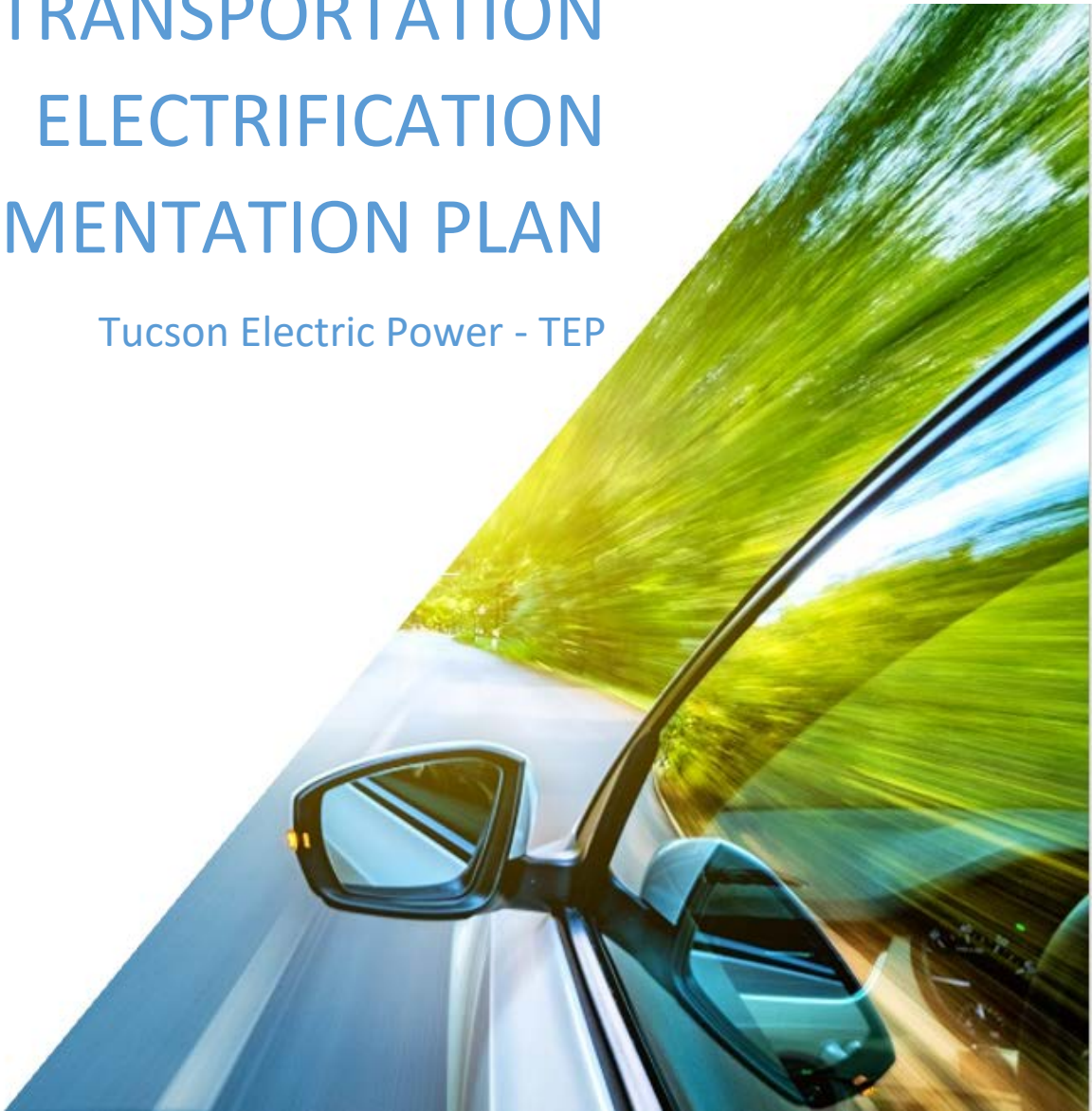


TRANSPORTATION ELECTRIFICATION IMPLEMENTATION PLAN

Tucson Electric Power - TEP



Plan filing pursuant to Decision No. 78383

Transportation Electrification Implementation Plan – TEP
Pursuant to Decision No. 78383

Table of Contents

Introduction 2

Background 2

Transportation Electrification Implementation Plan Objectives 3

Portfolio Overview 6

Stakeholder Engagement 12

Portfolio Management 12

Program Administration 13

Reporting 13

Cost Recovery 13

Requests of the Commission 16

Conclusion 16

Acronyms 17

Introduction

Tucson Electric Power (“TEP”) pursuant to Arizona Corporation Commission (“ACC” or “the Commission”) Decision No. 78383, hereby submits its Transportation Electrification Implementation Plan (“TE IP”) for approval. As acknowledged in the approved Statewide Transportation Electrification Plan (“STEP”), achieving the benefits of transportation electrification will require engagement and supporting initiatives from not only the electric utilities, but also from a wide variety of other stakeholders across the state. The Company’s TE IP proposes a comprehensive approach to increase the awareness and adoption of transportation electrification through intentional education and outreach and through incentives to residential and non-residential customers for the installation of make-ready and associated charging infrastructure in alignment with the recommendations of the STEP working groups. The charging incentives, programs, and partnerships will promote the availability of electric vehicle (“EV”) charging to a wide variety of customers.

