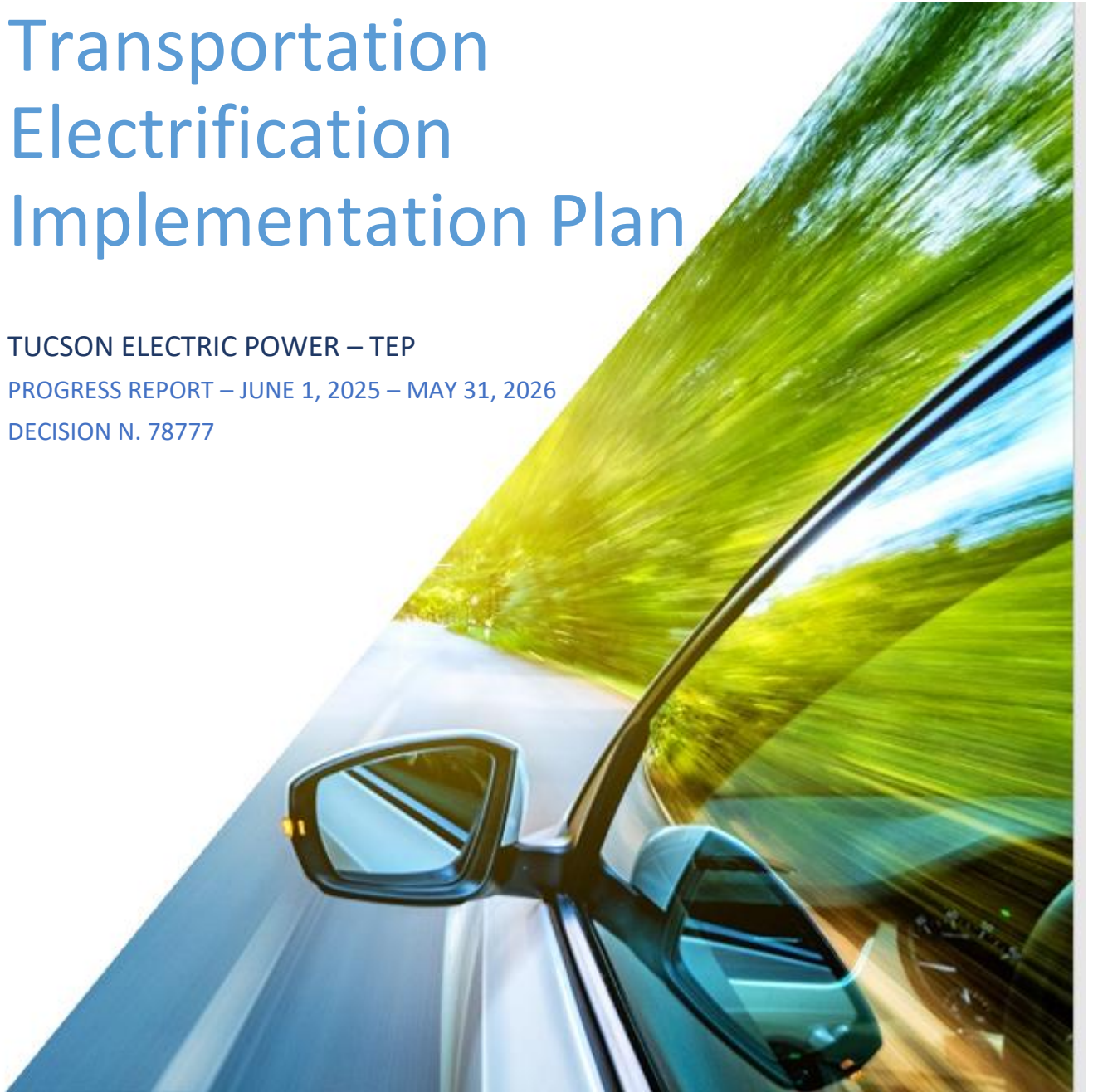


Transportation Electrification Implementation Plan

TUCSON ELECTRIC POWER – TEP

PROGRESS REPORT – JUNE 1, 2025 – MAY 31, 2026

DECISION N. 78777



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Introduction

Tucson Electric Power (“TEP” or “Company”), pursuant to Arizona Corporation Commission (“ACC” or “Commission”) Decision No. 78777, hereby submits its annual Transportation Electrification Implementation Plan (“TE IP”) Progress Report. As approved by the Commission, this report also satisfies the reporting requirements of Decision No. 78383. 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. TEP’s TE IP Progress Report outlines the activities accomplished between June 1, 2025, and May 31, 2026.

The Company’s TE IP supports the approved STEP EV adoption statewide goal of 1,076,000 (95,000 in TEP’s service area per the STEP) 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.

Figure 1. Approved STEP EV Goals.

