of financial distress.

ATTACHMENT L

CREDITWORTHINESS PROCEDURES

Purpose

The purpose of these Creditworthiness Procedures is to establish credit review standards for entities (“Transmission Customers”) who request transmission service from Tucson Electric Power Company (“TEP”, “the Company” or “Transmission Provider”) under the Tucson Electric Power Company’s Open Access Transmission Tariff (“OATT”). This policy is designed to mitigate Transmission Provider’s risk of non-payment or late payment by Transmission Customers and defines the procedures used by TEP to evaluate and address credit risk. TEP reserves the right to modify this policy at any time, subject to acceptance of such modifications by the FERC (to the extent necessary).

1.1 Credit Review:

A Transmission Credit Limit will be established for each Transmission Customer pursuant to Section 1.2. For the purpose of determining the creditworthiness of a Transmission Customer, the Transmission Provider will conduct a credit review to evaluate the Transmission Customer’s ability to meet the creditworthiness standard set out in Section 1.3 of this document. A credit review will be conducted at the time that a new Transmission Customer submits a Completed Application or an existing Transmission Customer seeks to increase its established Transmission Credit Limit. In addition, the Transmission Provider may perform credit reviews on a periodic basis to ensure continuing compliance.

1.2 Transmission Credit Limit:

- (i) A Transmission Credit Limit will be established for each Transmission Customer based on a reasonable estimate of creditworthiness pursuant to Section 1.3 and the maximum amount of ~~transmission service that~~exposure the Transmission Provider expects from the Transmission Customer ~~expects it will~~during the term of its Service Agreement, up to an amount equal to the estimated amount of transmission service the Transmission Customer may use over any five consecutive month period ~~during the duration of its Service Agreement.~~
- (ii) A Transmission Customer may seek to establish a new Transmission Credit Limit based on ~~changed~~a change in circumstances regarding the estimated maximum amount of transmission service that the Transmission Customer expects ~~it will use over any given,~~up to an amount equal to the estimated amount of transmission service the Transmission Customer may use over any five consecutive month period, as long as it meets the creditworthiness standard set forth in Section 1.3.

1.3 Creditworthiness Standard:

In order ~~for the Transmission Provider to be found creditworthy~~extend an unsecured line of credit to the Transmission Customer, the Transmission Customer must meet the following ~~standard~~standards:

- (i) The Transmission Customer is not in default of its payment obligations, if any, under Part I, Section 7.3 of the Tariff; and
- (ii) The Transmission Customer meets one of the following four criteria:
 - a. The Transmission Customer has been in business at least one year and has a credit rating on senior unsecured debt of at least Baa3 (Moody's) or BBB- (Standard & Poors) where, if rated by both agencies, the lower of the two ratings controls (*see* Appendix A for credit rating scales); or
 - b. The Transmission Customer is a borrower from the Rural Utilities Service ("RUS") and demonstrates to the Transmission Provider that it is maintaining the times interest earned ratio and debt service coverage ratio as established in the Transmission Customer's RUS Mortgage (or if not specified in the Mortgage, has a times interest earned ratio of 1.10x or better and a debt service coverage ratio of 1.10x or better in the most recent calendar year); or
 - c. The Transmission Customer is found by Transmission Provider to have a strong enough credit profile based on a review of the following:
 - 1. Length of time the Transmission Customer has been in business;
 - 2. Current audited annual financial statements, including notes to the financial statements, and Management's Discussion and Analysis (if available) (and current quarterly financial statements if available) conforming to generally accepted accounting principles (GAAP);
 - 3. Information the Transmission Provider may reasonably request from the Transmission Customer possibly including, but not limited to, the following: Transmission Customer's business history; a description of the nature of Transmission Customer's organization and operating environment; and the state and local regulatory environment in which the Transmission Customer operates; and
 - 4. Any publically available information.
 - d. The Transmission Customer's parent company meets the criteria set out in (i) and (ii)(a), ~~(b)~~, or ~~(bc)~~ above, and the parent company provides a written guarantee (in a form acceptable to the Transmission Provider), that the parent company will be unconditionally responsible for all financial obligations associated with the Transmission Customer's receipt of transmission service; ~~or.~~
 - ~~d. The Transmission Customer:~~
 - 1. ~~Has been in business at least one year;~~

- ~~2. Provides reasonably current audited annual financial statements (and current quarterly financial statements if available) to the Transmission Provider; and~~
- ~~3. Demonstrates to the Transmission Provider reasonable evidence of financial responsibility by providing verifiable qualitative and quantitative information including, but not limited to, the following: Transmission Customer's business history; a description of the nature of Transmission Customer's organization and operating environment; Transmission Customer's existing contractual obligations, its governance, financial, accounting, risk management and credit policies; Transmission Customer's market risk and price, credit and operational exposures; Transmission Customer's event risk; and the state and local regulatory environment in which the Transmission Customer operates. For purposes of making this determination, the Transmission Provider will provide the audited financial statements and other relevant information concerning the Transmission Customer to the Credit Risk Management group, which will assign the Customer an "Internal Risk Rating" as further described in Appendix A. Based on the overall information garnered by the Transmission Provider, including but not limited to the Internal Risk Rating and information provided by the Transmission Customer, the Transmission Provider will determine the creditworthiness of the Transmission Customer.ⁱⁱⁱ If a Transmission Customer is determined to not meet the creditworthiness standard to be worthy of an unsecured line of credit, the Transmission Provider will inform the Transmission Customer of the reasons for that determination and the Transmission Customer may dispute this finding pursuant to Section 1.6.~~

1.4 Security Requirements:

A Transmission Customer that does not meet (i) and one of (ii) a-d of the creditworthiness standards set out in Section 1.3 above shall comply with one of the following to be approved for transmission service:

- ~~(i) — Not less than five days prior to the commencement of service and until the Transmission Customer's final obligation is settled, the Transmission Customer or its parent company shall provide in a form acceptable to the Transmission Provider, an unconditional and irrevocable letter of credit issued by a domestic financial institution (or domestic branch of a foreign bank) rated at least A- by S&P or A3 by Moody's (for senior unsecured debt) with greater than \$10 billion in assets, or an alternative form of security that is acceptable to the Transmission Provider, in an amount equal to the lesser of the total charge for service or the charge for five months maximum amount of service; or~~
- ~~(i) (ii) — For service of one month or less, exposure the Transmission Provider expects from the Transmission Customer shall pay the total charge for service by during the later of five business days prior duration of its Service Agreement, up to an amount equal to the commencement estimated amount of service or the time when it makes the request for transmission service; or For service of greater than one month, the Transmission Customer shall pay for each month's service not less than five business days prior to the beginning of the month. For Network Integration Transmission Service customers, the advance payment for each month shall be based on a reasonable estimate by the Transmission Provider of the charge for that month. may use over any five consecutive month period.~~

1.5 Changes in Creditworthiness Status:

At any time during the duration of the Service Agreement, the Transmission Customer must disclose to the Transmission Provider material adverse changes to their financial status, and the Transmission Customer must disclose when it (or the parent company in cases of a parental guarantee) does not meet the Creditworthiness Standard established in Section 1.3 (i) or (ii) (a) or (b) above within five business days of the occurrence of such a change.

- ~~(i) If a Transmission Customer that originally meets the creditworthiness standard of Section 1.3 subsequently fails to meet those requirements at any time after it submits a Completed Application but before the termination of service, it shall within five business days of notification by the Transmission Provider either prepay for the next 30 days of transmission service or provide an unconditional and irrevocable letter of credit meeting the standards noted in 1.4(i) above or an alternative form of security acceptable to the Transmission Provider in an amount equal to the charge for the next 30 days of transmission service; and within 30 days of such notification shall meet the requirements of Section 1.4. comply with the requirements of Section 1.4 within 30 days of notification by the Transmission Provider.~~

- (ii) If requested by the Transmission Customer, the Transmission Provider, within three business days, must provide a written explanation detailing the justification for a change in the Transmission Customer's creditworthiness status.

|

1.6 Procedures for Contesting Determination of Creditworthiness Status:

Within 5 business days of receiving notice of the need for security, or if a finding is made that the Transmission Customer does not satisfy the creditworthiness standard of Section 1.3, a Transmission Customer may, in good faith, contest this determination by providing additional information addressing the Transmission Provider's concerns. If after reviewing the additional information submitted by the Transmission Customer, the Transmission Provider continues to require security and the Transmission Customer contests this determination, the Transmission Customer must provide the required security and the matter shall be referred to dispute resolution pursuant to Section 12 of the Tariff.

