

ORIGINAL

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

2018 APR -9 P 4: 28

E-04204A-18-0087

COMMISSIONERS

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BOB BURNS
ANDY TOBIN
BOYD W. DUNN
JUSTIN OLSON

Arizona Corporation Commission

DOCKETED

APR 09 2018

DOCKETED BY

DOCKET NO. E-04204A-18-_____

IN THE MATTER OF THE APPLICATION
OF UNS ELECTRIC, INC. FOR APPROVAL
OF REVISED UNSE QUALIFIED
FACILITIES TARIFFS QF-A, QF-B AND
QF-C.

APPLICATION

UNS Electric, Inc. ("UNS Electric" or "Company"), through undersigned counsel, hereby submits this application requesting approval of revisions to the Company's qualifying facilities ("QF") tariffs. The QF tariffs are titled as follows:

- (i) Rates for Power and Energy Transactions With Qualifying Facilities That Receive Full Requirements 100 kW or Less ("QF-A");
- (ii) Rates for Power and Energy Transactions With Qualifying Facilities That Receive Partial Requirements 100 kW or Less ("QF-B"); and
- (iii) Rates for Power and Energy Transactions With Qualifying Facilities That Receive Optional Service Over 100 kW ("QF-C").

QF-A, QF-B, and QF-C (collectively the "QF Tariffs") currently provide the charges and purchase rates applicable to those customers with QFs, as defined under 18 CFR, Chapter I, Part 292, Subpart B of the Federal Energy Regulatory Commission regulations ("PURPA"). The Company is proposing modifications to the QF Tariffs that would:

- i. Clearly set forth the avoided cost rates that the Company will pay to a QF provider for

1 purchased energy and/or firm capacity, as applicable, as required under PURPA and
2 Commission Decision No. 52345 (July 27, 1981); and

- 3 ii. Set a limitation of two years on the term of a QF contract to ensure that the Company's
4 customers pay appropriate rates for QF purchases.

5 The revised QF Tariffs are provided as **Exhibit A**, with a redlined copy of each provided as **Exhibit B**
6 for the Commission's convenience.

7 UNS Electric's proposed revisions arise from its experiences with its potential QF customers.
8 The Company believes it is necessary to revise its QF Tariffs to resolve potential confusion under the
9 current form, to clearly state the terms for paying avoided cost rates to QFs and to be better able to
10 respond to evolving wholesale and renewable energy markets.

11 **A. Clarification of Avoided Cost Rates to be paid to QFs.¹**

12 UNS Electric is requesting to clarify the rates the Company pays for energy and firm capacity
13 (as applicable) purchased from QFs, including the timing of when the rates will be updated. The
14 proposed QF Tariffs set forth the avoided cost rates and provides that the rates will be updated every
15 two years.

16 This request to clarify the avoided cost rates paid to QFs arises out of the significant changes
17 that are underway within the wholesale power markets. As the Commission is aware, avoided
18 generation costs are at historical lows at certain times (both seasonally and daily) due to the high
19 penetration of solar resources within the Desert Southwest region and the abundance of low priced
20 natural gas from low cost shale gas production. In fact, negative avoided costs are already experienced
21 during some hours of the day and are occurring on a regular basis throughout certain times of the year.
22 As more renewable resources are deployed, the frequency of such negative avoided costs may increase.

23 UNS Electric's proposed revisions to its avoided cost rate in the QF Tariffs are consistent with
24

25 ¹ UNS Electric's sister company, Tucson Electric Power Company ("TEP"), filed a similar request regarding its
partial requirement service and QF tariffs in Docket No. E-01933A-17-0360 (December 5, 2017).

1 Decision No. 52345 wherein the Commission concluded that avoided cost was subject to change
2 because of variations in fuel and purchased power:

3 Rate and other contract provisions covering sales to and purchases from QF's, including
4 rates for supplementary, back-up, interruptible and maintenance power, shall be subject
5 to changes from time to time as filed with and prescribed by the Arizona Corporation
6 Commission. *Adjustments to the purchase rates may be permitted as often as quarterly
7 to reflect variations in fuel and purchased power costs.*²

8 The proposed revisions are in the public interest as they are designed to provide clarity and more
9 frequent updates to the avoided cost rates, thereby ensuring that the Company's customers pay current,
10 market-based prices for purchased power from QFs.

11 **B. Adoption of a Two-Year Term for QF Contracts.**

12 Presently, the QF Tariffs are silent regarding a particular length of term for a QF purchase
13 contract. As noted above, UNS Electric believes that it is critical to be able to react to and manage
14 evolving wholesale market conditions. Although UNS Electric is obligated under PURPA to purchase
15 energy from QFs at an avoided cost rate, UNS Electric is concerned about locking in a particular
16 avoided cost rate for a long period of time. Given the changes in the wholesale market, the avoided
17 cost rate is likely to change over a longer period of time. The Company wants to ensure that its
18 customers are paying just and reasonable rates – not potentially overpaying (or underpaying) for QF
19 energy. Therefore, UNS Electric has included a two-year limitation on QF contracts. At the end of the
20 two-year period, UNS Electric will still have an obligation to purchase QF power, but the new contract
21 would reflect an updated avoided cost rate for a new two-year period.

22 PURPA does not provide for a particular contract length for QF contracts; rather the states have
23 the authority to specify the appropriate term of a QF contract. UNS Electric submits that a two-year
24 term for QF contracts is appropriate and is also consistent with the Commission's decision to allow for
25 the resetting of the avoided cost rate paid to QFs as often as quarterly – a recognition that utilities should

² Decision No. 52345 at 9: 15-21 (emphasis added).

1 not be required to lock in avoided cost rates to be paid to QFs for a significant length of time.³ Other
2 state public utility commissions have limited the term of a QF contract to two years.⁴ UNS Electric
3 requests that this Commission do the same.⁵

4 WHEREFORE, UNS Electric respectfully requests the Commission approve the revisions to
5 QF-A, QF-B and QF-C as set forth in this Application. UNS Electric further hereby waives any
6 requirement that the Commission take action on the Application within a thirty-day period as referenced
7 in A.R.S. § 40-367 as may be deemed applicable.

8 RESPECTFULLY SUBMITTED this 9th day of April 2018.

9 UNS ELECTRIC, INC.

10 By Megan DeCorse

11 Bradley S. Carroll
12 Megan J. DeCorse
13 Tucson Electric Power Company
14 88 East Broadway, MS HQE910
15 P.O. Box 711
16 Tucson, Arizona 85702

17 and

18
19 ³ TEP raised these same issues in its December 2017 tariff filing. Arizona Public Service Company also has
20 raised similar public policy concerns and has a pending application seeking similar relief. See Docket No. E-
01345A-16-0272.

21 ⁴ See *In the Matter of Idaho Power Company, et al.*, 2015 WL 6958997 (Idaho P.U.C.)

22 ⁵ Long term QF contracts also may create potential issues given recent developments regarding PURPA. PURPA
23 was enacted initially in 1978. However, it appears that both Congress and FERC are considering modernization
24 of PURPA and related regulations to address changed and current circumstances. A bill, H.R. 4476, was recently
25 introduced in Congress to "modernize the Public Utility Regulatory Policy Act of 1978, and for other purposes."
See <https://www.congress.gov/115/bills/hr4476/BILLS-115hr4476ih.pdf>. FERC also has expressed a
willingness to address PURPA reform, noting that "The energy landscape that existed today when PURPA was
conceived was fundamentally different that it is today . . ." See
<https://elibrary.ferc.gov/idmws/common/downloadOpen.asp?downloadfile=20171201%2D0011%2832557664%29%2Epdf&folder=12195885&fileid=14769638&trial=1>.