Vehicle Segment	STEP 2030 EV Goal (Vehicles on the Road)	
	TEP Service Territory	State
Electric Light Duty Vehicles	95,000	1,076,000
Electric Medium Duty Parcel Delivery Trucks	545	3,830
Electric Transit Buses	110	785
Electric School Buses	200	1,425

The Company’s TE IP is a result of utility filings and Commission decisions as 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;

- Decision No. 78777 approved TEP's TE IP which requires an annual progress report to be submitted by July 15th of each plan year.
- Decision No. 78777 approved TEP's TE IP for a three-year budget period. On June 18th, 2025, TEP filed a notification with the Commission requesting to extend the existing TE IP until the completion of TEP's pending rate case.¹

Statewide Transportation Electrification Plan (STEP) Updates

The following sections relate to the Company's effort to report on transportation electrification initiatives relative to participation, environmental and economic metrics outlined in the STEP.

TE Market Update

In 2025, global EV sales surpassed 20 million units, reflecting 20% growth from 2024 sales and 5% of global vehicle electrification². The U.S. market lagged in sales compared to other global markets, marked by lower sales in 2025 compared to 2024. Slower adoption is likely related to several shifts in federal policy, including the termination of tax credits for EV purchases and the elimination of financial penalties for lack of compliance with fuel economy standards for automakers.¹ Even so, EVs still made up 10% of U.S. vehicle sales in 2025.

The National Electric Vehicle Infrastructure (NEVI) Formula Program, established by the Infrastructure Investment and Jobs Act, remains active today to support funding for up to 80% of project costs associated with approved public charging projects.³ In Arizona, Phase 1 awards were announced in August 2024 for 18 charging stations across the state.⁴ Phase 2 awards were announced in June 2026 for an additional 14 stations, with ADOT anticipating issuing a Phase 3 RFP in summer 2026.

The presence of public charging infrastructure remains critically important to support EV adoption, with some estimates that public charging infrastructure in the U.S. would need to more than triple in the next five years to support projected demand.⁵ At the same time, consumer cost to charge with public charging stations has risen above the price of gasoline in some markets, including in the U.S. While charging at home is still cost competitive, public charging costs may discourage EV adoption in particular for consumers who are unable to charge at their home location. While rising gas prices have spurred additional interest in EVs, it remains to be seen what the longer-term impact on sales will be.

Despite uncertainty the U.S. EV market faces in light of changes in policy, tariffs, and overall inflation, consumer interest in EVs remains strong. J.D. Power reported, as of May 2026, 26% of shoppers in the

¹ <https://docket.images.azcc.gov/E000045179.pdf?i=1781821806247>

² International Energy Agency, "Global EV Outlook 2026 - Trends in electric cars". May 2026. <https://www.iea.org/reports/global-ev-outlook-2026/trends-in-electric-cars>

³ U.S. Department of Energy, "National Electric Vehicle Infrastructure (NEVI) Formula Program". January 2026. <https://afdc.energy.gov/laws/12744>