Appendix A

The following table shows the credit rating scales of the major rating agencies.

Credit Rating Scales*	S&P	Moody's
Investment Grade	AAA	Aaa
	AA+	Aa1
	AA	Aa2
	AA-	Aa3
	A+	A1
	A	A2
	A-	A3
	BBB+	Baa1
	BBB	Baa2
	BBB-	Baa3
Below Investment Grade	BB+	Ba1
	BB	Ba2
	BB-	Ba3
	etc	etc

* For purposes of establishing a Transmission Credit Limit, the rating referenced will be the rating for senior unsecured obligations (or the overall issuer rating if senior unsecured rating is not available), rather than that assigned to secured indebtedness. Debt ratings based on the acquisition by the issuer of insurance on the underlying debt shall not be considered as reflective of the creditworthiness of the issuer.

Internal Risk Ratings will be developed by the Tucson Electric Power Company Credit Risk Management group based on an entity's audited financial statements and other available relevant information. Factors likely to have an impact on the Internal Risk Rating assigned to a customer include the following:

- Strength of balance sheet, as indicated by degree of financial leverage, interest coverage ratios, etc.;
- Strength of earnings and cash flow indicators;
- Market structure within which the entity operates, and its competitive positioning within that structure;
- Impact of regulation, including overall regulatory environment;

- Ability to establish and/or maintain adequate levels of customer rates;
- Overall size of entity relative to expected credit requirements;
- Adequacy of access to capital given capital expenditure requirements and/or other financing needs (including debt refunding);
- Volatility of earnings, cash flow, interest, and overall performance;
- Degree of exposure to adverse business, financial, or economic conditions;
- Susceptibility to business concentration risk; and
- Indications of potential bankruptcy, payment default, or other signs of financial distress.

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I. COMMON SERVICE PROVISIONS

1 Definitions

- 1.0 Affiliate:** With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.
- 1.1 Ancillary Services:** Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of Tucson Electric Power Company's ("TEP's") Transmission System in accordance with Good Utility Practice.
- 1.2 Annual Transmission Costs:** The total annual cost of the Transmission System for purposes of Network Integration Transmission Service or Retail Direct Access Network Integration Transmission Service shall be the amount specified in Attachment I until amended by TEP or modified by the Commission.
- 1.3 Application:** A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.
- 1.3a Arizona Corporation Commission Competition Rules:** The rules, decisions, and orders of the Arizona Corporation Commission establishing competition in retail electric markets in the State of Arizona.
- 1.3b Arizona Independent Scheduling Administrator Association (AISA):** A voluntary non-profit Arizona corporation serving as an interim electric transmission scheduling administrator to facilitate the operation of Arizona's competitive electric retail market until a regional independent system operator, currently known as Desert Star, becomes operational. AISA will initially administer and oversee all activities on the oasis of the Control Area operators.
- 1.4 Commission:** The Federal Energy Regulatory Commission.
- 1.5 Completed Application:** An Application that satisfies all of the information and other requirements of the Tariff.
- 1.6 Control Area:** An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:
- (1) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
 - (2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;

- (3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and
 - (4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.
- 1.7 Curtailment:** A reduction in firm or non-firm transmission service in response to a transfer capability shortage as a result of system reliability conditions.
- 1.8 Delivering Party:** The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.
- 1.9 Designated Agent:** Any entity that performs actions or functions on behalf of TEP, an Eligible Customer, or the Transmission Customer required under the Tariff.
- 1.10 Direct Assignment Facilities:** Facilities or portions of facilities that are constructed by TEP for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Commission approval.
- 1.11 Eligible Customer:** (i) Any electric utility (including TEP and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that TEP offer the unbundled transmission service, or pursuant to a voluntary offer of such service by TEP. (ii) Any Scheduling Coordinator acting on behalf of a retail customer taking unbundled Transmission Service pursuant to a state requirement that TEP offer the transmission service, or pursuant to a voluntary offer of such service by TEP, is an Eligible Customer under the Tariff.
- 1.12 Facilities Study:** An engineering study conducted by TEP to determine the required modifications to TEP's Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested transmission service.
- 1.13 Firm Point-To-Point Transmission Service:** Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.
- 1.14 Good Utility Practice:** Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of

reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region, including those practices required by Federal Power Act section 215(a)(4).

- 1.15 Interruption:** A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.
- 1.16 Load Ratio Share:** Ratio of a Transmission Customer's Network Load to TEP's total load computed in accordance with Sections 34.2 and 34.3 of the Network Integration Transmission Service under Part III of the Tariff or Sections 42.2 and 42.3 of the Retail Direct Access Network Integration Transmission Service under Part IV and calculated on a monthly basis.
- 1.17 Load Shedding:** The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part III or Part IV of the Tariff.
- 1.18 Long-Term Firm Point-To-Point Transmission Service:** Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.
- 1.19 [RESERVED]**
- 1.20 Network Customer:** An entity receiving transmission service pursuant to the terms of TEP's Network Integration Transmission Service under Part III or Retail Direct Access Network Integration Transmission Service under Part IV of the Tariff.
- 1.21 Network Integration Transmission Service:** The transmission service provided under Part III of the Tariff.
- 1.22 Network Load:** The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff or that a Scheduling Coordinator designates for Retail Direct Access Network Integration Transmission Service under Part IV. The Network Customer's Network Load shall include all load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.

- 1.23 Network Operating Agreement:** An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.
- 1.24 Network Operating Committee:** A group made up of representatives from the Network Customer(s) and TEP established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.
- 1.25 Network Resource:** Any designated generating resource owned, purchased or leased by a Network Customer under the Network Integration Transmission Service Tariff under Part III or Retail Direct Access Network Integration Transmission Service under Part IV. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program.
- 1.26 Network Upgrades:** Modifications or additions to transmission-related facilities that are integrated with and support TEP's overall Transmission System for the general benefit of all users of such Transmission System.
- 1.27 Non-Firm Point-To-Point Transmission Service:** Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.
- 1.27a Non-Firm Sale:** An energy sale for which receipt or delivery may be interrupted for any reason or no reason, without liability on the part of either the buyer or seller.
- 1.28 Open Access Same-Time Information System (OASIS):** The information system and standards of conduct contained in Part 37 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.
- 1.29 Part I:** Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.
- 1.30 Part II:** Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.
- 1.31 Part III:** Tariff Sections 28 through 35 pertaining to Network Integration

Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

- 1.31a Part IV:** Tariff Sections 36 through 43 pertaining to Retail Direct Access Network Integration Transmission Service in conjunction with the Applicable Common Service Provisions of Part I and appropriate schedules and attachments.
- 1.32 Parties:** TEP and the Transmission Customer receiving service under the Tariff.
- 1.33 Point(s) of Delivery:** Point(s) on TEP's Transmission System where capacity and energy transmitted by TEP will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.
- 1.34 Point(s) of Receipt:** Point(s) of interconnection on TEP's Transmission System where capacity and energy will be made available to TEP by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.
- 1.35 Point-To-Point Transmission Service:** The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.
- 1.36 Power Purchaser:** The entity that is purchasing the capacity and energy to be transmitted under the Tariff.
- 1.36a Pre-Confirmed Application:** An Application that commits the Eligible Customer to execute a Service Agreement upon receipt of notification that TEP can provide the requested Transmission Service.
- 1.37 Receiving Party:** The entity receiving the capacity and energy transmitted by TEP to Point(s) of Delivery.
- 1.38 Regional Transmission Group (RTG):** A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.
- 1.39 Reserved Capacity:** The maximum amount of capacity and energy that TEP agrees to transmit for the Transmission Customer over TEP's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.
- 1.39a Retail Competition Protocols:** The set of Protocols, attached to this Tariff as Attachment K, recognizing contractual commitments, providing greater precision to the procedures used for the calculation of total transfer

capability, Committed Uses, and available transfer capability, to reservation procedures, and to the determination of priorities for the use of constrained paths on the Interconnected Transmission System.

