



**Rider-13  
Economic Development Rider (EDR)**

AVAILABILITY

Available throughout the Company’s entire electric service area at all points where facilities of adequate capacity, required phase and suitable voltage are adjacent to the sites served. This rider is available for commercial or industrial Customers with a projected peak demand of 1,000 kW or more and a load factor of 60% or higher for the highest 4 coincident-peak months in a rolling 12-month period.

APPLICABILITY

This rider is applicable to the qualifying additional load of an existing or new Customer meeting the criteria specified herein. All provisions of the Customer’s applicable rate will apply to the qualifying additional load, except as modified herein. This rider shall be available for five years from the effective date of the Economic Development Rider. Total program participation shall be limited to 200 MW of applicable Customer load.

New and existing Customers taking service under this rate rider that provide written documentation that they have qualified for at least one of the following Arizona state tax credits designed to promote business recruitment and expansion will meet the economic development qualifications for this rate rider. However, qualifying for these two Arizona state tax credits is not a necessary condition for taking service on this rate rider and exceptions to any of the requirements specified in these state tax credits will be reviewed and evaluated by the Company on a case-by-case basis.

- Arizona’s Quality Jobs Tax Credit (A.R.S. § 41-1525). The program provides a tax credit for a minimum level of capital investment and net increases in full-time employees residing in the state according to the following qualifying thresholds:

Minimum Capital Investment	Minimum Number of Net New Jobs Added	Percent of County Median Wage
<b>For Metro Locations:</b>		
\$5,000,000	25	100%
\$2,500,000	25	125%
\$1,000,000	25	150%
\$500,000	25	200%
<b>For Rural Locations:</b>		
\$1,000,000	5	100%
\$500,000	5	125%
\$100,000	5	150%



For purposes of this program, a Metro Area is defined as a location within the boundaries of a city or town with population of 50,000 or more that is located in a county with population of 800,000 or more. A Rural Area is a location within the boundaries of tribal lands or a city or town with population of less than 50,000, or a county with population of less than 800,000. New qualified employment positions are positions that pay the specified percentages of the median county wage specified in the table above and pay at least 65% of health insurance premium costs.

- Qualified Facility Tax Credit (A.R.S. § 41-1512). The program provides a refundable tax credit for qualifying capital investment in a manufacturing facility – including a manufacturing-related research and development or headquarters facility – that creates new jobs a majority of which pay at least 125 percent, or 100 percent if located in a rural location, of the median annual wage for production occupations in the state and cover at least 65 percent of employees’ health care premiums.

More information on the tax credit programs above may be accessed at [www.azcommerce.com](http://www.azcommerce.com).

The incremental jobs created by the qualifying additional load must be located within the Company’s electric service area. If either or both of the above Arizona Revised Statutes are superseded by subsequent legislation, the effective Statute shall apply.

For purposes of this rider, the following notes and/or definitions apply:

1. Economic Development means new or expanding business operations that build new facilities.
2. Economic Redevelopment means new or expanding business operations that occupy existing vacant facilities.

CHARACTER OF SERVICE

Must meet all service requirements for the Customer’s applicable tariff.



RATE

All provisions, charges, and adjustments in the Customer’s applicable retail rate schedule will continue to apply to the qualifying additional load except as follows:

Category	Program Term	Discount on Total Bill before Taxes	Qualifications
Economic Development	5 years	Year 1: 20% Year 2: 15% Year 3: 10% Year 4: 5% Year 5: 2.5%	Meet criteria for (i) Arizona’s Quality Jobs Tax Credit or (ii) Qualified Facility Tax Credit, or meet Company’s approval for participation, <u>and</u> create new/expanding load of 1,000 kW.
Economic Redevelopment	5 years	Year 1: 30% Year 2: 25% Year 3: 20% Year 4: 10% Year 5: 5%	Meet criteria for (i) Arizona’s Quality Jobs Tax Credit or (ii) Qualified Facility Tax Credit, or or meet Company’s approval for participation, <u>and</u> create new/expanding load of 1,000 kW, <u>plus</u> the business moves into an existing site.

The discounts specified above are subject to a monthly cap of \$100,000 per participant.

ECONOMIC DEVELOPMENT RIDER SERVICE AGREEMENT

The Customer must execute an Economic Development Rider Service Agreement with the Company. The Service Agreement establishes the terms and conditions of participation in the program consistent with A.R.S. § 41-1525 and A.R.S. § 41-1512, the Arizona Corporation Commission’s (ACC) regulations, and this rider.

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.