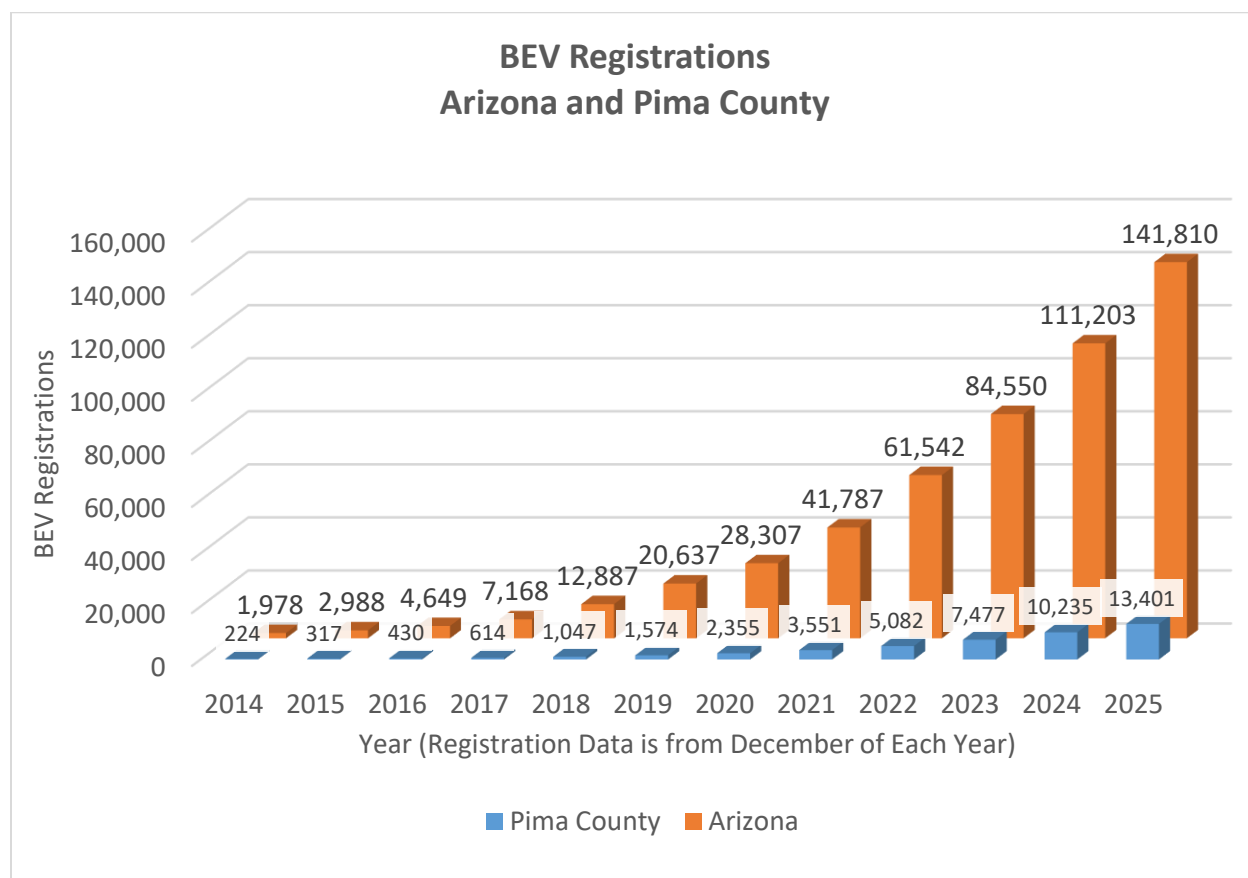
⁴ ADOT, "EV Infrastructure Implementation". June 2026. <https://azdot.gov/ev-infrastructure-implementation>

⁵ BloombergNEF, "Electric Vehicle Outlook 2025". August 2025. <https://assets.bbhuh.io/professional/sites/24/202506-EVO2025-Executive-Summary.pdf>

market for a vehicle reported there were very likely to consider purchasing an EV.⁶ Major barriers include range anxiety, charging availability, and purchase price. Additionally, consideration is lower for multifamily housing residents, where only 18% of respondents living in an apartment noted they were “very likely” to consider purchasing an EV. A major benefit of driving an EV is the convenience and cost-savings that charging at home brings; those living in multifamily dwellings without access to convenient, cost-effective charging may not be able to realize the benefit and as such, it is not a primary motivator for going electric.

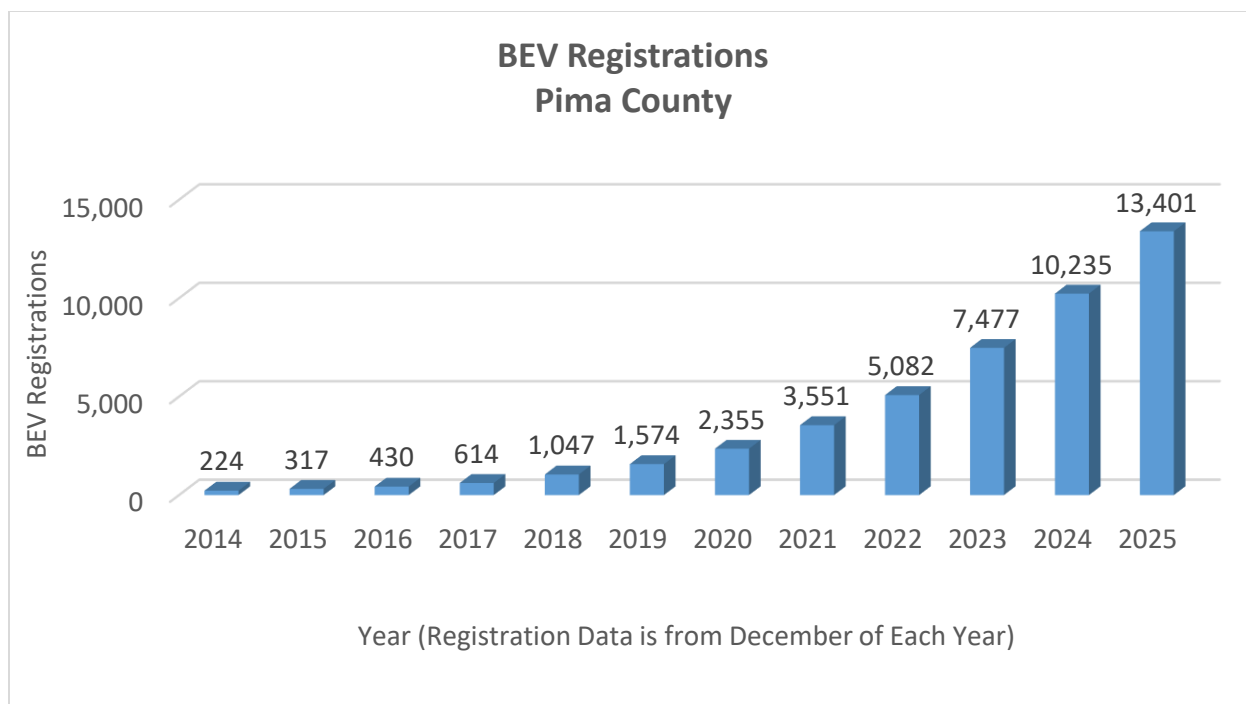
EV price considerations may vary based on the new versus used vehicle market. January 2026 new EV sales were down almost 30% year-over-year, while used EV sales were up 21% year-over-year.⁷ This may be related to the relative cost parity of used EVs compared to used ICE vehicles: in January, the average used EV listing price was reported at \$35,442, compared to \$34,066 for ICE vehicles. In comparison, the average transaction price for a new EV was \$55,715, compared to \$48,617 for new ICE vehicles.