1.39b Retail Direct Access Network Integration Transmission Service: The transmission service provided under Part IV of the Tariff.

1.39c Retail Direct Access Network Operating Agreement: An executed agreement that contains the terms and conditions under which the Scheduling Coordinator shall operate its facilities and the technical and operational matters associated with the implementation of Retail Direct Access Network Integration Transmission Service under Part IV of the Tariff.

1.39d Scheduling Coordinator: Entity that schedules retail electric power transactions with the Control Area operator and AISA, and responds to directions from the Control Area operator or AISA during emergencies or curtailments.

1.40 Service Agreement: The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and TEP for service under the Tariff.

1.41 Service Commencement Date: The date TEP begins to provide service pursuant to the terms of an executed Service Agreement, or the date TEP begins to provide service in accordance with Section 15.3, Section 29.1 or Section 37.1 under the Tariff.

1.42 Short-Term Firm Point-To-Point Transmission Service: Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.

1.42a Standard Offer Customers: Current retail customers within TEP's service territory who choose not to enter the competitive marketplace as defined in the Arizona Corporation Commission's Electric Competition Rules.

1.42b System Condition: A specified condition on TEP's system or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the curtailment priority pursuant to Section 13.6. Such conditions must be identified in the Transmission Customer's Service Agreement.

1.43 System Impact Study: An assessment by TEP of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-To-Point Transmission Service, Network Integration Transmission Service or Retail Direct Access Network Integration Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.

- 1.44 Third-Party Sale:** Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service or under Retail Direct Access Network Integration Transmission Service.
- 1.45 Transmission Customer:** Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that TEP file with the Commission, a proposed unexecuted Service Agreement to receive transmission service under Part II of the Tariff. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II, Part III and Part IV of this Tariff.
- 1.46 Transmission Provider:** Tucson Electric Power Company (“TEP”), the public utility (or its Designated Agent) that owns, controls, or operates facilities used for the transmission of electric energy in interstate commerce and provides transmission service under the Tariff.
- 1.47 Transmission Provider’s Monthly Transmission System Peak:** The maximum firm usage of TEP’s Transmission System in a calendar month.
- 1.48 Transmission Service:** Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.
- 1.49 Transmission System:** The facilities owned, controlled or operated by TEP that are used to provide transmission service under Part II, Part III and Part IV of the Tariff.
- 1.49a Universal Node Identifier:** A unique permanent, identification number assigned to each service delivery point.
- 1.50 Workday:** Monday through Friday, other than a designated TEP holiday.

Record Content Description, Tariff Record Title, Record Version Number, Option Code:
 Part II, Section 15, Service Availability, 6.0.0, A
 Record Narrative Name: Part II Section 15 - Service Availability
 Tariff Record ID: 18
 Tariff Record Collation Value: 6800000 Tariff Record Parent Identifier: 1
 Proposed Date: 2016-12-05
 Priority Order: 501
 Record Change Type: CHANGE
 Record Content Type: 1
 Associated Filing Identifier:

15 Service Availability

- 15.1 General Conditions:** TEP will provide Firm and Non-Firm Point-To-Point Transmission Service over, on or across its Transmission System to any Transmission Customer that has met the requirements of Section 16.

- 15.2 Determination of Available Transfer Capability:** A description of TEP's specific methodology for assessing available transfer capability posted on TEP's OASIS (Section 4) is contained in Attachment C of the Tariff. In the event sufficient transfer capability may not exist to accommodate a service request, TEP will respond by performing a System Impact Study pursuant to Section 19.
- 15.3 Initiating Service in the Absence of an Executed Service Agreement:** If TEP and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all the terms and conditions of the Point-To-Point Service Agreement, TEP shall file with the Commission, within thirty (30) days after the date the Transmission Customer provides written notification directing TEP to file, an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by TEP for such requested Transmission Service. TEP shall commence providing Transmission Service subject to the Transmission Customer agreeing to (i) compensate TEP at whatever rate the Commission ultimately determines to be just and reasonable, and (ii) comply with the terms and conditions of the Tariff.
- 15.4 Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System, Redispatch or Conditional Curtailment:**
- (a) If TEP determines that it cannot accommodate a Completed Application for Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, TEP will use due diligence to expand or modify its Transmission System to provide the requested Firm Transmission Service, consistent with its planning obligations in Attachment K, provided the Transmission Customer agrees to compensate TEP for such costs pursuant to the terms of Section 27. TEP will conform to Good Utility Practice and its planning obligations in Attachment K, in determining the need for new facilities and in the design and construction of such facilities. The obligation applies only to those facilities that TEP has the right to expand or modify.
- (b) If TEP determines that it cannot accommodate a Completed Application for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, TEP will use due diligence to provide redispatch from its own resources until (i) Network Upgrades are completed for the Transmission Customer, (ii) TEP determines through a biennial reassessment that it can no longer reliably provide the redispatch, or (iii) the Transmission Customer terminates the service because of redispatch changes resulting from the reassessment. A Transmission Provider shall not unreasonably deny self-provided redispatch or redispatch arranged by the Transmission Customer from a third party resource.
- (c) If TEP determines that it cannot accommodate a Completed Application

for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, TEP will offer the Firm Transmission Service with the condition that TEP may curtail the service prior to the curtailment of other Firm Transmission Service for a specified number of hours per year or during System Condition(s). If the Transmission Customer accepts the service, TEP will use due diligence to provide the service until (i) Network Upgrades are completed for the Transmission Customer, (ii) TEP determines through a biennial reassessment that it can no longer reliably provide such service, or (iii) the Transmission Customer terminates the service because the reassessment increased the number of hours per year of conditional curtailment or changed the System Conditions.

- 15.5 Deferral of Service:** TEP may defer providing service until it completes construction of new transmission facilities or upgrades needed to provide Firm Point-To-Point Transmission Service whenever TEP determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.
- 15.6 Other Transmission Service Schedules:** Eligible Customers receiving transmission service under other agreements on file with the Commission may continue to receive transmission service under those agreements until such time as those agreements may be modified by the Commission.
- 15.7 Real Power Losses:** Real Power Losses are associated with all transmission service. TEP is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service as calculated by TEP. The applicable Real Power Loss factor is 3.30% for EHV Transmission Service (345kV and above) and 1% for Non-EHV Transmission Service (69kV - 138kV) and for transmission service utilizing both EHV and Non-EHV facilities, the transmission loss factor is 4.3%.

Record Content Description, Tariff Record Title, Record Version Number, Option Code:

Part II, Section 17, Procedures for Arranging Firm Point-To-Point Trans Svc, 6.0.0, A

Record Narrative Name: Part II Section 17 - Procedures for Arranging Firm Point-To-Point Transmission Service

Tariff Record ID: 20

Tariff Record Collation Value: 7400000 Tariff Record Parent Identifier: 1

Proposed Date: 2016-12-05

Priority Order: 501

Record Change Type: CHANGE

Record Content Type: 1

Associated Filing Identifier:

17 Procedures for Arranging Firm Point-To-Point Transmission Service

- 17.1 Application:** A request for Firm Point-To-Point Transmission Service for periods of one year or longer must contain a written Application via electronic

mail addressed to transoord@tep.com, at least sixty (60) days in advance of the calendar month in which service is to commence. TEP will consider requests for such firm service on shorter notice when feasible. Requests for firm service for periods of less than one year shall be subject to expedited procedures that shall be negotiated between the Parties within the time constraints provided in Section 17.5. All Firm Point-To-Point Transmission Service requests should be submitted by entering the information listed below on TEP's OASIS. Prior to implementation of TEP's OASIS, a Completed Application may be submitted by (i) transmitting the required information to TEP by facsimile (520-571-4036), or (ii) providing the information by telephone over TEP's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the priority of the Application.