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Attorneys for UNS Electric, Inc.

Original and 13 copies of the foregoing
filed this 9th day of April, 2018, with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Copies of the foregoing hand-delivered
this 9th day of April, 2018, to:

Elijah Abinah, Director
Utilities Division
Arizona Corporation Commission
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Phoenix, Arizona 85007

Andy Kvesic, Director/Chief-Counsel
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Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Jane Rodda, Chief Administrative Law Judge
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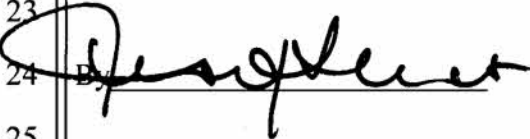


EXHIBIT A



Rates for Power and Energy Transactions With Qualifying Facilities That Receive Full Requirements 100 kW or Less (QF-A)

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises. For Customers with Qualifying Facilities ("QF") which take service from the Company.

APPLICABILITY

To QF Customers who require 100 kW or less operating in the Buy/Sell Mode for full requirements. To take service under QF-A, the customer must take service under a standard offer rate option with a demand charge. The QF Purchase Rates in this tariff rider are available for the purchase of Energy by the Company from a QF Customer.

CHARACTER OF SERVICE

Electric sales to or from the Company must be single or three phase, 60 Hertz, at a standard voltage subject to availability at the premises. The QF Customers have the option to sell energy to the Company at a voltage level different from that for purchases from the Company, however, such QF Customers are responsible for all costs incurred to accommodate such an arrangement.

DEFINITIONS

1. QF Customer(s) - A Customer with a Qualifying Facility subject to the rates, terms and conditions of this tariff rider.
2. Qualifying Facility(ies) ("QF") - Cogeneration and small power production facilities where the facility's generator(s) and load are located at the same premises and that otherwise meet the requirements under 18 C.F.R., Chapter I, Part 292, Subpart B of Federal Energy Regulatory Commission regulations and the requirements for qualifying status pursuant to the Arizona Corporation Commission's Decision No. 52345 ("Decision No. 52345").
3. Buy/Sell Mode of Operation - The QF's total generation output is delivered to the Company and the QF's full requirements for service are provided by the Company or no electric requirements are required by the QF.
4. Full Requirements Service - Any instance whereby the Company provides all the electric requirements of a QF.
5. Energy - Electric energy which is supplied by the QF and/or Company.
6. Firm Capacity - Capacity available, upon demand, at all times (except for forced outages and scheduled maintenance) during the term covered by the contract with the QF that has an availability factor of at least 80%, as defined by the North American Electric Reliability Corporation.
7. Net Energy - The total kilowatt hours (kWh) sold to the QF by the company less the total kWhs purchased by the Company from the QF.
8. Supplemental Power - Electric capacity and energy supplied by the Company used by the QF Customer in addition to that which the facility generates itself.
9. Stand-by Power - Electric capacity and energy supplied by the Company to replace energy ordinarily generated by a facility's own generation equipment during an unscheduled outage of the facility.
10. Maintenance Power - Electric capacity and energy supplied by the Company during scheduled outages of the QF.
11. QF Purchase Rates - The rates at which the Company may purchase Energy from a QF in accordance with this tariff rider.

Filed By:
Title: Vice President of Rates and Planning
District: Entire Electric Service Area

Rate: QF-A
Effective: Pending
Decision No.: Pending



UNS Electric, Inc.

First Revised Original Sheet No.: 804
Superseding Original Sheet No.: 804

12. Commission – Arizona Corporation Commission which has jurisdiction over this Company.

Filed By:
Title: Vice President of Rates and Planning
District: Entire Electric Service Area

Rate: QF-A
Effective: Pending
Decision No.: Pending



UNS Electric, Inc.

First Revised Original Sheet No.: 804-1
Superseding Original Sheet No.: 804-1

Net Bill method:

The kWhs sold to the Company shall be subtracted from the kWhs purchased from the Company. If the calculation is positive, the Net Energy kWhs received from the Company will be priced at the applicable Electric Rate under which the QF would otherwise purchase its full requirements service. If the calculation is negative, the Net Energy kWhs delivered to the Company will be priced at the purchase rate shown below.

RATES FOR SALES TO QF Customers

The rates and billings for sales of energy and capacity to the QF shall be billed pursuant to the Customer's standard offer tariff otherwise applicable under full requirements service.

QF PURCHASE RATES

The Company shall only be obligated to purchase Energy from a QF Customer. Such purchases shall be at the rates, terms and conditions set forth below. The QF Purchase Rates will be updated and filed for Commission approval not less than every two years.

Basic Service charges shall be billed pursuant to the QF Customer's standard offer tariff otherwise applicable under full requirements of service.

The summer season is for the May through September billing cycles, and the winter season is for the October through April billing cycles. The Summer On-Peak period is 2:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The Winter On-Peak periods are 6:00 a.m. - 10:00 a.m. and 5:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak. Mountain Standard Time shall be used in the application of this tariff rider. The export energy will be acquired by the Company based the interconnection voltage and on the rates below for summer and winter seasons.

To the extent a QF Customer may be able to provide Firm Capacity, the rates, terms and conditions for the purchase of such Firm Capacity will be addressed in the contract between the QF Customer and the Company and filed with the Commission. For those QFs 100kW or less and which are capable of delivering Firm Capacity, a provision shall be included in any such contract for payment of a reasonable credit of not less than 10% of the standard rate. An additional capacity credit shall be included when capacity deferrals, if any, could justify such credit.

A. RATES FOR PURCHASES FROM RENEWABLE QFs

Rates for Energy purchased from QF Customers with renewable QFs shall be priced at short-run avoided costs based on the Company's avoided cost forecast and the applicable renewable technology generation profile.

Distribution Voltage Interconnection	Summer	Winter	Calendar Year 2018
Fixed Tilt Solar	2.933	2.452	Cents Per kWh
Single Axis Solar	3.030	2.492	Cents Per kWh

High Voltage Interconnection	Summer	Winter	Calendar Year 2018
Fixed Tilt Solar	2.905	2.428	Cents Per kWh
Single Axis Solar	3.001	2.468	Cents Per kWh

B. RATES FOR PURCHASES FROM COGENERATION QFs

Rates for Energy purchased from QF Customers with a cogeneration QF shall be priced at short-run avoided costs based on the Company's avoided cost forecast and priced by the applicable time of use rate.

Filed By:
Title: Vice President of Rates and Planning
District: Entire Electric Service Area

Rate: QF-A
Effective: Pending
Decision No.: Pending



UNS Electric, Inc.

First Revised Original Sheet No.: 804-2
Superseding Original Sheet No.: 804-2

Cogeneration QF Energy Rates:

Distribution Voltage Interconnection	Summer	Winter	
On-Peak	2.955	2.313	Cents Per kWh
Off-Peak	2.211	2.156	Cents Per kWh

High Voltage Interconnection	Summer	Winter	
On-Peak	2.926	2.291	Cents Per kWh
Off-Peak	2.189	2.135	Cents Per kWh

ADJUSTMENTS

All other charges specified in the applicable tariff apply for all Energy purchased from the Company by the QF Customer.

Purchased Power Fuel Adjuster Clause ("PPFAC") for QF Customers is a per kWh monthly adjustment in accordance with the PPFAC Rider No. 1. The PPFAC reflects increases or decreases in the cost to the Company of energy either generated or purchased above or below the base cost per kWh sold. See Rider-1 for current rate.

CONTRACT PERIOD

As provided for in the contract, as applicable, which shall not exceed two years.