EV registrations continue to rise in Arizona, albeit at a slightly slower pace than previous years. The number of registered battery electric vehicles (BEVs) increased 28% and 31% from 2024 to 2025 in Arizona and Pima County, respectively. For comparison, BEV registrations increased 32% and 37% from 2023 to 2024 in Arizona and Pima County, respectively.



⁶ J.D. Power, “More New Vehicle Shoppers Consider EVs as Fuel Costs Rise, JD Power Finds”. May 2026. <https://www.jdpower.com/business/press-releases/2026-us-electric-vehicle-consideration-evc-study>

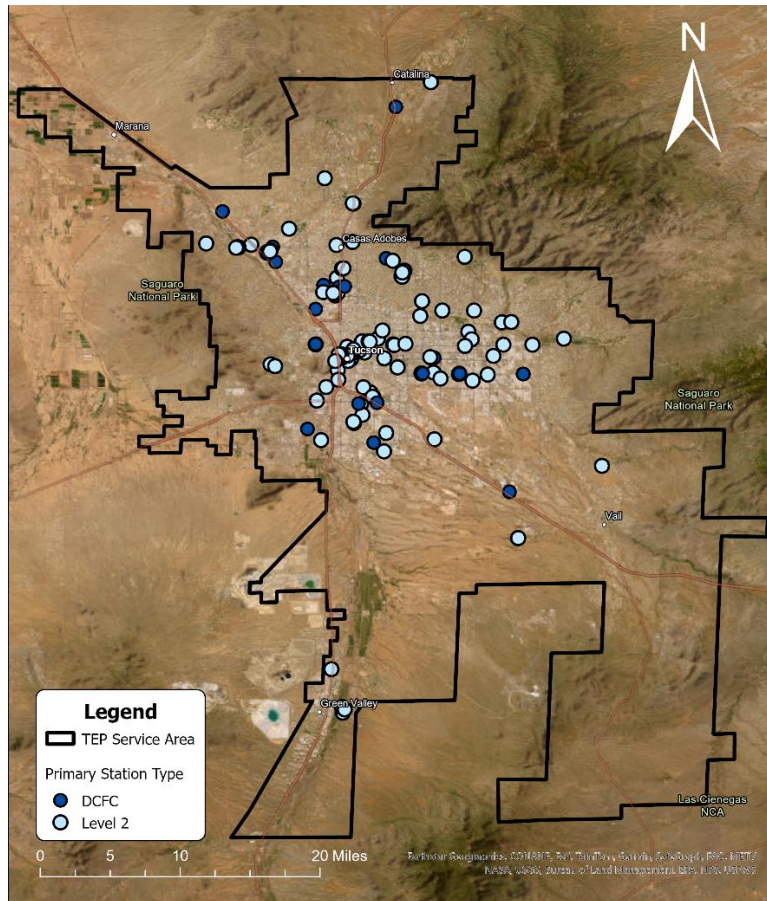
⁷ Cox Automotive, “EV Market Monitor – January 2026”. January 2026. <https://www.coxautoinc.com/insights/ev-market-monitor-january-2026/>



Charging Infrastructure in Arizona

According to the U.S. Department of Energy, Alternative Fuels Data Center (AFDC), there are 1,442 DC fast charging (DCFC) and 3,193 Level 2 publicly available charging ports in the state of Arizona. Within TEP's service territory, there are 382 Level 2 and 94 DCFC publicly available charging ports. AFDC data represents a snapshot in time of available charging ports and may not capture all available ports if stations are not registered in the database. The snapshots presented below reflect only 'Open' charging stations (excludes 'Planned' or 'Temporarily Unavailable' station statuses).