17.2 Completed Application: A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. TEP will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to RTG transmission information sharing agreements. TEP shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations;
- (v) A description of the supply characteristics of the capacity and energy to be delivered;
- (vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- (vii) The Service Commencement Date and the term of the requested Transmission Service;
- (viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on TEP's Transmission System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement;

- (ix) A statement indicating that, if the Eligible Customer submits a Pre-Confirmed Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that TEP can provide the requested Transmission Service; and
- (x) Any additional information required by TEP's planning process established in Attachment K.

TEP shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

17.3 [RESERVED]

17.4 Notice of Deficient Application: If an Application fails to meet the requirements of the Tariff, TEP shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. TEP will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, TEP shall return the Application. Upon receipt of a new or revised Application that fully complies with the requirements of Part II of the Tariff, the Eligible Customer shall be assigned a new priority consistent with the date of the new or revised Application.

17.5 Response to a Completed Application: Following receipt of a Completed Application for Firm Point-To-Point Transmission Service, TEP shall make a determination of available transfer capability as required in Section 15.2. TEP shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application either (i) if it will be able to provide service without performing a System Impact Study or (ii) if such a study is needed to evaluate the impact of the Application pursuant to Section 19.1. Responses by TEP must be made as soon as practicable to all completed applications (including applications by its own merchant function) and the timing of such responses must be made on a non-discriminatory basis.

17.6 Execution of Service Agreement: Whenever TEP determines that a System Impact Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. Where a System Impact Study is required, the provisions of Section 19 will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service Agreement or request the filing of an unexecuted service agreement pursuant to Section 15.3, within fifteen (15) days after it is tendered by TEP will be deemed a withdrawal and termination of the Application. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

17.7 Extensions for Commencement of Service: The Transmission Customer can obtain, subject to availability, up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service

by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Transmission Service for each year or fraction thereof within 15 days of notifying TEP it intends to extend the commencement of service. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate for its Reserved Capacity concurrent with the new Service Commencement Date. In the event the Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

Record Content Description, Tariff Record Title, Record Version Number, Option Code:

Part II, Section 19, Additional Study Proc For Firm Point-To-Point Trans Svc Req, 6.0.0, A

Record Narrative Name: Part II Section 19 - Additional Study Procedures For Firm Point-To-Point Transmission Service Requests

Tariff Record ID: 23

Tariff Record Collation Value: 8000000 Tariff Record Parent Identifier: 1

Proposed Date: 2016-12-05

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Record Change Type: CHANGE

Record Content Type: 1

Associated Filing Identifier:

19 Additional Study Procedures For Firm Point-To-Point Transmission Service Requests

19.1 Notice of Need for System Impact Study: After receiving a request for service, TEP shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of TEP's methodology for completing a System Impact Study is provided in Attachment D. If TEP determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. Once informed, the Eligible Customer shall timely notify TEP if it elects to have TEP study redispatch or conditional curtailment as part of the System Impact Study. If notification is provided prior to tender of the System Impact Study Agreement, the Eligible Customer can avoid the costs associated with the study of these options. TEP shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse TEP for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to TEP within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its application shall be deemed withdrawn.

19.2 System Impact Study Agreement and Cost Reimbursement:

- (i) The System Impact Study Agreement will clearly specify TEP's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, TEP shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.
- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for TEP to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.
- (iii) For System Impact Studies that TEP conducts on its own behalf, TEP shall record the cost of the System Impact Studies pursuant to Section 20.

19.3 System Impact Study Procedures: Upon receipt of an executed System Impact Study Agreement, TEP will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints, identified with specificity by transmission element or flowgate, (2) redispatch options (when requested by an Eligible Customer) including an estimate of the cost of redispatch, (3) conditional curtailment options (when requested by an Eligible Customer) including the number of hours per year and the System Conditions during which conditional curtailment may occur, and (4) additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. For customers requesting the study of redispatch options, the System Impact Study shall (1) identify all resources located within TEP's Control Area that can significantly contribute toward relieving the system constraint and (2) provide a measurement of each resource's impact on the system constraint. If TEP possesses information indicating that any resource outside its Control Area could relieve the constraint, it shall identify each such resource in the System Impact Study. In the event that TEP is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. TEP will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. TEP shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within

fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement pursuant to Section 15.3, or the Application shall be deemed terminated and withdrawn.

19.4 Facilities Study Procedures: If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, and if the Eligible Customer is a SWRTA member, then TEP and the Eligible Customer shall follow the procedures for facilities studies set forth in Sections 4.3.6 - 4.3.11 of the SWRTA Bylaws. If the Eligible Customer is not a SWRTA member, then TEP, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse TEP for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to TEP within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its application shall be deemed withdrawn. Upon receipt of an executed Facilities Study Agreement, TEP will use due diligence to complete the required Facilities Study within a sixty (60) day period. If TEP is unable to complete the Facilities Study in the allotted time period, TEP shall notify the Transmission Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Transmission Customer, (ii) the Transmission Customer's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Part II of the Tariff, and (iii) the time required to complete such construction and initiate the requested service. The Transmission Customer shall provide TEP with a letter of credit or other reasonable form of security acceptable to TEP equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Transmission Customer shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn.

19.5 Facilities Study Modifications: Any change in design arising from inability to site or construct facilities as proposed will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of TEP that significantly affect the final cost of new facilities or upgrades to be charged to the Transmission Customer pursuant to the provisions of Part II of the Tariff.

19.6 Due Diligence in Completing New Facilities: TEP shall use due diligence to add necessary facilities or upgrade its Transmission System within a reasonable

time. TEP will not upgrade its existing or planned Transmission System in order to provide the requested Firm Point-To-Point Transmission Service if doing so would impair system reliability or otherwise impair or degrade existing firm service.

19.7 Partial Interim Service: If TEP determines that it will not have adequate transfer capability to satisfy the full amount of a Completed Application for Firm Point-To-Point Transmission Service, TEP nonetheless shall be obligated to offer and provide the portion of the requested Firm Point-To-Point Transmission Service that can be accommodated without addition of any facilities and through redispatch. However, TEP shall not be obligated to provide the incremental amount of requested Firm Point-To-Point Transmission Service that requires the addition of facilities or upgrades to the Transmission System until such facilities or upgrades have been placed in service.

19.8 Expedited Procedures for New Facilities: In lieu of the procedures set forth above, the Eligible Customer shall have the option to expedite the process by requesting TEP to tender at one time, together with the results of required studies, an “Expedited Service Agreement” pursuant to which the Eligible Customer would agree to compensate TEP for all costs incurred pursuant to the terms of the Tariff. In order to exercise this option, the Eligible Customer shall request in writing an expedited Service Agreement covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in providing the requested service. While TEP agrees to provide the Eligible Customer with its best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding and the Eligible Customer must agree in writing to compensate TEP for all costs incurred pursuant to the provisions of the Tariff. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer’s request for service will cease to be a Completed Application and will be deemed terminated and withdrawn.

19.9 Penalties for Failure to Meet Study Deadlines:

Sections 19.3 and 19.4 require a Transmission Provider to use due diligence to meet 60-day study completion deadlines for System Impact Studies and Facilities Studies.

- (i) TEP is required to file a notice with the Commission in the event that more than twenty (20) percent of non-Affiliates’ System Impact Studies and Facilities Studies completed by TEP in any two consecutive calendar quarters are not completed within the 60-day study completion deadlines. Such notice must be filed within thirty (30) days of the end of the calendar quarter triggering the notice requirement.
- (ii) For the purposes of calculating the percent of non-Affiliates’ System

Impact Studies and Facilities Studies processed outside of the 60-day study completion deadlines, TEP shall consider all System Impact Studies and Facilities Studies that it completes for non-Affiliates during the calendar quarter. The percentage should be calculated by dividing the number of those studies which are completed on time by the total number of completed studies. TEP may provide an explanation in its notification filing to the Commission if it believes there are extenuating circumstances that prevented it from meeting the 60-day study completion deadlines.