The Company’s TE IP supports the approved STEP EV adoption statewide goal of 1,076,000 (95,000 for TEP) light duty vehicles by 2030 (see Figure 1) and provides the framing to scale programs and offerings to meet the charging needs of the high adoption scenario. The TE IP will increase awareness of the benefits of electrification, reduce the barriers to adoption and increase access to the benefits of electrification. As outlined in the STEP, the transportation electrification programs and offerings will benefit:

- All of Arizona through the reduction of greenhouse gas emissions;
- EV Drivers through lower maintenance and operating costs;
- Rate payers as the cost to serve the new EV load is lower than the additional revenue from the sale of electricity;
- The grid through customer utilization of approved EV rates that, along with the proposed managed charging program, ensure charging occurs during off-peak periods.

Figure 1. Approved STEP EV Goals

EV Types	2030 EV Goal (Vehicles on the Road)	
	TEP	State
Electric Light Duty Vehicles	95,000	1,076,000
Electric Medium Duty Parcel Delivery Trucks	545	3,380
Electric Transit Buses	110	785
Electric School Buses	200	1,425

In alignment with Decision 77289, the Company proposes an accounting order for expenses related to the TE IP and previously approved EV pilot programs. TEP has included information about the accounting order and proposed ordering language in the Cost Recovery section on page 13 of this TE IP.

Background

The Company’s TE IP is a result of forward-thinking decisions by the Commission. The milestones in the process are outlined below:

- Decision No. 77289 approved an Electric Vehicle Policy Implementation Plan. That plan required Public Service Corporations ("PSCs") to coordinate and jointly develop, with stakeholder input, a joint, long-term, comprehensive transportation electrification plan for Arizona, to be filed by December 31, 2019, for Commission review and approval;
- On December 27, 2019, the Company and APS filed Phase I of the joint Statewide Transportation Electrification Plan ("STEP") to comply with Decision No. 77289 and indicated that Phase II would be filed by April 1, 2021;
- On April 1, 2021, the Company and APS filed Phase II of the STEP;
- On April 30, 2021, the Commission opened Docket No. E-00000A-21-0104 to separately, and more narrowly, consider statewide transportation electrification apart from the larger energy rules docket;
- The Commission approved the Company's EV specific rates for residential and commercial customers on July 19th, 2019, and July 28, 2021, respectively.
- Decision No. 78383 approved the STEP (medium adoption scenario) and requires that beginning on June 1, 2022, and at a minimum every three years thereafter, Tucson Electric Power Company, UNS Electric, Inc., and Arizona Public Service Company shall each file a new TE IP for review and approval by the Commission within 180 days. Plans shall be developed with the input of a stakeholder collaborative that meets at least quarterly and, at a minimum, shall include programs and associated budgets to address key barriers to electric vehicle adoption and that provide offerings to serve low-income customers, single-family dwellings, multi-family dwellings, commercial customers, industrial customers, public highway corridors, and public fleets;
- To create opportunities for stakeholder engagement in the development of the TE IP, the Company hosted two TE Collaborative Meetings. The TE Collaborative group represents a wide variety of stakeholders that were involved in the stakeholder process of the STEP. The meetings were held on February 2, 2022, and on May 5, 2022, with 28 and 35 participants, respectively.

Transportation Electrification Implementation Plan Objectives

Transportation electrification presents unique opportunities for the Company to (1) facilitate improvements in air quality in alignment with our corporate strategy and resource transition to clean energy resources, and (2) deliver enhanced value to our customers by providing trusted information, targeted offerings, grid planning, and lower fueling costs.

The Company's objectives for this plan include:

- Dissemination of information on EV benefits, functionality, use and operations through a variety of channels and means to reach a diverse customer base;
- Reduction of financial and technical barriers to EV adoption;
- Completion of grid planning studies to properly assess EV loads and minimize grid impacts;
- Development of unique partnerships to deliver the benefits of transportation electrification to all TEP customers;
- Development of intentional EV solutions for low to moderate income customers;

- Activation of 2,000 charging ports over 3 years¹.

The Company's plan provides the flexibility needed to take advantage of this rapidly evolving field by enabling Company staff, with the input from our TE Collaborative partners, to evolve programs and initiatives to meet market needs and promote, encourage, and accomplish increased transportation electrification within TEP's service territory.

While the STEP identified all the barriers to EV adoption, the Company's TE IP focuses more specifically on the barriers best addressed by the electric utility. These include lack of awareness, insufficient charging infrastructure, EV charging costs and grid impacts, and access for underserved and low to moderate (LMI) customers. Each of these is discussed in more detail below.

