



Rider-2
Demand Side Management Surcharge (DSMS)

APPLICABILITY

This rate rider is available throughout the Company's entire electric service area to Customers taking service from the Company in accordance with the Arizona Corporation Commission (ACC).

RATE

The DSMS shall be applied to all monthly bills. The DSMS will be assessed on a per kWh basis for residential Customers and on a percentage of bill basis for non-residential Customers. The rates are shown in the TEP Statement of Charges.

TEP STATEMENT OF CHARGES

For all additional charges and assessments approved by the ACC see the TEP Statement of Charges which is available on TEP's website at www.tep.com.

TAX CLAUSE

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

RULES AND REGULATIONS

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