Charging Port	May 2025	May 2026
Level 2		
Arizona	3,056	3,193
TEP	338	382
DCFC		
Arizona	1,189	1,442
TEP	76	94



**For charging stations that offer exclusively L2 or DCFC ports, they are marked with the matching designation on the map above. Where charging stations offer both L2 and DCFC ports, the station is marked with the Primary Station Type associated with the most frequent port type at that station.*

Arizona Air Quality

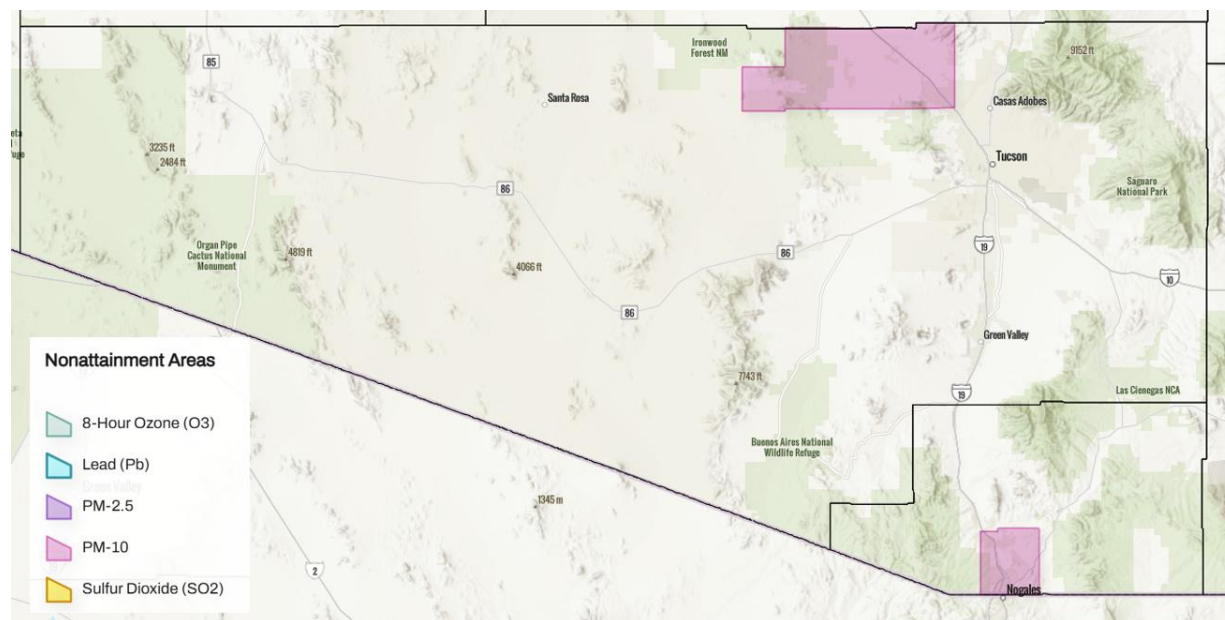
Particulate Matter (PM) refers to both solid particles and liquid droplets in the air.⁸ PM-10 refers to inhalable particles 10 micrometers or smaller in diameter, while PM-2.5 refers to particles 2.5

⁸ <https://www.epa.gov/pm-pollution/particulate-matter-pm-basics>

micrometers or smaller in diameter. PM can be emitted from construction sites, unpaved roads, power plants, industry, and conventional fuel automobiles.

Particles with diameters less than 10 micrometers pose health problems due to their ability to enter the bloodstream, including (but not limited to) aggravated asthma, respiratory symptoms, decreased lung function, and more.⁹