1. Lack of Awareness

National surveys have found widespread lack of knowledge of the commercial availability of EVs, purchase incentives, fueling options, maintenance cost savings, as well as an EVs ability to meet most people's daily driving needs.^{2,3} These barriers can be especially significant for disadvantaged populations, since educational campaigns and outreach activities often do not fully consider the importance of communicating specifically to those communities. The general lack of awareness goes beyond the vehicles themselves. As described by the STEP *EV Infrastructure* working group findings, the supporting technologies and components that make up a TE system, such as different types of EV charging plugs or electricity pricing structures, are also foreign to many consumers, which create an additional hurdle to broad adoption of EVs.

2. Insufficient Charging Infrastructure

Insufficient availability of suitable and reliable charging infrastructure also presents a significant barrier to the adoption of light-duty EVs. This is especially true for residents of multi-unit dwellings, including many historically underserved communities, who often do not have the ability to install charging infrastructure at their residence.

As identified by the STEP *EV Infrastructure working group*, there are four primary barrier categories that hinder the further deployment of charging infrastructure in Arizona: procurement costs, operational costs, soft costs, and utility engagement and information. Procurement costs include hardware costs (the equipment itself) and the costs of installation. Operational costs include software and networking fees, ongoing maintenance, and the cost of electricity through utility electric rates. Soft costs include permitting; securing the required right-of-way and any parking restrictions; and various fees related to required equipment inspections. Finally, the barrier of utility engagement and information includes a lack of knowledge about EV charging station siting and interconnection processes.

¹ According to the Department of Energy, Alternative Fuels Data Center, the charging infrastructure required to support 95,000 electric vehicles is 2,100 workplace level 2 ports, 1,351 public level 2 ports and 495 public DCFC ports. <https://afdc.energy.gov/evi-pro-lite> accessed on May 23, 2022

² National Renewable Energy Laboratory, Singer, M., "The Barriers to Acceptance of Plug-in Electric Vehicles: 2017 Update," NREL Technical Report: NREL/TP-5400-70371. Available at: <https://www.nrel.gov/docs/fy18osti/70371.pdf>.

³ International Council on Clean Transportation, Jin, L. and Peter, S., "Literature of electric vehicle consumer awareness and outreach activities," March 21, 2017. Available at: https://www.theicct.org/sites/default/files/publications/Consumer-EV-Awareness_ICCT_Working-Paper_23032017_vF.pdf.

3. EV Charging Costs and Grid Impacts

Growth in EV adoption creates growth in electricity demand, at times requiring distribution upgrades and potentially additional capacity resources. In addition, charging loads for EVs are fundamentally different than other end-use load types for which the distribution system has been designed and built. Left unmanaged, these EV loads are likely to have high peak load coincidence factors.⁴ While EV adoption is still in its nascency, as adoption grows in our service territory, it increases opportunities to deliver value to customers through incentives and initiatives that encourage beneficial charging behaviors. The Company is well positioned to reduce customer fueling costs through awareness of EV rates and through load management opportunities that will minimize impacts and costs to the electrical grid.

4. Access for Underserved Communities and Low-to-Moderate Income (LMI) Customers

For the benefits of TE to be equitably accessible across all socioeconomic groups and geographic areas, particular consideration must be given to communication methodologies, EV infrastructure deployment planning and incentive structure. The Company plans to address these considerations and deliver the benefits of TE to customers by leveraging the right partnerships and elevating the voices of the community.

Activities to reach underserved communities and LMI customers will include targeted education, increased incentives for residential EV charging installations, multifamily housing charging stations, and mass transit charging infrastructure for underserved communities.

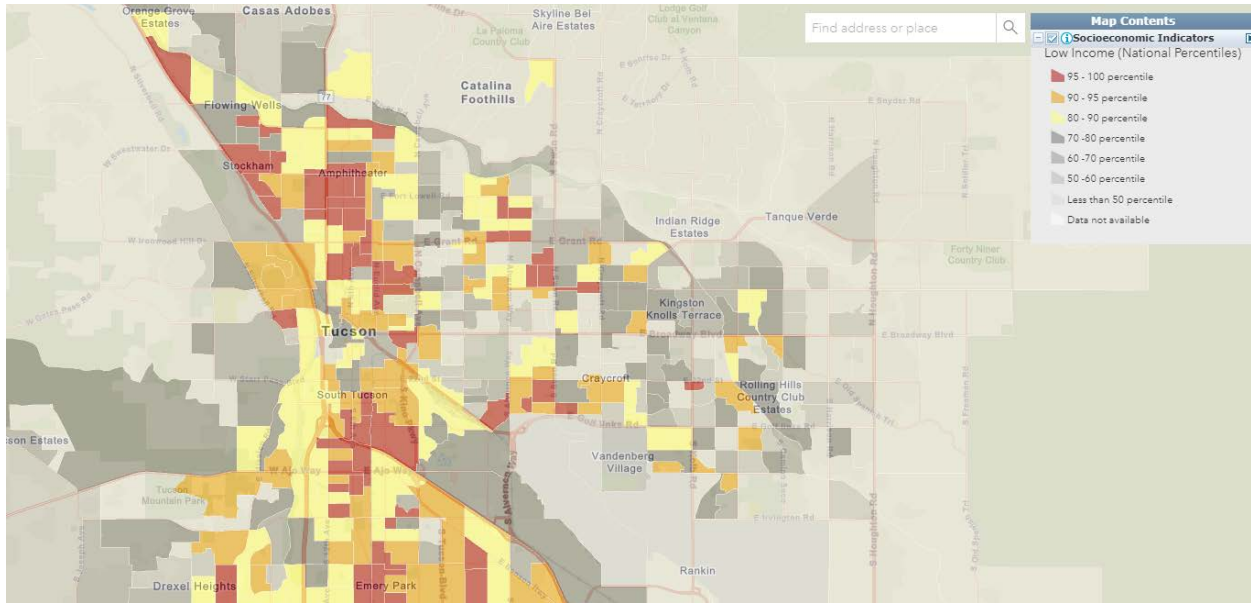
For the purposes of the TE IP, LMI customers may be identified at the individual or community level, depending on the program or offering. To be eligible to receive the enhanced incentives under the residential and micro mobility offerings, customers will need to verify participation in another TEP, State or Federal income qualified program.

