



Rider-16 Transmission Cost Adjustor (TCA)

AVAILABILITY

The Transmission Cost Adjustor (TCA) will be applied to all Customers taking service from the Company as defined in the Company's TCA Plan of Administration (POA).

CHANGE IN RATE

The TCA recovers the change in transmission costs resulting from the Federal Energy Regulatory Commission (FERC) approved formula rate that is updated annually in accordance with the provisions of the Company's Open Access Transmission Tariff (OATT), available through the FERC eTariff website at: <https://etariff.ferc.gov/TariffBrowser.aspx?tid=1693>.

The adjustment captures the difference between the level of transmission costs approved in the Company's last rate case and the amount calculated based on the FERC-approved formula rate. The adjustment can be a charge or a credit and will be updated annually as of the date set forth in the OATT.

The TCA shall apply to all monthly bills either as a per kWh charge or as a per kW rate, depending on the Customer's effective service tariff, and is anticipated to become effective on the date the TCA is updated. The TCA rates are shown in the TEP Statement of Charges.

TEP STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission (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.