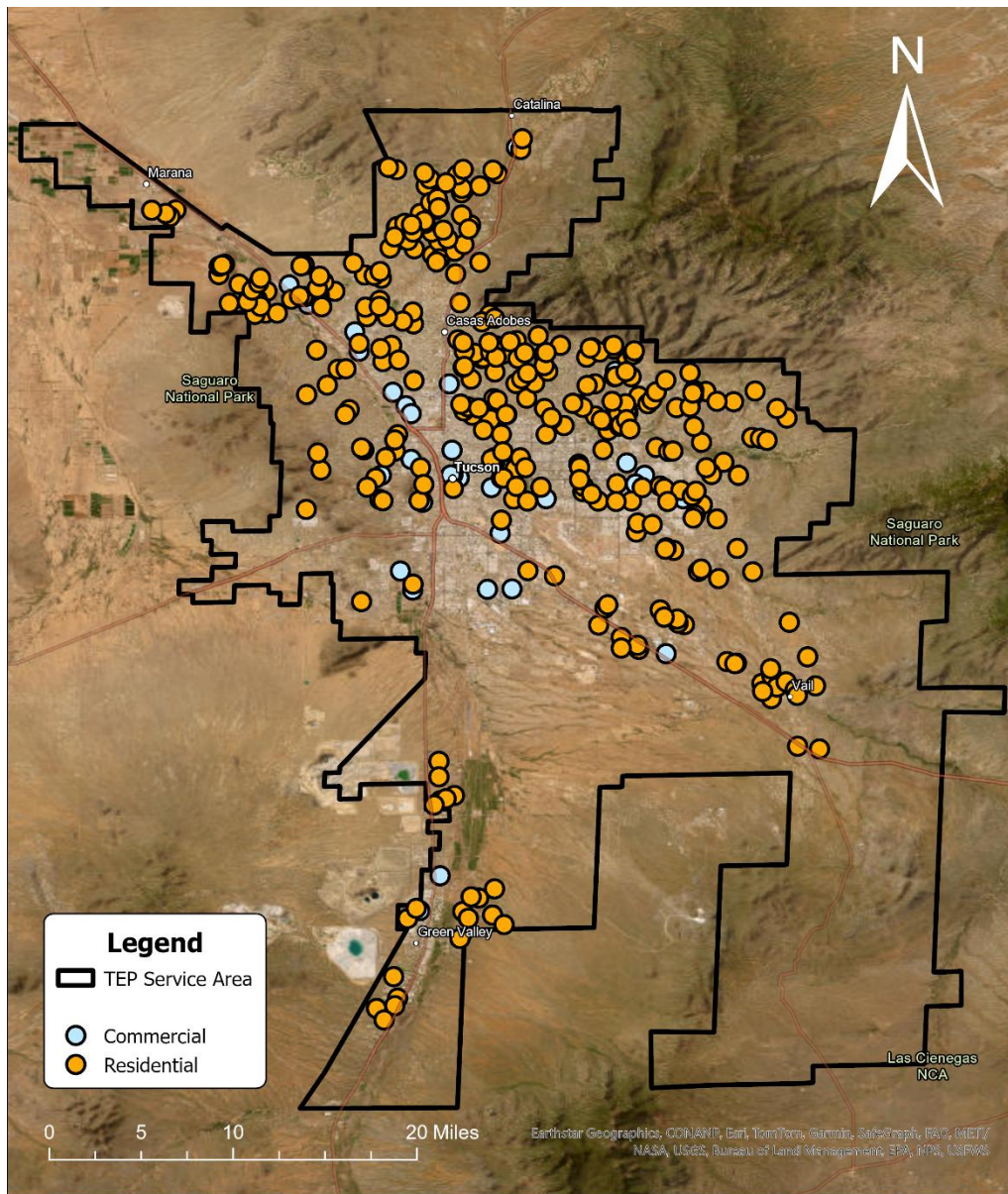
Status: Inhalable Particulate Matter (PM-10) non-attainment areas in Pima County reflected in the map below. There is not a Fine Inhalable Particle (PM-2.5) non-attainment area in Pima County.



Electric Vehicle Pricing Plans

The ACC eliminated TEP's Residential Super Off-Peak Time-of-Use Electric Vehicle (TRSOTE) pricing plan in Decision 79065. Residential customers who remained on this pricing plan as of March 1, 2024, were switched to our Residential Service TOU (TRREST) plan. The map below is a geographical representation of customers on commercial electric vehicle pricing plans and residential customers on Demand Super Off-Peak Time-of-Use Electric Vehicle pricing plan.

⁹ <https://www.epa.gov/pm-pollution/health-and-environmental-effects-particulate-matter-pm>



Customer Segment	Count as of May 2026
Residential	347
Commercial	37
Total	384

Fleet Electrification

TEP previously had stated its own fleet electrification goals to electrify Light Duty/SUVs and Light Duty Pickup Trucks in its fleet by 2030. Since these goals were first set in 2020, changes in the EV market and vehicle availability have impacted TEP’s ability to meet these goals by 2030. Namely, TEP expected PHEV pickup trucks to be available by this point; instead, they are still on OEM roadmaps. Additionally, necessary customizations to pickup trucks, like cab size and bed size, are not currently available in EV

pickup truck models. Beyond this, EV prices for fleet vehicles are still not cost competitive with gas-powered equivalents, especially pickup trucks. Challenges with charging infrastructure installation and charging logistics for take-home vehicles have also necessitated a shift in the Company's fleet electrification goal.

Instead of retaining separate aspirational EV targets, electrification efforts are now folded into the Company's broader strategy. This includes consideration of a broader suite of factors, including market availability of suitable vehicles across all fuel types, fleet needs, and carbon reduction goals.