For the purposes of this TE IP, LMI communities will be determined using the EPA EJScreen mapping tool, available at ejscreen.epa.gov/mapper. Eligible LMI communities will be defined as those communities with a Low-Income Population of 80-90 Percentile or greater. The tool defines the percentile group as the percent of individuals whose ratio of household income to poverty level in the past 12 months was less than 2 (as a fraction of individuals for whom ratio was determined).

See Figure 2 for an example of the tool with the Low-Income Population regions on the map. TEP will use this tool for guidance in determining eligibility for LMI community targeted incentives such as the multifamily, commercial retail and workplace rebates.

⁴ Utility Dive, Walton, R., "Uncoordinated trouble? Electric vehicles can be a grid asset, but only with planning and investments," January 31, 2018. Available at: <https://www.utilitydive.com/news/uncoordinated-trouble-electric-vehicles-can-be-a-grid-asset-but-only-with/515787/>.

Figure 2. Sample Low Income Population Areas



<https://ejsscreen.epa.gov/mapper/> accessed May 18, 2022

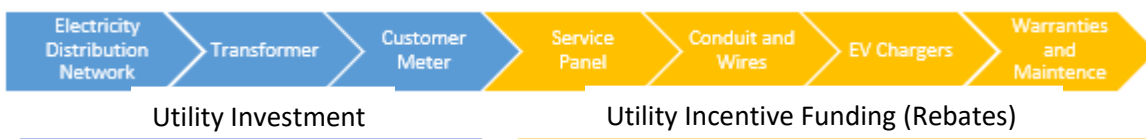
Portfolio Overview

The TE IP is comprised of seven program groupings aimed at addressing the customer segments and use cases outlined in Decision No. 78383 and includes programs to address key barriers to electric vehicle adoption and provide offerings to serve:

1. Low-to-Moderate Income customers (LMI)
2. Single-family dwellings
3. Multi-family dwellings
4. Commercial customers
5. Industrial customers
6. Public highway corridors
7. Public fleets

Most of the TE IP offerings will create access to charging infrastructure through a utility incentive model (Figure 3) as outlined below.

Figure 3. Utility Incentive Model



For measures using this approach, all infrastructure behind the customer meter is installed, owned, and maintained privately by the customer and supported with the help of utility incentives to offset the initial deployment. This model ensures that the distinction between utility-owned equipment and

customer owned equipment remains clear. To overcome barriers to EV adoption, TEP will offer program services that are discussed in more detail below.

1) Customer Outreach, Education, and Awareness

Providing customers with easy to understand, accessible information is the foundation of trusted customer relationships. To achieve this goal, the TE IP portfolio of programs will support customer awareness and outreach to educate customers on the benefits of TE and support them on their EV journey. Because the process of educating customers and increasing awareness of TE options and technologies cannot be structured in a one-size-fits-all manner, the Company will use customer segmentation data to tailor messaging to the intended audiences and/or use cases. As part of this effort, the Company proposes to develop a new EV microsite aimed at simplifying access to information for residential and non-residential customers.

Leveraging the new microsite and existing energy programs, the Company proposes creating multiple marketing campaigns aimed at heightening awareness for its electrification offerings. The Company also proposes to develop an EV Showcase that will provide customers with the opportunity for a hands-on experience with EVs and charging infrastructure.

The EV buying experience has been identified as a barrier to EV adoption.⁵ The sales process takes longer, and sales staff lacks the general education about EV technology, charging, and incentives. It is important that dealerships support the acceleration of EV adoption with the tools necessary to talk to customers about the benefits of EVs and to close the EV sale. The Company proposes to deploy customer and dealership education tools at three dealerships throughout its service territory. These interactive kiosks will educate dealership staff and provide customers with information regarding model availability, charging infrastructure accessibility, route planning, and information on the Company's electrification programs.

In addition, through an existing partnership with Volta, the Company proposes to deliver free charging infrastructure in our service territory with a heightened focus on LMI areas.

