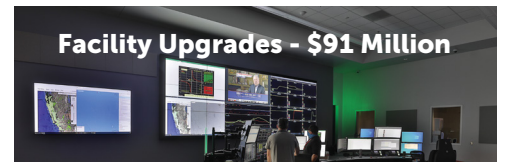
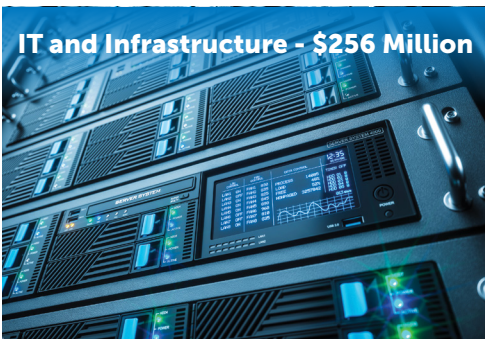


New Rates Support Safe, Reliable Service, Cleaner Energy

New electric rates for Tucson Electric Power customers will take effect Sept. 1 to help cover rising costs and support recent investments in safe, reliable service. Since then, TEP has invested nearly \$1.8 billion to expand and upgrade our energy systems to reliably serve our growing community's expanding energy needs.

Investments in our Energy Grid

The proposed rates cover the cost of new wind and solar energy resources, grid improvements, technology and security upgrades and other investments that have allowed TEP to provide strong reliability and cleaner energy, including:



Supporting Cleaner Energy

The new rates support our plan to provide 70 percent of our power from renewable resources by 2035 while reducing carbon emissions by 80 percent. These objectives are outlined in TEP's 2020 Integrated Resource Plan.

Managing Higher Costs

Consumer prices have increased more than 15 percent since 2018, the year reflected in current rates; the cost of construction materials and energy have increased even more. Despite these increases, TEP's operations and maintenance costs, on average, from 2018 through 2021 grew at a lower rate than average annual inflation during that same period.

Serving Expanding Energy Needs

Peak energy demand on TEP's local energy grid has increased by 5.7 percent since 2019, driven by hotter weather and the addition of more than 14,000 new homes and businesses to our customer base over the past three years.

Customer Impact

The new rates are expected to increase the average monthly bills of residential customers with typical usage on TEP's Basic pricing plan by about \$11. The impact will vary with usage and is likely to be higher during hot weather and lower in cooler months. TEP can help customers mitigate the impact through energy efficiency programs, rebates and advice available on tep.com.

TEP's monthly Lifeline discount increased from \$18 to \$20 for qualifying residential customers whose household income does not exceed 200 percent of the federal poverty level.

TEP's request was approved by the Arizona Corporation Commission (ACC) in a process that included opportunities for public input. For more details, visit tep.com/2023-rates