Current status of plug-in hybrid and electric vehicle by type

Vehicle Class*	Fuel Type	Current Total Number	Expressed as a percentage of fleet per vehicle class
Light Duty Passenger Vehicle	All Electric	10	18%
Light Duty Passenger Vehicle	Plug-in Hybrid Electric	19	33%
Light Duty 1/2 Ton Pickup Trucks	All Electric	3	2%
Medium Duty Vehicle	All Electric/Hybrid	0	0
Heavy Duty Vehicle	All Electric Hybrid	0	0

*All other general equipment (forklifts, UTVs and Carts) is not part of the Company's fleet electrification goals. The Company does have electric golf carts and forklifts and will continue to do so as those replacements are viable and financially reasonable.

Projected Volume and Costs of All-Electric or Plug-in Hybrid Electric Vehicles by the Next Fleet Electrification Status Update

Type of Fleet Electrification Expense	Fuel Type	Quantity	Expense Category	Anticipated Expenditures
Charging Infrastructure	N/A	27 ports	Capital	\$350,000
Fuel	Plug-in Hybrid Electric		Operating	
Fuel	Electric		Operating	\$970

Employee EV Program

The EV Employee Program was launched in June of 2021 for regular, unclassified and classified employees at UNSE and TEP. This program is shareholder funded. The program is designed to provide a monetary incentive for employees that have purchased an all-electric vehicle on or after January 31, 2020. The program was updated to include incentives for the purchase of used and leased EVs. The numbers below represent calendar year 2025 participation. Sixteen employees participated in the program for a total expense of \$20,400 which is not recovered in customer rates.

Type of Purchase	Number of Employees Participating	Total Rebate Amount
New	8	\$12,800

Used	3	\$3,600
Leased	5	\$4,000

Transportation Electrification Implementation Plan (TE IP) Updates

Customer Outreach, Education, and Awareness

Providing customers with easy to understand, accessible information is the foundation of trusted customer relationships. The EV buying experience has been identified as a barrier to EV adoption.¹⁰ 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.

Chargeway

Chargeway offers a comprehensive platform designed to simplify electric vehicle sales and EV charging for drivers. TEP engaged with Chargeway and deployed three Chargeway Beacons at car dealerships to enhance customer education and outreach regarding EV charging infrastructure and EV model options. Launch of the program included in-person training with sales staff as well as launch of an online training platform. The Chargeway Beacon provided customers with information regarding model availability, charging infrastructure accessibility, route planning, EV and time-of-use pricing plans and information on the Company's electrification programs. Customer interactions with the Beacon varied up and down between quarters in 2025. EV sales increased from Q2 to Q3 before dipping in Q4. TEP's contract with Chargeway concluded at the end of 2025. There were 98,871 total Beacon interactions 2023-2025. As one of TEP's Education and Outreach programs, the Chargeway Beacons successfully equipped dealerships with tools to enhance and share their EV knowledge, which is a prerequisite for adoption and participation in the Company's other transportation electrification programs.

Time Period	Customer Interactions	EV Sales at Supported Dealerships
Q1, 2025	6,809	37
Q2, 2025	5,860	37
Q3, 2025	6,465	55
Q4, 2025	5,305	15

¹⁰ 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)



Volta

TEP's partnership with Volta was designed to deliver complimentary charging infrastructure in our service territory with a heightened focus on low to moderate income areas as defined in the TEP TE IP. Two stations were installed at the Tucson Marketplace at I-10 and Kino Parkway. Six other stations were contracted to be installed at Fry's shopping centers located at Grant and Swan, N. 1st Ave and Oracle and another at Stone and 1st Ave. Volta was purchased by Shell, USA in March of 2023 resulting in significant delays in the construction of the remaining charging stations. In mid-2025, Shell announced it would be shutting down Volta Charging and Media, cancelling new charging station plans and dismantling existing stations. TEP secured a refund for the remaining value of the contract.