TERMS AND CONDITIONS

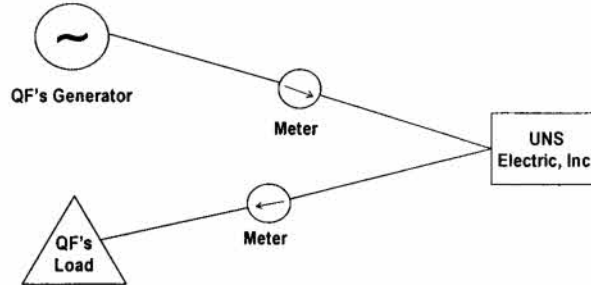
A Customer that desires to install a generator may do so under the applicable conditions of the tariff rider herein. The Company requires a written contract for QF Customers that shall be filed for Commission approval in accordance with Decision No. 52345. In addition to the requirements of any applicable contract, the conditions will include a delayed payment charge as stated in the general rules and regulations will be applied to account balances carried forward from prior billings.

Filed By:
Title: Vice President of Rates and Planning
District: Entire Electric Service Area

Rate: QF-A
Effective: Pending
Decision No.: Pending

METER CONFIGURATION

As provided for in the applicable contract. If not otherwise provided for in the applicable contract then as follows:



UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rate.

Filed By:
Title: Vice President of Rates and Planning
District: Entire Electric Service Area

Rate: QF-A
Effective: Pending
Decision No.: Pending



UNS Electric, Inc.

First Revised Original Sheet No.: 805
Superseding Original Sheet No.: 805

Rates for Power and Energy Transactions With Qualifying Facilities That Receive Partial Requirements 100 kW or Less (QF-B)

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises. For Customers with Qualifying Facilities ("QF") which take service from the Company.

APPLICABILITY

To QF Customers who require 100 kW or less operating in the Partial Requirements Mode for partial requirements, supplemental power, stand-by power, interruptible service and/or maintenance power service. To take service under QF-B, the customer must take service under a standard offer rate option with a demand charge. The QF Purchase Rates in this tariff rider are available for the purchase of Energy by the Company from a QF Customer.

CHARACTER OF SERVICE

Electric sales to or from the Company must be single or three phase, 60 Hertz, at a standard voltage subject to availability at the premises. The QF Customers have the option to sell energy to the Company at a voltage level different from that for purchases from the Company, however, such QF Customers are responsible for all costs incurred to accommodate such an arrangement.

DEFINITIONS

1. QF Customer(s) - A Customer with a Qualifying Facility subject to the rates, terms and conditions of this tariff rider.
2. Qualifying Facility(ies) ("QF") - Cogeneration and small power production facilities where the facility's generator(s) and load are located at the same premises and that otherwise meet the requirements under 18 C.F.R., Chapter I, Part 292, Subpart B of Federal Energy Regulatory Commission regulations and the requirements for qualifying status pursuant to the Arizona Corporation Commission's Decision No. 52345 ("Decision No. 52345").
3. Partial Requirements Mode of Operation - The Company supplies the Customer's electric requirements not met by the Customer's own QF, as applicable. A Customer's QF generation output may first go to supply the QF Customer's own electric requirements with any excess energy (over and above its own requirements) then being sold to the Company. This also may be referred to as the "parallel mode" of operation.
4. Energy - Electric energy which is supplied by the QF and/or Company.
5. Firm Capacity - Capacity available, upon demand, at all times (except for forced outages and scheduled maintenance) during the term covered by the contract with the QF that has an availability factor of at least 80%, as defined by the North American Electric Reliability Corporation.
6. Supplemental Power - Electric capacity and energy supplied by the Company used by the QF Customer in addition to that which the facility generates itself.
7. Stand-by Power - Electric capacity and energy supplied by the Company to replace energy ordinarily generated by a facility's own generation equipment during an unscheduled outage of the facility.
8. Maintenance Power - Electric capacity and energy supplied by the Company during scheduled outages of the QF.
9. QF Purchase Rates - The rates at which the Company may purchase Energy from a QF in accordance with this tariff rider.
10. Commission - Arizona Corporation Commission which has jurisdiction over this Company.

Filed By:
Title: Vice President of Rates and Planning
District: Entire Electric Service Area

Rate: QF-B
Effective: Pending
Decision No.: Pending



UNS Electric, Inc.

First Revised Original Sheet No.: 805-1
Superseding Original Sheet No.: 805-1

RATES FOR SALES TO QF Customers

The rates and billings for sales of energy and capacity to the QF shall be billed pursuant to the Customer's standard offer tariff. Otherwise applicable under full requirements service, except the highest demand metered during the preceding twenty-three (23) months will be applied instead of the eleven months specified in the full requirements tariffs.

QF PURCHASE RATES

The Company shall only be obligated to purchase Energy from a QF Customer. Such purchases shall be at the rates, terms and conditions set forth below. The QF Purchase Rates will be updated and filed for Commission approval not less than every two years.

Basic Service charges shall be billed pursuant to the QF Customer's standard offer tariff otherwise applicable under full requirements of service.

The summer season is for the May through September billing cycles, and the winter season is for the October through April billing cycles. The Summer On-Peak period is 2:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The Winter On-Peak periods are 6:00 a.m. - 10:00 a.m. and 5:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak. Mountain Standard Time shall be used in the application of this tariff rider. The export energy will be acquired by the Company based the interconnection voltage and on the rates below for summer and winter seasons.

To the extent a QF Customer may be able to provide Firm Capacity, the rates, terms and conditions for the purchase of such Firm Capacity will be addressed in the contract between the QF Customer and the Company and filed with the Commission. For those QFs 100kW or less and which are capable of delivering Firm Capacity, a provision shall be included in any such contract for payment of a reasonable credit of not less than 10% of the standard rate. An additional capacity credit shall be included when capacity deferrals, if any, could justify such credit.

A. RATES FOR PURCHASES FROM RENEWABLE QFs

Rates for Energy purchased from QF Customers with renewable QFs shall be priced at short-run avoided costs based on the Company's avoided cost forecast and the applicable renewable technology generation profile.

Distribution Voltage Interconnection	Summer	Winter	Calendar Year 2018
Fixed Tilt Solar	2.933	2.452	Cents Per kWh
Single Axis Solar	3.030	2.492	Cents Per kWh

High Voltage Interconnection	Summer	Winter	Calendar Year 2018
Fixed Tilt Solar	2.905	2.428	Cents Per kWh
Single Axis Solar	3.001	2.468	Cents Per kWh

B. RATES FOR PURCHASES FROM COGENERATION QFs

Rates for Energy purchased from QF Customers with a cogeneration QF shall be priced at short-run avoided costs based on the Company's avoided cost forecast and priced by the applicable time of use rate.

Filed By:
Title: Vice President of Rates and Planning
District: Entire Electric Service Area

Rate: QF-B
Effective: Pending
Decision No.: Pending

Cogeneration QF Energy Rates:

Distribution Voltage Interconnection	Summer	Winter	
On-Peak	2.955	2.313	Cents Per kWh
Off-Peak	2.211	2.156	Cents Per kWh

High Voltage Interconnection	Summer	Winter	
On-Peak	2.926	2.291	Cents Per kWh
Off-Peak	2.189	2.135	Cents Per kWh

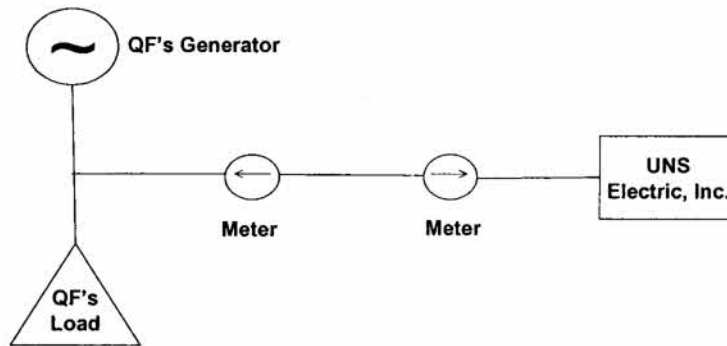
ADJUSTMENTS

All other charges specified in the applicable tariff apply for all Energy purchased from the Company by the QF Customer.

