

Proposed Rates Support Safe, Reliable Service



Rates that would take effect in September 2026 cover higher costs and help our community could achieve its long-term economic growth and sustainability goals.



\$1.7 Billion in Investments for Better Service

Distribution \$429 million

New and upgraded substations, higher-capacity lines and other improvements to strengthen our energy grid

Transmission \$329.2 million

Energy Storage

About **\$350 million** to build our largest energy storage resource, Roadrunner Reserve, storing enough power to satisfy 42,000 homes for four hours

Investing in Reliability

Software Upgrades and Infrastructure Improvements

\$74 million in information technology upgrades

Generation

\$353.4 million to improve and maintain resources that generate power for customers every day

Facility Upgrades

\$134 million for new and updated facilities that improve critical operations

Delivering Real Benefits for Customers

- **Fewer power outages** and **faster service restorations**
- **Greater capacity** to meet current and future energy needs

Sustainably Reliable

More Use of Clean, Affordable Energy



- **New energy storage resources** protect against fuel cost volatility and help meet peak energy demand with clean, low-cost energy.
- **New and upgraded substations** connect renewable resources to our energy grid.

Support for our Growing Community

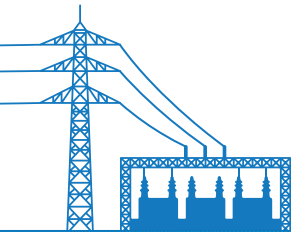


Larger Low-Income Discounts

Our new rates would expand our Lifeline low-income discount, providing greater relief for the most vulnerable customers. Qualifying customers would see discounts of between 20 and 50 percent, depending on income.

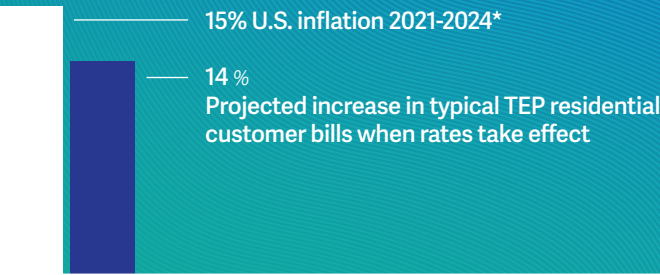
Meeting More Energy Needs

TEP's new rates support efforts to serve increasing energy demand during peak usage periods and maintain reliability amid increasingly extreme weather.



Managing Inflation

Consumer prices have increased significantly since 2021, the year reflected in TEP's current rates.



**data from U.S. Bureau of Labor and Statistics*

Rate Process

- 1 Rate review requested
- Public input and hearings
- Proposed decision by Administrative Law Judge
- Final decision by Arizona Corporation Commission
- Rates would take effect September 2026

The proposed rates would increase residential customer bills by about 14 percent when they take effect in 2026. For residential customers on TEP's Basic pricing plan with typical monthly usage of 638 kilowatt-hours, the average impact would be about \$16. The impact varies with usage and will be higher for customers who use more energy.