- (iii) TEP is subject to an operational penalty if it completes ten (10) percent or more of non-Affiliates' System Impact Studies and Facilities Studies outside of the 60-day study completion deadlines for each of the two calendar quarters immediately following the quarter that triggered its notification filing to the Commission. The operational penalty will be assessed for each calendar quarter for which an operational penalty applies, starting with the calendar quarter immediately following the quarter that triggered TEP's notification filing to the Commission. The operational penalty will continue to be assessed each quarter until TEP completes at least ninety (90) percent of all non-Affiliates' System Impact Studies and Facilities Studies within the 60-day deadline.
- (iv) For penalties assessed in accordance with subsection (iii) above, the penalty amount for each System Impact Study or Facilities Study shall be equal to \$500 for each day TEP takes to complete that study beyond the 60-day deadline.

Record Content Description, Tariff Record Title, Record Version Number, Option Code:

Part II, Section 20, Proc if TP Unable Cmpl't Nw Trans Facs for Firm PTP Trans Svc, 6.0.0, A

Record Narrative Name: Part II Section 20 - Procedures if the Transmission Provider is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service

Tariff Record ID: 24

Tariff Record Collation Value: 8200000 Tariff Record Parent Identifier: 1

Proposed Date: 2016-12-05

Priority Order: 501

Record Change Type: CHANGE

Record Content Type: 1

Associated Filing Identifier:

20 Procedures if the Transmission Provider is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service

20.1 Delays in Construction of New Facilities: If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, TEP shall promptly notify the Transmission Customer. In such circumstances, TEP shall within thirty (30) days of notifying the Transmission Customer of such delays, convene a technical meeting with the Transmission Customer to evaluate the alternatives available to the Transmission Customer. TEP also shall make available to the Transmission Customer studies and work papers related to the delay, including all information that is in the possession of

TEP that is reasonably needed by the Transmission Customer to evaluate any alternatives.

20.2 Alternatives to the Original Facility Additions: When the review process of Section 20.1 determines that one or more alternatives exist to the originally planned construction project, TEP shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires to maintain its Completed Application subject to construction of the alternative facilities, it may request TEP to submit a revised Service Agreement for Firm Point-To-Point Transmission Service. If the alternative approach solely involves Non-Firm Point-To-Point Transmission Service, TEP shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for the service. In the event TEP concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.

20.3 Refund Obligation for Unfinished Facility Additions: If TEP and the Transmission Customer mutually agree that no other reasonable alternatives exist and the requested service cannot be provided out of existing capability under the conditions of Part II of the Tariff, the obligation to provide the requested Firm Point-To-Point Transmission Service shall terminate. However, the Transmission Customer shall be responsible for all prudently incurred costs by TEP through the time construction was suspended.

Record Content Description, Tariff Record Title, Record Version Number, Option Code:

Part II, Section 22, Changes in Service Specifications, 6.0.0, A

Record Narrative Name: Part II Section 22 - Changes in Service Specifications

Tariff Record ID: 26

Tariff Record Collation Value: 8900000 Tariff Record Parent Identifier: 1

Proposed Date: 2016-12-05

Priority Order: 501

Record Change Type: CHANGE

Record Content Type: 1

Associated Filing Identifier:

22 Changes in Service Specifications

22.1 Modifications On a Non-Firm Basis: The Transmission Customer taking Firm Point-To-Point Transmission Service may request TEP to provide transmission service on a non-firm basis over Receipt and Delivery Points other than those specified in the Service Agreement (“Secondary Receipt and Delivery Points”), in amounts not to exceed its firm capacity reservation, without incurring an additional Non-Firm Point-To-Point Transmission Service charge or executing a

new Service Agreement, subject to the following conditions.

- (a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or by TEP on behalf of its Standard Offer Customers.
- (b) The sum of all Firm and non-firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement under which such services are provided.
- (c) The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Receipt and Delivery Points specified in the relevant Service Agreement in the amount of its original capacity reservation.
- (d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-To-Point Transmission Service under the Tariff. However, all other requirements of Part II of the Tariff (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

22.2 Modification On a Firm Basis: Any request by a Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement.

Record Content Description, Tariff Record Title, Record Version Number, Option Code:

Part III, Section 29, Initiating Service, 6.0.0, A

Record Narrative Name: Part III Section 29 - Initiating Service

Tariff Record ID: 34

Tariff Record Collation Value: 11400000 Tariff Record Parent Identifier: 1

Proposed Date: 2016-12-05

Priority Order: 501

Record Change Type: CHANGE

Record Content Type: 1

Associated Filing Identifier:

29 Initiating Service

29.1 Condition Precedent for Receiving Service: Subject to the terms and conditions of Part III of the Tariff, TEP will provide Network Integration Transmission Service to any Eligible Customer, provided that (i) the Eligible

Customer completes an Application for service as provided under Part III of the Tariff, (ii) the Eligible Customer and TEP complete the technical arrangements set forth in Sections 29.3 and 29.4, (iii) the Eligible Customer executes a Service Agreement pursuant to Attachment F for service under Part III of the Tariff or requests in writing that TEP file a proposed unexecuted Service Agreement with the Commission, and (iv) the Eligible Customer executes a Network Operating Agreement with TEP pursuant to Attachment G.

29.2 Application Procedures: An Eligible Customer requesting service under Part III of the Tariff must submit an Application to TEP as far as possible in advance of the month in which service is to commence. Unless subject to the procedures in Section 2, Completed Applications for Network Integration Transmission Service will be assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. Applications should be submitted by entering the information listed below on TEP's OASIS. Prior to implementation of TEP's OASIS, a Completed Application may be submitted by (i) transmitting the required information to TEP by facsimile (520-571-4036), or (ii) providing the information by telephone over TEP's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application. A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the party requesting service;
- (ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each TEP substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;
- (iv) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10 year load forecast provided in response to (iii) above;

(v) A description of Network Resources (current and 10-year projection). For each on-system Network Resource, such description shall include:

- Unit size and amount of capacity from that unit to be designated as Network Resource
- VAR capability (both leading and lagging) of all generators
- Operating restrictions
- Any periods of restricted operations throughout the year
- Maintenance schedules
- Minimum loading level of unit
- Normal operating level of unit
- Any must-run unit designations required for system reliability or contract reasons
- Approximate variable generating cost (\$/MWH) for redispatch computations
- Arrangements governing sale and delivery of power to third parties from generating facilities located in TEP's Control Area, where only a portion of unit output is designated as a Network Resource;

For each off-system Network Resource, such description shall include:

- Identification of the Network Resource as an off-system resource
- Amount of power to which the customer has rights
- Identification of the control area from which the power will originate
- Delivery point(s) to TEP's Transmission System
- Transmission arrangements on the external transmission system(s)
- Operating restrictions, if any
- Any periods of restricted operations throughout the year
- Maintenance schedules
- Minimum loading level of unit

- Normal operating level of unit
- Any must-run unit designations required for system reliability or contract reasons
- Approximate variable generating cost (\$/MWH) for redispatch computations;

(vi) Description of Eligible Customer's transmission system:

- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by TEP
- Operating restrictions needed for reliability
- Operating guides employed by system operators
- Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
- Location of Network Resources described in subsection (v) above
- 10 year projection of system expansions or upgrades
- Transmission System maps that include any proposed expansions or upgrades
- Thermal ratings of Eligible Customer's Control Area ties with other Control Areas;

(vii) Service Commencement Date and the term of the requested Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one year;

(viii) A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources listed pursuant to Section 29.2(v) satisfy the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation

where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) the Network

Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program; and

- (ix) Any additional information required of the Transmission Customer as specified in TEP's planning process established in Attachment K.

Unless the Parties agree to a different time frame, TEP must acknowledge the request within ten (10) days of receipt. The acknowledgment must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, TEP shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, TEP will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, TEP shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. TEP shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

29.3 Technical Arrangements to be Completed Prior to Commencement of Service: Network Integration Transmission Service shall not commence until TEP and the Network Customer, or a third party, have completed installation of all equipment specified under the Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the Transmission System. TEP shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.

29.4 Network Customer Facilities: The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and energy from TEP's Transmission System to the Network Customer. The Network Customer shall be solely responsible for constructing or installing all facilities on the Network Customer's side of each such delivery point or interconnection.