Purchased Power Fuel Adjuster Clause ("PPFAC") for QF Customers is a per kWh monthly adjustment in accordance with the PPFAC Rider No. 1. The PPFAC reflects any increases or decreases in the cost to the Company of energy either generated or purchased above or below the base cost per kWh sold. See Rider-1 for current rate.

METER CONFIGURATION

As provided for in the applicable contract. If not otherwise provided for in the applicable contract then as follows:



CONTRACT PERIOD

As provided for in the contract, as applicable, which shall not exceed two years..

TERMS AND CONDITIONS

A Customer that desires to install a generator may do so under the applicable conditions of the tariff rider herein. The Company requires a written contract for QF Customers. For QF Customers with a QF that is over 100kW, such contract shall be filed for Commission approval in accordance with Decision No. 52345. In addition to the requirements of any applicable contract, these conditions include a delayed payment charge as stated in the general rules and regulations will be applied to account balances carried forward from prior billings.

Filed By:
 Title: Vice President of Rates and Planning
 District: Entire Electric Service Area

Rate: QF-B
 Effective: Pending
 Decision No.: Pending



UNS Electric, Inc.

First Revised Original Sheet No.: 805-3
Superseding Original Sheet No.: 805-3

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rate.

Filed By:
Title: Vice President of Rates and Planning
District: Entire Electric Service Area

Rate: QF-B
Effective: Pending
Decision No.: Pending



UNS Electric, Inc.

First Revised Original Sheet No.: 806
Superseding Original Sheet No.: 806

Rates for Power and Energy Transactions With Qualifying Facilities That Receive Optional Service Over 100 kW (QF-C)

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises. For Customers with Qualifying Facilities ("QF") which take service from the Company.

APPLICABILITY

To QF Customers who require over 100 kW operating in the Partial Requirements Mode for partial requirements, supplemental power, stand-by power, interruptible service and/or maintenance power service. The QF Purchase Rates in this tariff rider are available for the purchase of Energy by the Company from a QF Customer.

CHARACTER OF SERVICE

Electric sales to or from the Company must be single or three phase, 60 Hertz, at a standard voltage subject to availability at the premises. The QF Customers have the option to sell energy to the Company at a voltage level different from that for purchases from the Company, however, such QF Customers are responsible for all costs incurred to accommodate such an arrangement.

DEFINITIONS

1. QF Customer(s) – A Customer with a Qualifying Facility subject to the rates, terms and conditions of this tariff rider.
2. Qualifying Facility(ies) ("QF") – Cogeneration and small power production facilities where the facility's generator(s) and load are located at the same premise and that otherwise meet the requirements under 18 C.F.R., Chapter I, Part 292, Subpart B of Federal Energy Regulatory Commission regulations and the requirements for qualifying status pursuant to the Arizona Corporation Commission's Decision No. 52345 ("Decision No. 52345").
3. Partial Requirements Mode of Operation – The Company supplies the Customer's electric requirements not met by the Customer's own QF, as applicable. A Customer's QF generation output may first go to supply the QF Customer's own electric requirements with any excess energy (over and above its own requirements) then being sold to the Company. This also may be referred to as the "parallel mode" of operation.
4. Energy - Electric energy which is supplied by the QF and/or Company.
5. Firm Capacity - Capacity available, upon demand, at all times (except for forced outages and scheduled maintenance) during the term covered by the contract with the QF that has an availability factor of at least 80%, as defined by the North American Electric Reliability Corporation.
6. Supplemental Power - Electric capacity and energy supplied by the Company used by the QF Customer in addition to that which the facility generates itself.
7. Stand-by Power - Electric capacity and energy supplied by the Company to replace energy ordinarily generated by a facility's own generation equipment during an unscheduled outage of the facility.
8. Maintenance Power - Electric capacity and energy supplied by the Company during scheduled outages of the QF.
9. QF Purchase Rates - The rates at which the Company may purchase Energy from a QF in accordance with this tariff rider.
10. Commission – Arizona Corporation Commission which has jurisdiction over this Company.

Filed By:
Title: Vice President of Rates and Planning
District: Entire Electric Service Area

Rate: QF-C
Effective: Pending
Decision No.: Pending



UNS Electric, Inc.

First Revised Original Sheet No.: 806-1
Superseding Original Sheet No.: 806-1

RATES FOR SALES TO QF CUSTOMERS

Supplemental Service:

- A. Service Charge - The service charge shall be the basic service charge using the otherwise applicable retail Rate.
- B. Energy Charge - The energy charge shall be the energy charge using the otherwise applicable retail Rate.
- C. Demand Charge - The demand charge shall be the demand charge using the otherwise applicable retail Rate and it shall apply only to supplemental power and not to total requirements, except the highest demand metered during the preceding twenty-three (23) months will be applied instead of the eleven months specified in the full requirements tariffs.

Standby Service:

- A. Service Charge - The service charge shall be the basic service charge using the otherwise applicable retail Rate.
- B. Energy Charge - The energy charge is \$0.0538 per kWh per month.
- C. Demand Charge - The demand charge shall be the product of \$25.92 per kW per month and the probability (*) that the QF has an unscheduled outage at the time of the company's peak.

(*) This value is initially set at ten percent (10%) for the first year and reset annually based upon actual experience with the QF.

Maintenance Service:

- A. Service Charge - The service charge shall be the basic service charge using the otherwise applicable retail Rate.
- B. Energy Charge - The energy charge is \$0.0538 per kWh per month.
- C. Maintenance Service - Must be scheduled with the Company and may only be scheduled during the period October through April.

Interruptible Service:

See the Company's applicable Interruptible Service tariff.

Only one service charge will be applied for each billing period.

QF PURCHASE RATES

The Company shall only be obligated to purchase Energy from a QF Customer. Such purchases shall be at the rates, terms and conditions set forth below. The QF Purchase Rates will be updated and filed for Commission approval not less than every two years.

Basic Service charges shall be billed pursuant to the QF Customer's standard offer tariff otherwise applicable under full requirements of service.

The summer season is for the May through September billing cycles, and the winter season is for the October through April billing cycles. The Summer On-Peak period is 2:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The Winter On-Peak periods are 6:00 a.m. - 10:00 a.m. and 5:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday,

Filed By:
Title: Vice President of Rates and Planning
District: Entire Electric Service Area

Rate: QF-C
Effective: Pending
Decision No.: Pending



UNS Electric, Inc.

First Revised Original Sheet No.: 806-2
 Superseding Original Sheet No.: 806-2

the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak. Mountain Standard Time shall be used in the application of this tariff rider. The export energy will be acquired by the Company based the interconnection voltage and on the rates below for summer and winter seasons.

A. RATES FOR PURCHASES FROM RENEWABLE QFs

Rates for Energy purchased from QF Customers with renewable QFs shall be priced at short-run avoided costs based on the Company's avoided cost forecast and the applicable renewable technology generation profile.