2) Residential Customer EV Adoption

To meet the EV charging needs of single-family residential customers the Company proposes the following offerings:

1. Smart Home EV Program – Standard use case (450 participants over 3 years)
 - a. The company proposes to continue its Smart Home EV incentive for the installation of networked or non-networked chargers in existing homes. Customers are eligible for up to a \$500 incentive.
2. Smart Home EV Program - LMI use case (225 participants over 3 years)
 - a. The company proposed an incentive of \$800 toward networked or non-networked chargers and a \$300 panel upgrade allowance in existing homes.

⁵ Gerardo Zarazua de Rubens, Lance Noel & Benjamin K. Sovacool (2018) "Dismissive and deceptive car dealerships create barriers to electric vehicle adoption at the point of sale" *Nature Energy* doi: [10.1038/s41560-018-0152-x](https://doi.org/10.1038/s41560-018-0152-x)

3. Pre-wire (155 homes over 3 years) – In jurisdictions where there is no pre-wire ordinance or code requirement, the Company proposes to provide \$100/home incentive to new home builders.
4. Pre-wire Upgrade (155 homes over 3 years) – In jurisdictions where there is a pre-wire ordinance or code requirement, the Company proposes to provide a \$300/home incentive to new home builders who install an EV charger in new homes.
5. Managed Charging - Managed charging programs provide flexibility to participants who adjust their charging behavior to align with an optimal charging strategy to avoid higher energy and infrastructure costs or avoid more carbon-intensive electricity. The company proposes to introduce a managed charging program that will be open to 300 residential customers

3) Commercial Customer EV Adoption

The Company’s commercial programs aim to address barriers associated with fleet, workplace, retail and multi-unit dwelling, public transit, and highway corridor charging. These charging scenarios provide significant opportunities to support the adoption of electric vehicles. The Company intends to address the barrier of insufficient charging infrastructure, cost of EVSE deployment and access for underserved communities through the support of the following program offerings.

1. Smart City EV Program⁶ - Workplace, Retail, Fleets and Multifamily
 - a. Standard Use Case (600 ports over 3 years)
 - i. The Company proposes to continue its Smart City EV Program structure providing customers with a per port incentive up to 75% of project costs.

Charger Type	Per port incentive
Level 2	\$4,000
DCFC	\$20,500

- b. LMI/Non-Profit Use Case (270 ports over 3 years)
 - i. The Company proposes to continue its Smart City EV Program structure for the workplace, retail, and fleet use case with a per port incentive up to 75% of project costs.

Charger Type	Per port incentive
Level 2	\$6,000
DCFC	\$40,000

- ii. In recognition that both landowners and tenants in low-income multifamily complexes face greater barriers to installing EV charging infrastructure, the

⁶ Eligible project costs under the Smart City EV Program include: EV charging station and related equipment, Electrical service upgrades required for the installation, Design and engineering services, Construction and installation (materials and labor), Service, warranty and O&M agreements

Company proposes to enhance its multi-family use case offering by providing existing LMI qualifying projects with two options:

1. Incentive to cover 100% of project costs or
 2. Company ownership of EV chargers
- c. Multifamily New Construction (250 parking spaces over 3 years)
- i. The Company proposes to provide a \$200 pre-wire cost offset per EV parking space. This incentive will only be eligible in jurisdictions where commercial pre-wire is not required by code.
2. Public Transit – (Charging infrastructure to support 45 buses over three years) To support the transition of public transit fleets to zero emission buses, the Company proposed to provide incentives to offset the cost of EV chargers and associated infrastructure.

Charger Power output	Per port incentive
Up to 62kW	\$40,000
Up to 100 kW	\$65,000
Up to 150 kW	\$75,000

3. Corridor Charging – (20 ports over 3 years) To leverage and support the deployment of corridor charging hubs in accordance with the site requirements of the FHWA guidance.⁷ The Company proposes to provide an incentive of up to \$50,000 per port to cover costs not included in the federal guidelines and or to be applied toward the local match requirement.

4) Micro-mobility

Electric bikes reduce air pollutants compared to gas-powered cars and can be a viable alternative to vehicles trips. Electric bikes can help LMI customers with clean energy transportation options and increase the accessibility of TE to all customer segments. The intent is to encourage (not require) customers to retire their older conventional fuel vehicle and transition to an electric mobility option. The Company proposes to provide an incentive to help offset the cost with electric bike acquisition. This offering is designed to be highly attractive to LMI customers. Eligible ebikes must be new, have operable pedals and an electric motor of less than 750 watts. All classes (Class 1, Class 2, and Class 3) are eligible. Conversion kits, scooters, and mopeds are not eligible

Use Case	Number of Participants over 3 Years	Incentive Amount
Standard	180	\$100
LMI	180	\$600

⁷ https://www.fhwa.dot.gov/environment/alternative_fuel_corridors/nominations/90d_nevi_formula_program_guidance.pdf

5) Partnership, Research, and Innovation (PRI)

This program contemplates several offerings stemming from input from our TE Collaborative meetings, research, and customer engagement. The objective of this program is to promote electrification of shared mobility and further inform future TE IPs through the following efforts.

