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## 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 Qualifying Facilities (QF) that have entered into a Service Agreement with the Company.

### APPLICABILITY

To all QFs with 100 kW or less operating in the Partial Requirements Mode for partial requirements, supplemental power, stand-by power, and maintenance power service. To take service under QF-B, the customer must take service under a standard offer rate option with a demand charge.

### CHARACTER OF SERVICE

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

### DEFINITIONS

1. Qualifying Facilities - Cogeneration and small power production facilities where the facility's generator(s) and load are located at the same premise and that otherwise meet 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.
2. Partial Requirements Mode of Operation - A QF's generation output first goes to supply its 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.
3. Energy - Electric energy which is supplied by the QF
4. Firm Capacity - Capacity available, upon demand, at all times (except for forced outages and scheduled maintenance) during the period covered by the Agreement from the QF with an availability factor of at least 80%, as defined by the North American Electric Reliability Council.
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 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. Purchase Agreement - Agreements for the purchase of electric energy and capacity from and the sale of power to the QF entered into between the Company and QF.

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Filed By: Kentton C. Grant  
Title: Vice President  
District: Entire Electric Service Area

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RATES FOR SALES TO QFs

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.

RATES FOR PURCHASES FROM QFs

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

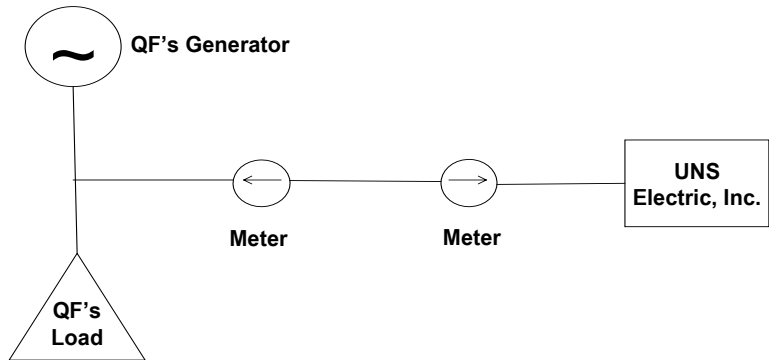
Rates for Energy purchased from the QF shall be priced at short-run avoided cost.

Rates for Firm Capacity purchased from the QF shall be priced at avoided cost based upon deferral of capacity additions indicated in Company's resource plan.

ADJUSTMENTS

Purchased Power Fuel Adjuster Clause (PPFAC) 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



CONTRACT PERIOD

As provided for in the Service Agreement.

TERMS AND CONDITIONS

Subject to:

The Service Agreement, and

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, Inc.**

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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](http://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.

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