Distribution Voltage Interconnection	Summer	Winter	Calendar Year 2018
Fixed Tilt Solar	2.933	2.452	Cents Per kWh
Single Axis Solar	3.030	2.492	Cents Per kWh

High Voltage Interconnection	Summer	Winter	Calendar Year 2018
Fixed Tilt Solar	2.905	2.428	Cents Per kWh
Single Axis Solar	3.001	2.468	Cents Per kWh

B. RATES FOR PURCHASES FROM COGENERATION QFs

Rates for Energy purchased from QF Customers with a cogeneration QF shall be priced at short-run avoided costs based on the Company's avoided cost forecast and priced by the applicable time of use rate..

Cogeneration QF Energy Rates:

Distribution Voltage Interconnection	Summer	Winter	
On-Peak	2.955	2.313	Cents Per kWh
Off-Peak	2.211	2.156	Cents Per kWh

High Voltage Interconnection	Summer	Winter	
On-Peak	2.926	2.291	Cents Per kWh
Off-Peak	2.189	2.135	Cents Per kWh

Rates for capacity associated with Firm Capacity shall be as provided for in the contract.

ADJUSTMENTS

All other charges specified in the applicable tariff apply for all Energy purchased from the Company by the QF Customer.

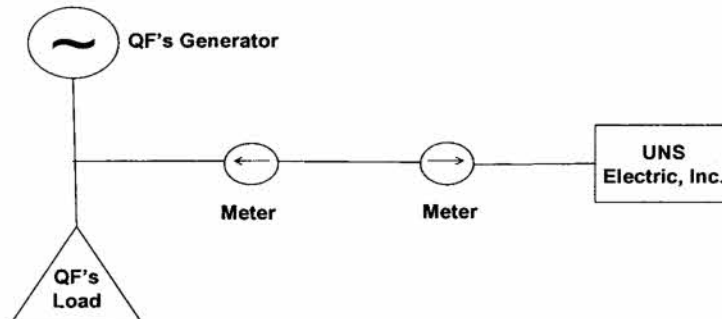
Purchased Power Fuel Adjuster Clause ("PPFAC") for QF Customers is a per kWh monthly adjustment in accordance with the PPFAC Rider No. 1. The PPFAC reflects any increases or decreases in the cost to the Company of energy either generated or purchased above or below the base cost per kWh sold. See Rider-1 for current rate.

Filed By:
 Title: Vice President of Rates and Planning
 District: Entire Electric Service Area

Rate: QF-C
 Effective: Pending
 Decision No.: Pending

METER CONFIGURATION

As provided for in the applicable contract. If not otherwise provided for in the applicable contract then as follows:



CONTRACT PERIOD

As provided for in the contract, as applicable, which shall not exceed two years.

TERMS AND CONDITIONS

A Customer that desires to install a generator may do so under the applicable conditions of the tariff rider herein. The Company requires a written contract for QF Customers. For QF Customers with a QF that is over 100kW, such contract shall be filed for Commission approval in accordance with Decision No. 52345. In addition to the requirements of any applicable contract, these conditions include:

Shall be interconnected with and can operate in parallel and in phase with the Company's existing distribution system. The Interconnection must comply with the Company's interconnection requirements, and

Shall take service as a Primary Service and Metering Customer (the Company shall not provide voltage transformation on the customer's premise).

A delayed payment charge as stated in the general rules and regulations will be applied to account balances carried forward from prior billings.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rate.

Filed By:
 Title: Vice President of Rates and Planning
 District: Entire Electric Service Area

Rate: QF-C
 Effective: Pending
 Decision No.: Pending

EXHIBIT B



UNS Electric, Inc.

First Revised Original Sheet No.: _____804

Superseding Original Sheet No.: _____804_____

Rates for Power and Energy Transactions With Qualifying Facilities That Receive Full Requirements 100 kW or Less (QF-A)

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises. For all Customers with Qualifying Facilities ("QF") that have entered into a Service Agreement with which take service from the Company.

APPLICABILITY

To all QF Customers who require s with 100 kW or less operating in the Buy/Sell Mode for full requirements, supplemental power, stand-by power, and maintenance power service. To take service under QF-A, the customer must take service under a standard offer rate option with a demand charge. The QF Purchase Rates in this tariff rider are available for the purchase of Energy by the Company from a QF Customer.

CHARACTER OF SERVICE

Electric sales to or from the Company must be single or three phase, 60 Hertz, at a standard voltage subject to availability at the premises. The QF Customers will have the option to sell energy to the Company at a voltage level different from that for purchases from the Company, however, such the-QF Customers are will be responsible for all costs incurred to accommodate such an arrangement.

DEFINITIONS

1. Qualifying Facilities - QF Customer(s) - A Customer with a Qualifying Facility subject to the rates, terms and conditions of this tariff rider.
2. Qualifying Facility(ies) ("QF") - Cogeneration and small power production facilities where the facility's generator(s) and load are located at the same premises and that otherwise meet the requirements under qualifying criteria for size, fuel use, efficiency and ownership as promulgated in 18 C.F.R., Chapter I, Part 292, Subpart B of Federal Energy Regulatory Commission regulations and the requirements for qualifying status pursuant to the Arizona Corporation Commission's Decision No. 52345 ("Decision No. 52345").
32. Buy/Sell Mode of Operation - The QF's total generation output is delivered to the Company and the QF's full requirements for service are provided by the Company or no electric requirements are required by the QF.
43. Full Requirements Service - Any instance whereby the Company provides all the electric requirements of a QF.
54. Energy - Electric energy which is supplied by the QF and/or Company.
65. Firm Capacity - Capacity available, upon demand, at all times (except for forced outages and scheduled maintenance) during the period term covered by the Agreement from contract with the QF with that has an availability factor of at least 80%, as defined by the North American Electric Reliability Council Corporation.
6. Net Energy - The total kilowatt hours (kWh) sold to the QF by the company less the total kWhs purchased by the Company from the QF.
7. Supplemental Power - Electric capacity and energy supplied by the Company regularly used by the QF Customer in addition to that which the facility generates itself.

Filed By: Kentton C. Grant
Title: Vice President of Rates and Planning
District: Entire Electric Service Area

Rate: QF-A
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UNS Electric, Inc.

First Revised Original Sheet No.: _____804

Superseding Original Sheet No.: _____804_____

- 8. Stand-by Power - Electric capacity and energy supplied by the Company to replace energy ordinarily generated by a facility's own generation equipment during an unscheduled outage of the facility.
- 9. Maintenance Power - Electric capacity and energy supplied by the Company during scheduled outages of the QF.
- 10. QF Purchase Agreement Rates — ~~Agreements for the~~ The rates at which the Company may purchase of electric energy and capacity Energy from and the sale of power to the QF entered into between the Company and a QF in accordance with this tariff rider.
- 11. Commission – Arizona Corporation Commission which has jurisdiction over this Company.

Filed By: Kentton C. Grant
Title: Vice President of Rates and Planning
District: Entire Electric Service Area

Rate: QF-A
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UNS Electric, Inc.

First Revised Original Sheet No.: _____804-1

Superseding Original Sheet No.: _____804-1_____

Net Bill method:

The kWhs sold to the Company shall be subtracted from the kWhs purchased from the Company. If the calculation is positive, the Net Energy kWhs received from the Company will be priced at the applicable Electric Rate under which the QF would otherwise purchase its full requirements service. If the calculation is negative, the Net Energy kWhs delivered to the Company will be priced at the purchase rate shown below.

RATES FOR SALES TO QF Customers

The rates and billings for sales of energy and capacity to the QF shall be billed pursuant to the Customer's standard offer tariff otherwise applicable under full requirements service.