1. School Bus Program (Pilot) - Electrifying school buses create positive public health impacts for a population that is especially vulnerable to pollution. Furthermore, electric school buses are cheaper to operate and maintain over their lifetimes compared to diesel models, helping school districts save money over the buses' lifetime. However, the upfront costs of purchasing an electric school bus can be prohibitive to some school districts. To support the electrification of school buses, the Company proposes a bus purchase and charging infrastructure incentive coupled with a fleet transition phasing plan and the installation of seat belts. Through this program, the Company would study load shifting impacts, charging efficiencies and vehicle performance.

2.

Offering	Non-Title 1 Schools	Title 1 Schools
Incremental cost of electric buses	N/A	Up to \$250,000 per bus up to 30 buses over 3 years
Charging Infrastructure	<ul style="list-style-type: none"> • \$35,000 per port for DCFC chargers up to 62kW. • \$60,000 per port for chargers up to 100kW • \$70,000 per port for chargers 150kW and above 	<ul style="list-style-type: none"> • \$40,000 per port for DCFC chargers up to 62kW. • \$65,000 per port for chargers up to 100kW • \$75,000 per port for chargers 150kW and above
Fleet Phasing Plans	50% of study costs covered for three schools over 3 years	100% of study costs covered for three schools over 3 years
Seat Belt Installation	100% of costs up to \$11,000 per electric bus for up to 20 buses over 3 years	100% of costs up to \$11,000 per electric bus for up to 40 buses over 3 years

3. Multi-use Charging Hub (Pilot) –The presence of public and highly visible charging infrastructure provides assurance and charging solutions for EV drivers who that can't charge at their place of residence. The need for available public charging will continue to increase as Transportation Network Companies (TNP) are moving toward an electric service model⁸ while their drivers have a median annual salary of less than \$40,000⁹ (making at-home charging cost-prohibitive for most). The company proposes to work with companies such as Uber and Lyft and local jurisdictions to develop charging hubs to facilitate the deployment of charging infrastructure.

⁸ <https://www.lyft.com/impact/electric> and https://www.uber.com/us/en/about/sustainability/?uclid_id=e0c7f9c-8f16-4645-86a0-b5f5363b63fd

⁹ <https://www.salary.com/research/salary/alternate/uber-driver-salary>

Charger Type	Per Port Incentive	Number of Ports over 3 years
Level 2	\$6,000	10
DCFC	\$40,000	10

- Non-profit Ride Share Program (Pilot) – The Company wants to ensure that the TE IP delivers the benefits of electrification to all customer segments, including those that utilize transportation services through non-profits. The Company proposes to work with non-profits that provide transportation services to seniors, workforce development program participants and LMI customers to offset the cost of vehicle purchase and incentivize the installation of charging infrastructure.

Offering	Incentive Amount
Vehicle Cost Offset	Up to \$30,000 per vehicle for a total of 6 vehicles over 3 years
Charging Infrastructure	6 ports over 3 years covering 95% of eligible project costs

- Public Rights of Way (ROW) Charging (Pilot) – Understanding that certain customers may not be able to charge at their residence, the Company proposes a limited scale application of utility/light pole EV charger deployment. This pilot would test for the impact of the presence of public ROW charging on EV adoption and for the accuracy of the internal charging station meter compared to a utility meter. The company proposes to own the charging stations that are attached to utility poles. The Company believes this model will result in lower installation costs and assist in bringing EV charging infrastructure to medium and high density residential and/or commercial areas with public ROW parking. If this offering is approved, the Company will file a compliance rate schedule within 30 days of approval.