29.5 Filing of Service Agreement: TEP will file Service Agreements with the Commission in compliance with applicable Commission regulations.

Part III, Section 32, Addl Study Prcdrs For Network Intgrtn Trans Svc Requests, 6.0.0, A
Record Narrative Name: Part III Section 32 - Additional Study Procedures For Network Integration Transmission Service Requests
Tariff Record ID: 37
Tariff Record Collation Value: 12200000 Tariff Record Parent Identifier: 1
Proposed Date: 2016-12-05
Priority Order: 501
Record Change Type: CHANGE
Record Content Type: 1
Associated Filing Identifier:

32 Additional Study Procedures For Network Integration Transmission Service Requests

32.1 Notice of Need for System Impact Study: After receiving a request for service, TEP shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of TEP's methodology for completing a System Impact Study is provided in Attachment D. If TEP determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. In such cases, TEP shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse TEP for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to TEP within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its Application shall be deemed withdrawn.

32.2 System Impact Study Agreement and Cost Reimbursement:

- (i) The System Impact Study Agreement will clearly specify TEP's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, TEP shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.
- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for TEP to accommodate the service requests, the costs of that study shall be pro-rated among the Eligible Customers.
- (iii) For System Impact Studies that TEP conducts on its own behalf, TEP shall record the cost of the System Impact Studies pursuant to Section 8.

32.3 System Impact Study Procedures: Upon receipt of an executed System Impact Study Agreement, TEP will use due diligence to complete the required System

Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints, identified with specificity by transmission element or flowgate, (2) redispatch options (when requested by an Eligible Customer) including, to the extent possible, an estimate of the cost of redispatch, (3) available options for installation of automatic devices to curtail service (when requested by an Eligible Customer), and (4) additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. For customers requesting the study of redispatch options, the System Impact Study shall (1) identify all resources located within TEP's Control Area that can significantly contribute toward relieving the system constraint and (2) provide a measurement of each resource's impact on the system constraint. If TEP possesses information indicating that any resource outside its Control Area could relieve the constraint, it shall identify each such resource in the System Impact Study. In the event that TEP is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. TEP will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. TEP shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement, or the Application shall be deemed terminated and withdrawn.

32.4 Facilities Study Procedures: If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, and if the Eligible Customer is a SWRTA member, then TEP and the Eligible Customer shall follow the procedures for facilities studies set forth in Sections 4.3.6-4.3.11 of the SWRTA Bylaws. If the Eligible Customer is not a SWRTA member, then TEP, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse TEP for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to TEP within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application shall be deemed withdrawn. Upon receipt of an executed Facilities Study Agreement, TEP will use due diligence to complete the required Facilities Study within a sixty (60) day period. If TEP is unable to complete the Facilities Study in the allotted time period, TEP shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination along with

an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades, and (iii) the time required to complete such construction and initiate the requested service. The Eligible Customer shall provide TEP with a letter of credit or other reasonable form of security acceptable to TEP equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Eligible Customer shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn.

32.5 Penalties for Failure to Meet Study Deadlines: Section 19.9 defines penalties that apply for failure to meet the 60-day study completion due diligence deadlines for System Impact Studies and Facilities Studies under Part II of the Tariff. These same requirements and penalties apply to service under Part III of the Tariff.

Record Content Description, Tariff Record Title, Record Version Number, Option Code:

Attachment A, Form Of Service Agreement For Firm Point-to-Point Trans Svc, 6.0.0, A

Record Narrative Name: ATTACHMENT A - Form Of Service Agreement For Firm Point-to-Point Transmission Service

Tariff Record ID: 60

Tariff Record Collation Value: 19500000 Tariff Record Parent Identifier: 1

Proposed Date: 2016-12-05

Priority Order: 501

Record Change Type: CHANGE

Record Content Type: 1

Associated Filing Identifier:

ATTACHMENT A

Form Of Service Agreement For Firm Point-to-Point Transmission Service

- 1.0 This Service Agreement ("Agreement"), dated as of _____, is entered into, by and between Tucson Electric Power Company ("TEP"), an Arizona corporation, and _____ ("Transmission Customer").
- 2.0 The Transmission Customer has been determined by TEP to have a Completed Application for Firm Point-to-Point Transmission Service under TEP's Open Access Transmission Tariff ("Tariff").

If the Transmission Customer requests "umbrella" type service, this Agreement provides an "umbrella" agreement for short-term firm point-to-point transmission service in accordance with provisions in Part II of the Tariff.

Requests for specific short-term firm transmission service shall be evaluated on an individual basis upon the Transmission Customer providing TEP the information regarding each requested transaction as set forth in Sections 17.2(i) and 17.2(iii) - 17.2(vii) (inclusive) of the Tariff. Requests for specific Firm Point-to-Point Transmission Service transactions must be submitted on TEP's OASIS.

- 3.0 Service under this Agreement shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. With respect to requests for blanket authorization for Short-Term Firm Point-to-Point Transmission Service, the term of this Agreement shall be five (5) years from the date referenced in Section 1.0, at which time Transmission Customer must provide written notice to TEP that Transmission Customer would like to renew this Agreement for an additional five (5) year term. With respect to Long-Term Firm Point-to-Point Transmission Service, the term of this Agreement shall be mutually agreed to between the parties and included in the Specifications sheet attached hereto. Notwithstanding the foregoing, service under this Agreement shall terminate on such date as mutually agreed upon by the parties.
- 4.0 TEP agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-to-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Agreement.

5.0 Any notice or request made to or by either Party regarding this Agreement shall be made to the representative of the other Party as indicated below.

Tucson Electric Power Company:

P.O. Box 711
Mailstop SC212
Tucson, Arizona 85702
Attention: *Transmission Coordination*
Telephone: (520) 745-7193
Facsimile: (520) 770-6720
Email: transcoord@tep.com

Transmission Customer:

6.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized officials.

Tucson Electric Power Company:

By: _____

Name Title Date

Transmission Customer:

By: _____

Name Title Date

Specifications For Long-Term Firm Point-to-Point
Transmission Service

- 1.0 Term of Transaction: _____
Start Date: _____
Termination Date: _____
- 2.0 Description of capacity and energy to be transmitted by TEP including the electric Control Area in which the transaction originates.

- 3.0 Point(s) of Receipt: _____
Delivering Party _____
- 4.0 Point(s) of Delivery: _____
Receiving Party: _____
- 5.0 Maximum amount of capacity and energy to be transmitted (Reserved Capacity): _____

- 6.0 Designation of Party(ies) subject to reciprocal service obligation: _____

- 7.0 Name(s) of any Intervening Systems providing Transmission Service:

8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charge: _____

8.2 System Impact and/or Facilities Study Charge(s): _____

8.3 Direct Assignment Facilities Charge: _____

8.4 Ancillary Services Charges: _____

Record Content Description, Tariff Record Title, Record Version Number, Option Code:
Attachment A-1, Form Of Svc Agrmnt For Resale, Reassgnmnt, Transfer of PTP, 6.0.0, A
Record Narative Name: ATTACHMENT A-1 - Form Of Service Agreement For The Resale, Reassignment Or Transfer Of Point-To-Point Transmission Service
Tariff Record ID: 61
Tariff Record Collation Value: 19800000 Tariff Record Parent Identifier: 60
Proposed Date: 2016-12-05
Priority Order: 501
Record Change Type: CHANGE
Record Content Type: 1
Associated Filing Identifier:

ATTACHMENT A-1

Form Of Service Agreement For

The Resale, Reassignment Or Transfer Of Point-To-Point Transmission Service

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between _____ (the Transmission Provider), and _____ (the Assignee).
- 2.0 The Assignee has been determined by the Transmission Provider to be an Eligible Customer under the Tariff pursuant to which the transmission service rights to be transferred were originally obtained.
- 3.0 The terms and conditions for the transaction entered into under this Service Agreement shall be subject to the terms and conditions of Part II of the Transmission Provider's Tariff, except for those terms and conditions negotiated by the Reseller of the reassigned transmission capacity (pursuant to Section 23.1 of this Tariff) and the Assignee, to include: contract effective and termination dates, the amount of reassigned capacity or energy, point(s) of receipt and delivery. Changes by the Assignee to the Reseller's Points of Receipt and Points of Delivery will be subject to the provisions of Section 23.2 of this Tariff.
- 4.0 The Transmission Provider shall credit the Reseller for the price reflected in the Assignee's Service Agreement or the associated OASIS schedule.
- 5.0 With respect to requests for blanket authorization for Short-Term Firm Point-to-Point Transmission Service, the term of this Service Agreement shall be five (5) years from the date referenced in Section 1.0, at which time Transmission Customer must provide written notice to TEP that Transmission Customer would like to renew this Service Agreement for an additional five (5) year term. With respect to Long-Term Firm Point-to-Point Transmission Service, the term of this Service Agreement shall be mutually agreed to between the parties and included in the Specifications sheet attached hereto.
- 6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Assignee:

7.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By: _____
Name Title Date

Assignee:

By: _____
Name Title Date

Specifications For The Resale, Reassignment Or Transfer of
Long-Term Firm Point-To-Point Transmission Service

1.0 Term of Transaction: _____

Start Date: _____

Termination Date: _____

2.0 Description of capacity and energy to be transmitted by Transmission Provider including the electric Control Area in which the transaction originates.

3.0 Point(s) of Receipt: _____

Delivering Party: _____

4.0 Point(s) of Delivery: _____

Receiving Party: _____

5.0 Maximum amount of reassigned capacity: _____

6.0 Designation of party(ies) subject to reciprocal service obligation:

7.0 Name(s) of any Intervening Systems providing transmission service: _____

8.0

Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charge:

8.2 System Impact and/or Facilities Study Charge(s):

8.3 Direct Assignment Facilities Charge:

8.4 Ancillary Services Charges:

9.0 Name of Reseller of the reassigned transmission capacity:

Record Content Description, Tariff Record Title, Record Version Number, Option Code:
Attachment B, Form Of Service Agrmnt For Non-Firm Point-To-Point Trans Svc, 6.0.0, A
Record Narrative Name: ATTACHMENT B - Form Of Service Agreement For Non-Firm Point-To-Point Transmission Service
Tariff Record ID: 62
Tariff Record Collation Value: 20100000 Tariff Record Parent Identifier: 1
Proposed Date: 2016-12-05
Priority Order: 501
Record Change Type: CHANGE
Record Content Type: 1
Associated Filing Identifier:

ATTACHMENT B

Form Of Service Agreement For Non-Firm Point-To-Point Transmission Service

- 1.0 This Service Agreement (“Agreement”), dated as of _____, is entered into, by and between Tucson Electric Power Company (“TEP”), an Arizona corporation, and _____ (Transmission Customer).
- 2.0 The Transmission Customer has been determined by TEP to be a Transmission Customer under Part II of TEP’s Open Access Transmission Tariff (“Tariff”) and has filed a Completed Application for Non-Firm Point-To-Point Transmission Service in accordance with Section 18.2 of the Tariff.

If the Transmission Customer requests “umbrella” type service, this Agreement provides an “umbrella” agreement for non-firm point-to-point transmission service in accordance with provisions in Part II of the Tariff.

Requests for specific non-firm transmission service shall be evaluated on an individual basis upon the Transmission Customer providing TEP the information regarding each requested transaction as set forth in Sections 18.2(i) and 18.2(iii) - 18.2(vii) (inclusive) of the Tariff.
- 3.0 Service under this Agreement shall be provided by TEP upon request by an authorized representative of the Transmission Customer.
- 4.0 The Transmission Customer agrees to supply information TEP deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.
- 5.0 The term of this Agreement shall be five (5) years from the date referenced in Section 1.0, at which time Transmission Customer must provide written notice to TEP that Transmission Customer would like to renew this Agreement for an additional five (5) year term.
- 6.0 TEP agrees to provide and the Transmission Customer agrees to take and pay for Non-Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Agreement.
- 7.0 Any notice or request made to or by either Party regarding this Agreement shall be made to the representative of the other Party as indicated below.

Tucson Electric Power Company:

P.O. Box 711
Mailstop SC212
Tucson, Arizona 85702
Attention: *Transmission Coordination*

Telephone: (520) 745-7193
Facsimile: (520) 770-6720

Email: transoord@tep.com

Transmission Customer:

8.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized officials.

Tucson Electric Power Company:

By: _____

Name Title Date

Transmission Customer:

By: _____

Name Title Date

Record Content Description, Tariff Record Title, Record Version Number, Option Code:
Attachment F, Service Agreement For Network Integration Transmission Svc, 6.0.0, A
Record Narrative Name: ATTACHMENT F - Service Agreement For Network Integration Transmission Service
Tariff Record ID: 67
Tariff Record Collation Value: 22300000 Tariff Record Parent Identifier: 1
Proposed Date: 2016-12-05
Priority Order: 501
Record Change Type: CHANGE
Record Content Type: 1
Associated Filing Identifier:

ATTACHMENT F

Service Agreement For Network Integration Transmission Service

1.0 This Service Agreement (“NSA”), dated as of _____, is entered into by and between Tucson Electric Power Company (“TEP”), an Arizona corporation, and _____ (“Transmission Customer”).

2.0 Based upon its submitted Completed Application, _____ has been determined by TEP to be a Transmission Customer under Part III of TEP's Open Access Transmission Tariff ("Tariff").

3.0 The Transmission Customer has executed a Network Operating Agreement with TEP.

4.0 Service under this NSA shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this NSA shall terminate on such date as mutually agreed upon by the parties.

5.0 TEP agrees to provide and the Transmission Customer agrees to take and pay for Network Integration Transmission Service in accordance with the provisions of Part III of this Tariff, this NSA, and the Network Operating Agreement, as they may be amended from time to time. Initially the Transmission Customer makes the following designations:

5.1 Network Resources:

5.2 Network Loads:

5.3 Points of interconnection between the Transmission Customer's facilities and TEP's Transmission System:

5.4 The Transmission Customer's initial Load Ratio Share:

6.0 TEP agrees to provide and the Transmission Customer agrees to take and pay for other services as indicated below:

6.1 Scheduling, System Control and Dispatch Service:

6.2 Reactive Supply and Voltage Control from Generation Sources Service:

6.3 Regulation and Frequency Response Service:

YES _____ NO _____

6.4 Energy Imbalance Service:

YES _____ NO _____

6.5 Operating Reserves - Spinning Reserve Service:

YES _____ NO _____

6.6 Operating Reserve - Supplemental Reserve Service:

YES _____ NO _____

7.0 Any notice or request, other than requests to schedule specific transactions, made to or by either Party regarding this NSA shall be made to the representative of the other Party as indicated below:

Tucson Electric Power Company:

Tucson Electric Power Company

P. O. Box 711

Tucson, Arizona 85702

Attn: *Transmission Coordination*

Telephone: (520) 745-7193

Facsimile: (520) 770-6720

Email: transcoord@tep.com

Transmission Customer:

8.0 This Tariff is incorporated herein and made a part hereof and all initially capitalized terms shall have the meanings ascribed to them in the Tariff. The terms and conditions set forth in Part I, Common Service Provisions and Part III, Network Integration Transmission Service, of the Tariff are incorporated into this NSA and shall govern the services provided under this NSA.

9.0 Payments for Network Integration Transmission Service provided to the Transmission Customer by TEP under this NSA shall be sent to the name and address indicated on the bill provided to the Transmission Customer.

IN WITNESS WHEREOF, the Parties have caused this NSA to be executed by their respective authorized officials.