QF PURCHASE RATES FOR PURCHASES FROM QFs

The Company shall only be obligated to purchase Energy from a QF Customer. Such purchases shall be at the rates, terms and conditions set forth below. The QF Purchase Rates will be updated and filed for Commission approval not less than every two years.

Basic Service charges shall be billed pursuant to the QF Customer's standard offer tariff otherwise applicable under full requirements of service.

The summer season is for the May through September billing cycles, and the winter season is for the October through April billing cycles. The Summer On-Peak period is 2:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The Winter On-Peak periods are 6:00 a.m. - 10:00 a.m. and 5:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak. Mountain Standard Time shall be used in the application of this tariff rider. The export energy will be acquired by the Company based the interconnection voltage and on the rates below for summer and winter seasons.

To the extent a QF Customer may be able to provide Firm Capacity, the rates, terms and conditions for the purchase of such Firm Capacity will be addressed in the contract between the QF Customer and the Company and filed with the Commission. For those QFs 100kW or less and which are capable of delivering Firm Capacity, a provision shall be included in any such contract for payment of a reasonable credit of not less than 10% of the standard rate. An additional capacity credit shall be included when capacity deferrals, if any, could justify such credit.

A. RATES FOR PURCHASES FROM RENEWABLE QFs

Rates for Energy purchased from the QF Customers with renewable QFs shall be priced at short-run avoided costs based on the Company's avoided cost forecast and the applicable renewable technology generation profile.

Fixed Tilt Solar	2.933	2.452	Cents Per kWh
Single Axis Solar	3.030	2.492	Cents Per kWh

Fixed Tilt Solar	2.905	2.428	Cents Per kWh
Single Axis Solar	3.001	2.468	Cents Per kWh

B. RATES FOR PURCHASES FROM COGENERATION QFs

Filed By: Kentton C. Grant
Title: Vice President of Rates and Planning
District: Entire Electric Service Area

Rate: QF-A
Effective: August 22, 2016 Pending
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UNS Electric, Inc.

First Revised Original Sheet No.: _____804-2

Superseding Original Sheet No: _____804-2_____

Rates for Firm-Capacity Energy purchased from the QF Customers with a cogeneration QF shall be priced at short-run avoided costs based upon the Company's avoided cost forecast and priced by the applicable time of use rate, deferral-of-capacity-additions indicated in Company's resource plan.

Cogeneration QF Energy Rates:

On-Peak	2.955	2.313	Cents Per kWh
Off-Peak	2.211	2.156	Cents Per kWh

On-Peak	2.926	2.291	Cents Per kWh
Off-Peak	2.189	2.135	Cents Per kWh

ADJUSTMENTS

All other charges specified in the applicable tariff apply for all Energy purchased from the Company by the QF Customer.

Purchased Power Fuel Adjuster Clause ("PPFAC") for QF Customers is a per kWh monthly adjustment in accordance with the PPFAC Rider No. 1. The PPFAC reflects increases or decreases in the cost to the Company of energy either generated or purchased above or below the base cost per kWh sold. See Rider-1 for current rate.

CONTRACT PERIOD

As provided for in the Service Agreement contract, as applicable, which shall not exceed two years.

TERMS AND CONDITIONS

A Customer that desires to install a generator may do so under the applicable conditions of the tariff rider herein. The Company requires a written contract for QF Customers that shall be filed for Commission approval in accordance with Decision No. 52345. In addition to the requirements of any applicable contract, the conditions will include Subject to:

_____The Service Agreement, and

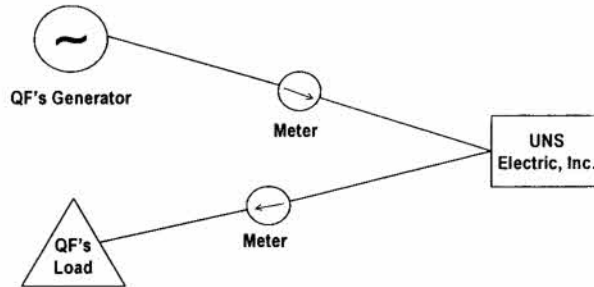
—A a delayed payment charge as stated in the general rules and regulations will be applied to account balances carried forward from prior billings.

Filed By: Kentton C. Grant
Title: Vice President of Rates and Planning
District: Entire Electric Service Area

Rate: QF-A
Effective: August 22, 2016 Pending
Decision No.: 75697 Pending

METER CONFIGURATION

As provided for in the applicable contract. If not otherwise provided in the applicable contract then as follows:



UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission (ACC) see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rate.

Filed By: Kentton C. Grant
Title: Vice President of Rates and Planning
District: Entire Electric Service Area

Rate: QF-A
Effective: August 22, 2016 Pending
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UNS Electric, Inc.

First Revised Original Sheet No.: _____805

Superseding Original Sheet No.: _____805_____

Rates for Power and Energy Transactions With Qualifying Facilities That Receive Partial Requirements 100 kW or Less (QF-B)

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises. For all Customers with Qualifying Facilities ("QF") that have entered into a Service Agreement with which take service from the Company.

APPLICABILITY

To all-QFs Customers who require with 100 kW or less operating in the Partial Requirements Mode for partial requirements, supplemental power, stand-by power, interruptible service and/or maintenance power service. To take service under QF-B, the customer must take service under a standard offer rate option with a demand charge. The QF Purchase Rates in this tariff rider are available for the purchase of Energy by the Company from a QF Customer.

CHARACTER OF SERVICE

Electric sales to or from the Company must be single or three phase, 60 Hertz, at a standard voltage subject to availability at the premises. The QF Customers will have the option to sell energy to the Company at a voltage level different from that for purchases from the Company, however, such the QF Customers are will be responsible for all costs incurred to accommodate such an arrangement.

DEFINITIONS

1. Qualifying Facilities - QF Customer(s) - A Customer with a Qualifying Facility subject to the rates, terms and conditions of this tariff rider.
2. Qualifying Facility(ies) ("QF") - Cogeneration and small power production facilities where the facility's generator(s) and load are located at the same premises and that otherwise meet the requirements under qualifying criteria for size, fuel use, efficiency and ownership as promulgated in 18 C.F.R., Chapter 1, Part 292, Subpart B of Federal Energy Regulatory Commission regulations and the requirements for qualifying status pursuant to the Arizona Corporation Commission's Decision No. 52345 ("Decision No. 52345").
32. Partial Requirements Mode of Operation - The Company supplies the Customer's electric requirements not met by the Customer's own QF, as applicable. A Customer's QF's generation output may first goes to supply its the QF Customer's own electric requirements with any excess energy (over and above its own requirements) then being sold to the Company. The Company supplies the QF's electric requirements not met by the QF's own generation facilities. This also may be referred to as the "parallel mode" of operation.
43. Energy - Electric energy which is supplied by the QF and/or Company.
54. Firm Capacity - Capacity available, upon demand, at all times (except for forced outages and scheduled maintenance) during the period term covered by the Agreement from contract with the QF with that has an availability factor of at least 80%, as defined by the North American Electric Reliability Council Corporation.
5. Net Energy - The total kilowatt hours (kWh) sold to the QF by the company less the total kWhs purchased by the Company from the QF.
6. Supplemental Power - Electric capacity and energy supplied by the Company regularly used by the QF Customer in addition to that which the facility generates itself.

Filed By: Kentton C. Grant
Title: Vice President of Rates and Planning
District: Entire Electric Service Area

Rate: QF-B
Effective: August 22, 2016 Pending
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UNS Electric, Inc.