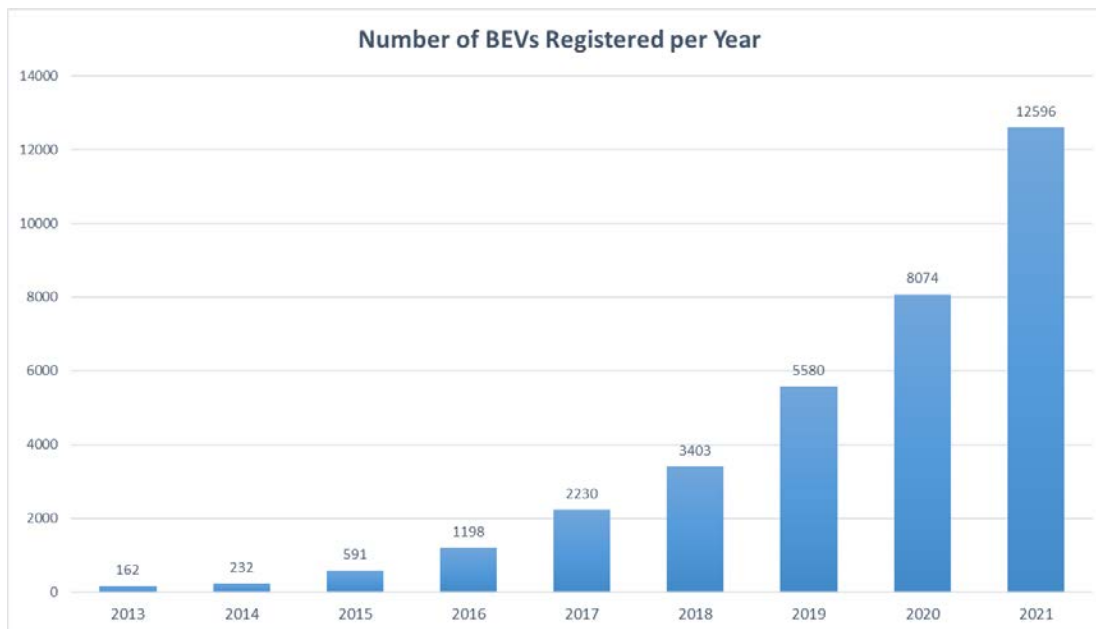
6) Fleet Advisory Services

As fleet customers take on fleet electrification, having the correct planning tools to create a cost-effective fleet transition plan is critical. The Company proposes to support those fleets in their TE journey by offsetting the cost of fleet planning analysis by up to 80% study costs. Additionally, the Company will enhance its existing fleet total cost of ownership tool by embedding it into its proposed EV Microsite. The online version of the total cost of ownership calculator (TCO) will also act as lead generation for the commercial EV program.

7) Grid Planning

Given the relatively quick changing nature and speed of EV adoption in the Company's service territory, 100% since 2019, the Company proposes to conduct a grid impact analysis to optimize asset utilization and provide insights into potential distribution impacts.

Figure 3. Battery Electric Vehicle (BEV) Registration in TEP Territory



Stakeholder Engagement

The Company believes that open and consistent dialogue with stakeholders is paramount to the success of the TE IP. As such, through the term of the TE IP, the Company will hold quarterly TE Collaborative Meetings. These meetings will enable the Company to solicit stakeholder feedback and provide stakeholders with updates and progress reports on TE IP activities. The Company may hold additional TE Collaborative meetings as needed.

Portfolio Management

Given the rapid evolution of transportation electrification, TEP anticipates that amendments to programs and offerings may be filed to address changes in the transportation electrification market.

To better manage program budgets to serve customer needs, the Company requests the flexibility to shift up to 50% of each program budget across another program to adjust to the market needs and maximize benefits which may result in a particular program budget exceeding its budget estimate.

As currently approved by the Commission for DSM programs, the Company requests that TE IP expenditures above 5% of the total budget shall still be considered prudent.

The Company also proposes to set aside 30% of the commercial and residential program budgets for LMI customers. Should the company need to shift budget dollars across portfolios to meet market needs and

emerging trends, the Company commits to retaining 30% set aside for LMI customers as calculated as an overall budget and not at the program level.

Program Administration

To implement the objectives and scope of the TE IP, the Company will need to actively manage and administer programs. We will leverage existing resources where possible and will also need to add new full-time staff resources. Where appropriate the company will enlist support from third-party experts for program administration. In addition, the implementation of the TE IP offerings will trigger in-house information technology costs such as rate integration into billing systems and website hosting fees.

Reporting

The Company proposes to provide an Annual TE IP Progress report to be filed July 15th of each plan year. This report will include and replace the reporting requirements associated with the Statewide Transportation Electrification Plan and Fleet Electrification Status Update as required by Decision No. 78383 and include and replace the reporting requirements and cadence of Decision No. 77289. The metrics tracked in the annual report will mirror the metrics the Company reported in its Semi-Annual Progress Report filed with the Commission on March 15, 2022¹⁰.

Cost Recovery

The Company has proposed an Accounting Order herein to track program expenses in alignment with Commission Decision No. 77289. The Accounting Order will provide the Company the opportunity to recover program costs in a subsequent rate case.

As part of the filing of this TE IP, and pursuant to the Commission's Electric Vehicle Policy Implementation Plan ("EV Policy") (Decision No. 77289 (July 19, 2019)), TEP hereby requests that the Commission approve an accounting order authorizing the deferral of costs related to the Company's TE and EV programs and offerings until such prudently incurred costs can be considered in a future general rate case proceeding. This accounting order would facilitate the funding of TEP's approved TE and EV programs after March 1, 2020. The Commission's EV Policy states that Public Service Corporations ("PSCs"), such as TEP, may request an accounting order to track pilot program costs:

*Cost recovery for approved EV pilot programs may be addressed in the PSCs rate case (pursuant to R-14-2-103 or R-14-2-107) where the prudence of incurred costs shall be evaluated. PSCs may request an accounting order to track pilot program costs. Alternative methods of cost recovery may also be requested, and such requests will be addressed on a case-by-case basis.*¹¹

¹⁰ <https://docket.images.azcc.gov/E000018310.pdf?i=1652980255009>

¹¹ Decision No. 77289, Item 3, Page 3, <https://docket.images.azcc.gov/0000199128.pdf>.