Tucson Electric Power Company:

By: _____

Name

Title

Date

Transmission Customer:

By: _____

Name

Title

Date

Record Content Description, Tariff Record Title, Record Version Number, Option Code:

Attachment L, Creditworthiness Procedures, 6.0.0, A

Record Narrative Name: ATTACHMENT L - CREDITWORTHINESS PROCEDURES

Tariff Record ID: 80

Tariff Record Collation Value: 28500000 Tariff Record Parent Identifier: 1

Proposed Date: 2016-12-05

Priority Order: 501

Record Change Type: CHANGE

Record Content Type: 1

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ATTACHMENT L

CREDITWORTHINESS PROCEDURES

Purpose

The purpose of these Creditworthiness Procedures is to establish credit review standards for entities (“Transmission Customers”) who request transmission service from Tucson Electric Power Company (“TEP”, “the Company” or “Transmission Provider”) under the Tucson Electric Power Company’s Open Access Transmission Tariff (“OATT”). This policy is designed to mitigate Transmission Provider’s risk of non-payment or late payment by Transmission Customers and defines the procedures used by TEP to evaluate and address credit risk. TEP reserves the right to modify this policy at any time, subject to acceptance of such modifications by the FERC (to the extent necessary).

1.1 Credit Review:

A Transmission Credit Limit will be established for each Transmission Customer pursuant to Section 1.2. For the purpose of determining the creditworthiness of a Transmission Customer, the Transmission Provider will conduct a credit review to evaluate the Transmission Customer’s ability to meet the creditworthiness standard set out in Section 1.3 of this document. A credit review will be conducted at the time that a new Transmission Customer submits a Completed Application or an existing Transmission Customer seeks to increase its established Transmission Credit Limit. In addition, the Transmission Provider may perform credit reviews on a periodic basis to ensure continuing compliance.

1.2 Transmission Credit Limit:

- (i) A Transmission Credit Limit will be established for each Transmission Customer based on a reasonable estimate of creditworthiness pursuant to Section 1.3 and the maximum amount of exposure the Transmission Provider expects from the Transmission Customer during the term of its Service Agreement, up to an amount equal to the estimated amount of transmission service the Transmission Customer may use over any five consecutive month period.
- (ii) A Transmission Customer may seek to establish a new Transmission Credit Limit based on a change in circumstances regarding the estimated maximum amount of transmission service that the Transmission Customer expects, up to an amount equal to the estimated amount of transmission service the Transmission Customer may use over any five consecutive month period, as long as it meets the creditworthiness standard set forth in Section 1.3.

1.3 Creditworthiness Standard:

In order for the Transmission Provider to extend an unsecured line of credit to the Transmission Customer, the Transmission Customer must meet the following standards:

- (i) The Transmission Customer is not in default of its payment obligations, if any,

under Part I, Section 7.3 of the Tariff; and

- (ii) The Transmission Customer meets one of the following four criteria:
- a. The Transmission Customer has been in business at least one year and has a credit rating on senior unsecured debt of at least Baa3 (Moody's) or BBB- (Standard & Poors) where, if rated by both agencies, the lower of the two ratings controls (*see* Appendix A for credit rating scales); or
 - b. The Transmission Customer is a borrower from the Rural Utilities Service ("RUS") and demonstrates to the Transmission Provider that it is maintaining the times interest earned ratio and debt service coverage ratio as established in the Transmission Customer's RUS Mortgage (or if not specified in the Mortgage, has a times interest earned ratio of 1.10x or better and a debt service coverage ratio of 1.10x or better in the most recent calendar year); or
 - c. The Transmission Customer is found by Transmission Provider to have a strong enough credit profile based on a review of the following:
 1. Length of time the Transmission Customer has been in business;
 2. Current audited annual financial statements, including notes to the financial statements, and Management's Discussion and Analysis (if available) (and current quarterly financial statements if available) conforming to generally accepted accounting principles (GAAP);
 3. Information the Transmission Provider may reasonably request from the Transmission Customer possibly including, but not limited to, the following: Transmission Customer's business history; a description of the nature of Transmission Customer's organization and operating environment; and the state and local regulatory environment in which the Transmission Customer operates; and
 4. Any publically available information.
 - d. The Transmission Customer's parent company meets the criteria set out in (i) and (ii)(a), (b), or (c) above, and the parent company provides a written guarantee (in a form acceptable to the Transmission Provider), that the parent company will be unconditionally responsible for all financial obligations associated with the Transmission Customer's receipt of transmission service.
- (iii) If a Transmission Customer is determined not to be worthy of an unsecured line of credit, the Transmission Provider will inform the Transmission Customer of the reasons for that determination and the Transmission Customer may dispute this

finding pursuant to Section 1.6.

1.4 Security Requirements:

A Transmission Customer that does not meet (i) and one of (ii) a-d of the creditworthiness standards set out in Section 1.3 above shall comply with the following to be approved for transmission service:

- (i) Not less than five days prior to the commencement of service and until the Transmission Customer's final obligation is settled, the Transmission Customer or its parent company shall provide in a form acceptable to the Transmission Provider, an unconditional and irrevocable letter of credit issued by a domestic financial institution (or domestic branch of a foreign bank) rated at least A- by S&P or A3 by Moody's (for senior unsecured debt) with greater than \$10 billion in assets, or an alternative form of security acceptable to the Transmission Provider, in an amount equal to the maximum amount of exposure the Transmission Provider expects from the Transmission Customer during the duration of its Service Agreement, up to an amount equal to the estimated amount of transmission service the Transmission Customer may use over any five consecutive month period.

1.5 Changes in Creditworthiness Status:

At any time during the duration of the Service Agreement, the Transmission Customer must disclose to the Transmission Provider material adverse changes to their financial status, and the Transmission Customer must disclose when it (or the parent company in cases of a parental guarantee) does not meet the Creditworthiness Standard established in Section 1.3 (i) or (ii) (a) or (b) above within five business days of the occurrence of such a change.

- (i) If a Transmission Customer that originally meets the creditworthiness standard of Section 1.3 subsequently fails to meet those requirements at any time after it submits a Completed Application but before the termination of service, it shall comply with the requirements of Section 1.4 within 30 days of notification by the Transmission Provider.
- (ii) If requested by the Transmission Customer, the Transmission Provider, within three business days, must provide a written explanation detailing the justification for a change in the Transmission Customer's creditworthiness status.

1.6 Procedures for Contesting Determination of Creditworthiness Status:

Within 5 business days of receiving notice of the need for security, or if a finding is made that the Transmission Customer does not satisfy the creditworthiness standard of Section 1.3, a Transmission Customer may, in good faith, contest this determination by providing additional information addressing the Transmission Provider's concerns. If after reviewing the additional information submitted by the Transmission Customer, the Transmission Provider continues to require security and the Transmission Customer contests this determination, the Transmission Customer must provide the required

security and the matter shall be referred to dispute resolution pursuant to Section 12 of the Tariff.

Appendix A

The following table shows the credit rating scales of the major rating agencies.

Credit Rating Scales*	S&P	Moody's
Investment Grade	AAA	Aaa
	AA+	Aa1
	AA	Aa2
	AA-	Aa3
	A+	A1
	A	A2
	A-	A3
	BBB+	Baa1
	BBB	Baa2
	BBB-	Baa3
Below Investment Grade	BB+	Ba1
	BB	Ba2
	BB-	Ba3
	etc	etc

* For purposes of establishing a Transmission Credit Limit, the rating referenced will be the rating for senior unsecured obligations (or the overall issuer rating if senior unsecured rating is not available), rather than that assigned to secured indebtedness. Debt ratings based on the acquisition by the issuer of insurance on the underlying debt shall not be considered as reflective of the creditworthiness of the issuer.

Internal Risk Ratings will be developed by the Tucson Electric Power Company Credit Risk Management group based on an entity's audited financial statements and other available relevant information. Factors likely to have an impact on the Internal Risk Rating assigned to a customer include the following:

- Strength of balance sheet, as indicated by degree of financial leverage, interest coverage ratios, etc.;
- Strength of earnings and cash flow indicators;
- Market structure within which the entity operates, and its competitive positioning within that structure;
- Impact of regulation, including overall regulatory environment;

- Ability to establish and/or maintain adequate levels of customer rates;
- Overall size of entity relative to expected credit requirements;
- Adequacy of access to capital given capital expenditure requirements and/or other financing needs (including debt refunding);
- Volatility of earnings, cash flow, interest, and overall performance;
- Degree of exposure to adverse business, financial, or economic conditions;
- Susceptibility to business concentration risk; and
- Indications of potential bankruptcy, payment default, or other signs of financial distress.

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