First Revised Original Sheet No.: _____805

Superseding Original Sheet No.: _____805_____

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7. Stand-by Power - Electric capacity and energy supplied by the Company to replace energy ordinarily generated by a facility's own generation equipment during an unscheduled outage of the facility.
 8. Maintenance Power - Electric capacity and energy supplied by the Company during scheduled outages of the QF.
 9. QF Purchase Rates Agreement - ~~Agreements for the~~ The rates at which the Company may purchase of electric energy and capacity. Energy from and the sale of power to the QF entered into between the Company and a QF in accordance with this tariff rider.
 10. Commission - Arizona Corporation Commission which has jurisdiction over this Company.

Filed By: Kentton C. Grant
Title: Vice President of Rates and Planning
District: Entire Electric Service Area

Rate: QF-B
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UNS Electric, Inc.

First Revised Original Sheet No.: _____805-1

Superseding Original Sheet No.: _____805-1

RATES FOR SALES TO QF Customers

The rates and billings for sales of energy and capacity to the QF shall be billed pursuant to the Customer's standard offer tariff. Otherwise applicable under full requirements service, except the highest demand metered during the preceding twenty-three (23) months will be applied instead of the eleven months specified in the full requirements tariffs.

QF PURCHASE RATES FOR PURCHASES FROM QFs

The Company shall only be obligated to purchase Energy from a QF Customer. Such purchases shall be at the rates, terms and conditions set forth below. The QF Purchase Rates will be updated and filed for Commission approval not less than every two years.

Basic Service charges shall be billed pursuant to the QF Customer's standard offer tariff otherwise applicable under full requirements of service.

The summer season is for the May through September billing cycles, and the winter season is for the October through April billing cycles. The Summer On-Peak period is 2:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The Winter On-Peak periods are 6:00 a.m. - 10:00 a.m. and 5:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak. Mountain Standard Time shall be used in the application of this tariff rider. The export energy will be acquired by the Company based the interconnection voltage and on the rates below for summer and winter seasons.

To the extent a QF Customer may be able to provide Firm Capacity, the rates, terms and conditions for the purchase of such Firm Capacity will be addressed in the contract between the QF Customer and the Company and filed with the Commission. For those QFs 100kW or less and which are capable of delivering Firm Capacity, a provision shall be included in any such contract for payment of a reasonable credit of not less than 10% of the standard rate. An additional capacity credit shall be included when capacity deferrals, if any, could justify such credit.

A. RATES FOR PURCHASES FROM RENEWABLE QFs

Rates for Energy purchased from the QF Customers with renewable QFs shall be priced at short-run avoided costs based on the Company's avoided cost forecast and the applicable renewable technology generation profile.

Fixed Tilt Solar	2.933	2.452	Cents Per kWh
Single Axis Solar	3.030	2.492	Cents Per kWh

Fixed Tilt Solar	2.905	2.428	Cents Per kWh
Single Axis Solar	3.001	2.468	Cents Per kWh

B. RATES FOR PURCHASES FROM COGENERATION QFs

Rates for Firm Capacity Energy purchased from the QF Customers with a cogeneration QF shall be priced at short-run avoided costs based upon the Company's avoided cost forecast and priced by the applicable time of use rate.

deferral of capacity additions indicated in Company's resource plan.

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 Title: Vice President of Rates and Planning
 District: Entire Electric Service Area

Rate: QF-B
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UNS Electric, Inc.

First Revised Original Sheet No.: _____805-2

Superseding Original Sheet No.: _____805-2

Cogeneration QF Energy Rates:

On-Peak	2.955	2.313	Cents Per kWh
Off-Peak	2.211	2.156	Cents Per kWh

On-Peak	2.926	2.291	Cents Per kWh
Off-Peak	2.189	2.135	Cents Per kWh

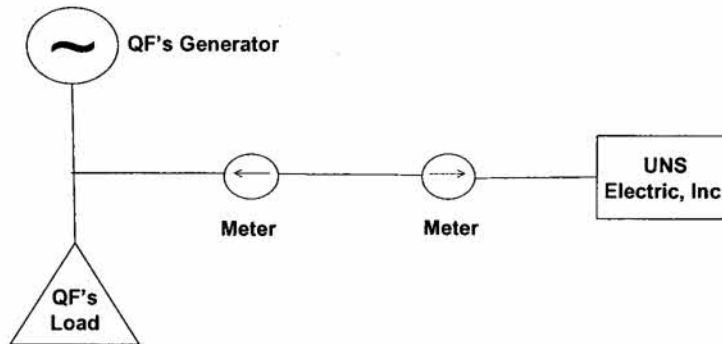
ADJUSTMENTS

All other charges specified in the applicable tariff apply for all Energy purchased from the Company by the QF Customer.

Purchased Power Fuel Adjuster Clause ("PPFAC") for QF Customers is a per kWh monthly adjustment in accordance with the PPFAC Rider No. 1. The PPFAC reflects any increases or decreases in the cost to the Company of energy either generated or purchased above or below the base cost per kWh sold. See Rider-1 for current rate.

METER CONFIGURATION

As provided for in the applicable contract. If not otherwise provided for in the applicable contract then as follows:



CONTRACT PERIOD

As provided for in the Service Agreement contract, as applicable, which shall not exceed two years.

TERMS AND CONDITIONS

A Customer that desires to install a generator may do so under the applicable conditions of the tariff rider herein. The Company requires a written contract for QF Customers. For QF Customers with a QF that is over 100kW, such contract shall be filed for Commission approval in accordance with Decision No. 52345. In addition to the requirements of any applicable contract, these conditions include Subject to:

— The Service Agreement, and a

— A delayed payment charge as stated in the general rules and regulations will be applied to account balances carried forward from prior billings.

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 Title: Vice President of Rates and Planning
 District: Entire Electric Service Area

Rate: QF-B
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UNS Electric, Inc.

First Revised Original Sheet No.: _____805-3

Superseding Original Sheet No.: _____805-3

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission (ACC) see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rate.

Filed By: Kentton C. Grant
Title: Vice President of Rates and Planning
District: Entire Electric Service Area

Rate: QF-B
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Decision No.: 75697 Pending



Rates for Power and Energy Transactions With Qualifying Facilities That Receive Optional Service Over 100 kW (QF-C)

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises. For all Customers with Qualifying Facilities ("QF") that have entered into a Service Agreement with which take service from the Company.

APPLICABILITY

To all-QF Customers who require ~~s~~ with over 100 kW operating in the Partial Requirements Mode for partial requirements, supplemental power, stand-by power, interruptible service and/or maintenance power service. The QF Purchase Rates in this tariff rider are available for the purchase of Energy by the Company from a QF Customer.

CHARACTER OF SERVICE

Electric sales to or from the Company must be single or three phase, 60 Hertz, at a standard voltage subject to availability at the premises. The QF Customers will have the option to sell energy to the Company at a voltage level different from that for purchases from the Company, however, such the-QF Customers are will be responsible for all costs incurred to accommodate such an arrangement.