This proposed accounting order is permitted under FERC Uniform System of Accounts (“USOA”) guidelines¹², which the Commission has adopted as part of its regulation of electric utilities.^{13,14} The proposed language in the accounting order would make clear that TEP is authorized to defer O&M costs for TE and EV programs for future recovery. The language is intended to provide TEP with a reasonable assurance of recovery, subject to the Commission’s review for reasonableness and prudence, so the Company can record those costs as a regulatory asset in accordance with GAAP requirements. TEP also would agree to the reporting requirements contained in Decision No. 74911.

TEP requests that the Commission include in its order approving its TE IP the following ordering paragraphs:

IT IS FURTHER ORDERED that Tucson Electric Power Company is authorized to defer for possible later recovery through rates, the O&M costs related to its Commission-approved EV programs and TE IP.

IT IS FURTHER ORDERED that Tucson Electric Power Company shall prepare and retain accounting records sufficient to permit detailed review, in a rate proceeding, all deferred costs and deferred savings as authorized herein.

¹² See e.g. FERC Order 552 (Docket No. RM92-1) (March 31, 1993) (allowing for the creation of regulatory assets and liabilities through actions of regulatory agencies - establishing FERC Accounts 182.3 and 254).

¹³ See A.A.C. R14-2-212(G)(2).

¹⁴ The Commission approved a similar order in 2015 for TEP’s sister company, UNS Electric, Inc. (“UNS Electric”), related to its acquisition of an interest in Gila River Generating Station Unit 3.¹⁴ In this case, the accounting order would serve the public interest by supporting TEP’s existing and proposed EV Pilot Program and the Commission’s EV Policy. TEP requests approval of the language below, which is modeled after the Commission’s order in Decision No. 74911 regarding UNS Electric’s Gila River Unit 3 acquisition.

Budget Overview

	Year 1	Year 2	Year 3	Total
Education and Outreach				
Rebates	\$10,000	\$5,000	\$5,000	\$20,000
Program Expenses	\$181,000	\$50,000	\$400,000	\$631,000
				\$651,000
Residential				
Rebates	\$130,650	\$130,650	\$171,975	\$433,275
Commercial				
Rebates	\$4,025,000	\$6,275,000	\$6,075,000	\$16,375,000
Program Expenses	\$500,000	\$525,000	\$550,000	\$1,575,000
				\$17,950,000
Partnership, Research and Innovation				
Rebates	\$4,170,000	\$4,308,000	\$4,428,000	\$12,906,000
Program Expenses	\$67,500	\$420,000	\$397,500	\$885,000
				\$13,791,000
Fleet Advisory Services				
Program Expenses	\$70,000	\$30,000	\$30,000	\$130,000
Micromobility				
Rebates	\$42,000	\$42,000	\$42,000	\$126,000
Grid Impact Analyses				
Program Expenses	\$120,000	\$0	\$0	\$120,000
Program Administration	\$450,000	\$450,000	\$450,000	\$1,350,000
IT Costs	\$7,500	\$7,500	\$7,500	\$22,500
TOTAL	\$9,773,650	\$12,243,150	\$12,556,975	\$34,573,775

Requests of the Commission

The Company respectfully requests the following:

- 1) Commission approval of the TE IP as proposed;
- 2) Commission approval of the proposed budget and budget flexibility;
- 3) Commission approval of an Accounting Order authorizing the deferral for future recovery of costs associated with the TE IP;
- 4) Commission approval of an ROW charging tariff which will be filed no later than 30 days after the approval of the TE IP, including the Public ROW Charging Pilot;
- 5) Commission adoption of a finding that the TE IP is in alignment with the Statewide Transportation Plan and the Commission's Electric Vehicle Policy Implementation Plan (Decision 77289) and that the activities and programs therein contribute to the achievement of the medium adoption scenario of 1,076,000 light-duty electric vehicles (95,000 in TEP service territory) by 2030;
- 6) Commission adoption of a finding that the TE IP provides benefits to electric utility ratepayers and electric vehicle drivers, improves the electrical system's efficiency, the integration of variable resources, the system's operational flexibility, the utilization of the system during off-peak hours, increases access to the use of electricity as a transportation fuel (including among hard-to reach customer segments and markets), spurs innovation, competition, and increased consumer choices in transportation electrification and related infrastructure and services, contributes to meeting air quality standards and minimizes air emissions, fosters private market investment and educates electric utility ratepayers on the benefits of transportation electrification;
- 7) Commission approval no later than November 4th, 2022, so the Company can begin to implement the TE IP by Jan 1st, 2023.

Conclusion

The proposed TE IP will assist in meeting the Commission approved STEP EV goal of 1,076,000 light-duty vehicles on the road by 2030. TEP looks forward to delivering enhanced value to our customers by providing trusted information, implementing targeted offerings to reduce financial and technical barriers, increasing access to EV infrastructure and benefits for LMI customers, grid planning for greater asset utilization, and reducing fueling costs through use of EV specific rates and managed charging options.

Acronyms

- EV – Electric Vehicles
- EVSE - Electric Vehicle Supply Equipment
- LMI – Low to moderate income
- STEP – Statewide Transportation Electrification Plan
- TE – Transportation Electrification
- TE IP – Transportation Electrification Implementation Plan