DEFINITIONS

1. Qualifying Facilities – QF Customer(s) – A Customer with a Qualifying Facility subject to the rates, terms and conditions of this tariff rider.
2. Qualifying Facility(ies) ("QF") – Cogeneration and small power production facilities where the facility's generator(s) and load are located at the same premise and that otherwise meet the requirements under qualifying criteria for size, fuel use, efficiency and ownership as promulgated in 18 C.F.R., Chapter I, Part 292, Subpart B of Federal Energy Regulatory Commission regulations and the requirements for qualifying status pursuant to the Arizona Corporation Commission's Decision No. 52345 ("Decision No. 52345").
32. Partial Requirements Mode of Operation – The Company supplies the Customer's electric requirements not met by the Customer's own QF, as applicable. A Customer's QF's generation output may first go to supply its- the QF Customer's own electric requirements with any excess energy (over and above its own requirements) then being sold to the Company. The Company supplies the QF's electric requirements not met by the QF's own generating facilities. This also may be referred to as the "parallel mode" of operation. This also may be referred to as the "parallel mode" of operation.
43. Energy - Electric energy which is supplied by the QF and/or Company.
54. Firm Capacity - Capacity available, upon demand, at all times (except for forced outages and scheduled maintenance) during the ~~period- term~~ covered by the Agreement from ~~contract~~ with the QF with that has -an availability factor of at least 80%, as defined by the North American Electric Reliability ~~Council~~ Corporation.
5. ~~Net Energy~~ – The total kilowatt hours (kWh) sold to the QF by the company less the total kWhs purchased by the Company from the QF.
6. Supplemental Power - Electric capacity and energy supplied by the Company regularly used by the QF Customer in addition to that which the facility generates itself.

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Title: Vice President of Rates and Planning
District: Entire Electric Service Area

Rate: QF-C
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UNS Electric, Inc.

First Revised Original Sheet No.: _____806

Superseding Original Sheet No.: _____ 806

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7. Stand-by Power - Electric capacity and energy supplied by the Company to replace energy ordinarily generated by a facility's own generation equipment during an unscheduled outage of the facility.
 8. Maintenance Power - Electric capacity and energy supplied by the Company during scheduled outages of the QF.
 9. QF Purchase Rates Agreement - ~~Agreements for the~~ The rates at which the Company may purchase of electric energy and capacity ~~Energy from and the sale of power to the QF entered into between the Company and a QF in accordance with this tariff rider.~~
 10. Commission – Arizona Corporation Commission which has jurisdiction over this Company.

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Title: Vice President of Rates and Planning
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UNS Electric, Inc.

First Revised Original Sheet No.: _____ 806-1

Superseding Original Sheet No.: _____ 806-1

RATES FOR SALES TO QF CUSTOMERS

Supplemental Service:

- A. Service Charge - The service charge shall be the basic service charge using the otherwise applicable retail Rate.
- B. Energy Charge - The energy charge shall be the energy charge using the otherwise applicable retail Rate.
- C. Demand Charge - The demand charge shall be the demand charge using the otherwise applicable retail Rate and it shall apply only to supplemental power and not to total requirements, except the highest demand metered during the preceding twenty-three (23) months will be applied instead of the eleven months specified in the full requirements tariffs.

Standby Service:

- A. Service Charge - The service charge shall be the basic service charge using the otherwise applicable retail Rate.
- B. Energy Charge - The energy charge is \$0.0538 per kWh per month.
- C. Demand Charge - The demand charge shall be the product of \$25.92 per kW per month and the probability (*) that the QF has an unscheduled outage at the time of the company's peak.

(*) This value is initially set at ten percent (10%) for the first year and reset annually based upon actual experience with the QF.

Maintenance Service:

- A. Service Charge - The service charge shall be the basic service charge using the otherwise applicable retail Rate.
- B. Energy Charge - The energy charge is \$0.0538 per kWh per month.
- C. Maintenance Service - Must be scheduled with the Company and may only be scheduled during the period October through April.

Interruptible Service:

See the Company's applicable Interruptible Service tariff.

Only one service charge will be applied for each billing period.

QF PURCHASE RATES FOR PURCHASES FROM QFs

The Company shall only be obligated to purchase Energy from a QF Customer. Such purchases shall be at the rates, terms and conditions set forth below. The QF Purchase Rates will be updated and filed for Commission approval not less than every two years.

Basic Service charges shall be billed pursuant to the QF Customer's standard offer tariff otherwise applicable under full requirements of service.

The summer season is for the May through September billing cycles, and the winter season is for the October through April billing cycles. The Summer On-Peak period is 2:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The Winter On-Peak periods are 6:00 a.m. - 10:00 a.m. and 5:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday,

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the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak. Mountain Standard Time shall be used in the application of this tariff rider. The export energy will be acquired by the Company based the interconnection voltage and on the rates below for summer and winter seasons.

A. RATES FOR PURCHASES FROM RENEWABLE QFs

Rates for Energy purchased from QF Customers with renewable QFs shall be priced at short-run avoided costs based on the Company's avoided cost forecast and the applicable renewable technology generation profile.

Fixed Tilt Solar	2.933	2.452	Cents Per kWh
Single Axis Solar	3.030	2.492	Cents Per kWh

Fixed Tilt Solar	2.905	2.428	Cents Per kWh
Single Axis Solar	3.001	2.468	Cents Per kWh

B. RATES FOR PURCHASES FROM COGENERATION QFs

Rates for Firm Capacity Energy purchased from the QF Customers with a cogeneration QF shall be priced at long-run short-run avoided costs based upon the Company's avoided cost forecast and priced by the applicable time of use rate, deferral of capacity additions indicated in Company's resource plan.

Cogeneration QF Energy Rates:

On-Peak	2.955	2.313	Cents Per kWh
Off-Peak	2.211	2.156	Cents Per kWh

On-Peak	2.926	2.291	Cents Per kWh
Off-Peak	2.189	2.135	Cents Per kWh

Rates for capacity associated with Firm Capacity shall be as provided for in the Service Agreement contract.

ADJUSTMENTS

All other charges specified in the applicable tariff apply for all Energy purchased from the Company by the QF Customer.

Purchased Power Fuel Adjuster Clause ("PPFAC") for QF Customers is a per kWh monthly adjustment in accordance with the PPFAC Rider No. 1. The PPFAC reflects any increases or decreases in the cost to the Company of energy either generated or purchased above or below the base cost per kWh sold. See Rider-1 for current rate.

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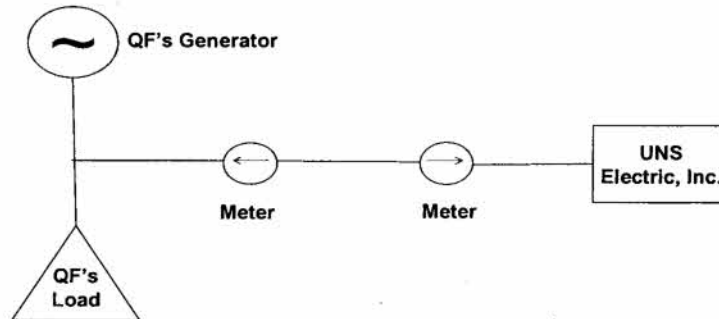
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METER CONFIGURATION

As provided in the applicable contract. If not otherwise provided in the applicable contract then as follows:



CONTRACT PERIOD

As provided in the Service Agreement contract, as applicable, which shall not exceed two years.

TERMS AND CONDITIONS

A Customer that desires to install a generator may do so under the applicable conditions of the tariff rider herein. The Company requires a written contract for QF Customers. For QF Customers with a QF that is over 100kW, such contract shall be filed for Commission approval in accordance with Decision No. 52345. In addition to the requirements of any applicable contract, these conditions include:

Subject to:

The Service Agreement, and

Shall be interconnected with and can operate in parallel and in phase with the Company's existing distribution system. The Interconnection must comply with the Company's interconnection requirements, and

Shall take service as a Primary Service and Metering Customer (the Company shall not provide voltage transformation on the customer's premise).

A delayed payment charge as stated in the general rules and regulations will be applied to account balances carried forward from prior billings.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the ~~Arizona Corporation Commission~~ (ACC) see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

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RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rate.

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