Residential EV Offerings

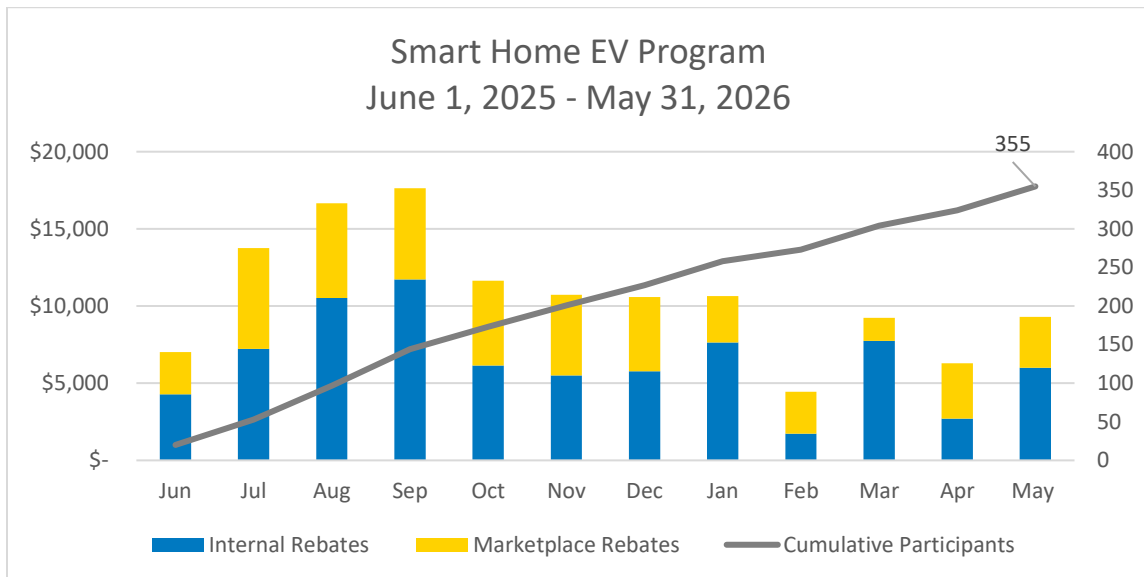
Smart Home EV Program

TEP's Smart Home EV Charging Program is available to residential customers that purchase and install a networked EV charger at their home. To qualify for the TEP rebate, residents must:

- Be a current TEP customer.
- Install a Networked Level 2 or higher EV charger.
- Provide proof of purchase that includes the charger serial and model number.
- Use a Time-of-Use (TOU) rate plan for a minimum of two years.

The Smart Home EV Program offered up to \$500 in rebate value through December 2025, capped at 75% of the pre-tax charger price. Beginning in January 2026, the maximum rebate value lowered to \$300, following market changes in prices and demand.

Status:



Residential EV Calculator

The Residential EV Calculator is an online tool that allows residential customers to consider costs and potential savings of switching from an internal combustion engine vehicle to an electric vehicle. It provides customers with the ability to compare EV options and make informed decisions based on driving habits, customer input home electricity use, and available tax credits and incentives.

The online tool was developed by WattPlan.

Status: Between June 1, 2025 and May 31, 2026 there were 821 unique users for a total session number of 1,002.

Managed Charging Program

Managed charging programs provide flexibility to participants to adjust their charging behavior to create an optimal charging strategy to avoid higher energy costs while also optimizing distribution infrastructure utilization.

Status: The program initially launched in August 2025. In November 2025, TEP learned that one of the core functionalities of the program, aligning daily “no-charge” events with TEP’s time-of-use schedule, was not implemented as part of the program’s launch despite being tested in the development phase. After working closely with our implementation partner to assess the platform capabilities, TEP paused implementation of the program in November 2025. Enrolled customers were notified about the pause, which would ensure TEP could best meet the needs of our customers and offer improved functionality.

TEP recovered all program costs incurred including internal IT related expenses associated with the program implementation. TEP reviewed RFP materials and entered new program implementation negotiations with the second-ranked vendor. When developing the new program statement of work, TEP input additional user acceptance testing requirements along with liquidated damages clauses to protect TEP against program implementation deployment issues or delays. The re-launch of the managed charging program is on track to launch by Q3, 2026. The program will initially target 500 customers for active managed charging.

Pre-wire and Pre-wire Upgrade

In jurisdictions where there is no pre-wire ordinance or code requirement, the Company provides \$100/home incentive to new home builders. In jurisdictions where there is a pre-wire ordinance or code requirement, the Company provides a \$300/home incentive to new home builders who install an EV charger in new homes.

Status: Programs became available to customers as of January 2025. There are no participants to date. Feedback from the Southern Arizona Home Builders Association indicated there may be a mismatch between the program offering and community build timing. For example, model approvals for communities are good for a full year or longer, and as such, builders may have scoped out specifications for their communities well in advance of this program offering. New communities may miss the deadline to apply given the timing of the implementation plan. Builders previously shared the industry is facing several new regulations resulting in additional fees. Given housing affordability concerns, builders are trying to minimize any additional up-front costs they would need to incur (or pass on to customers down the line). These factors may ultimately impact overall participation in this program.

TEP retained this program through May 31st, 2025 to provide additional time to align with new housing model approval timeframe. Given the persisting conditions identified above and absent demand for the program, program applications sunset May 31st, 2025, which allowed program allocated time and budget to be shifted to higher-demand programs as permitted in Decision 78777.

Commercial EV Offerings

TEP'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.

Smart City EV Program¹¹

1. Workplace, Retail, Fleets, and Multifamily

Status:

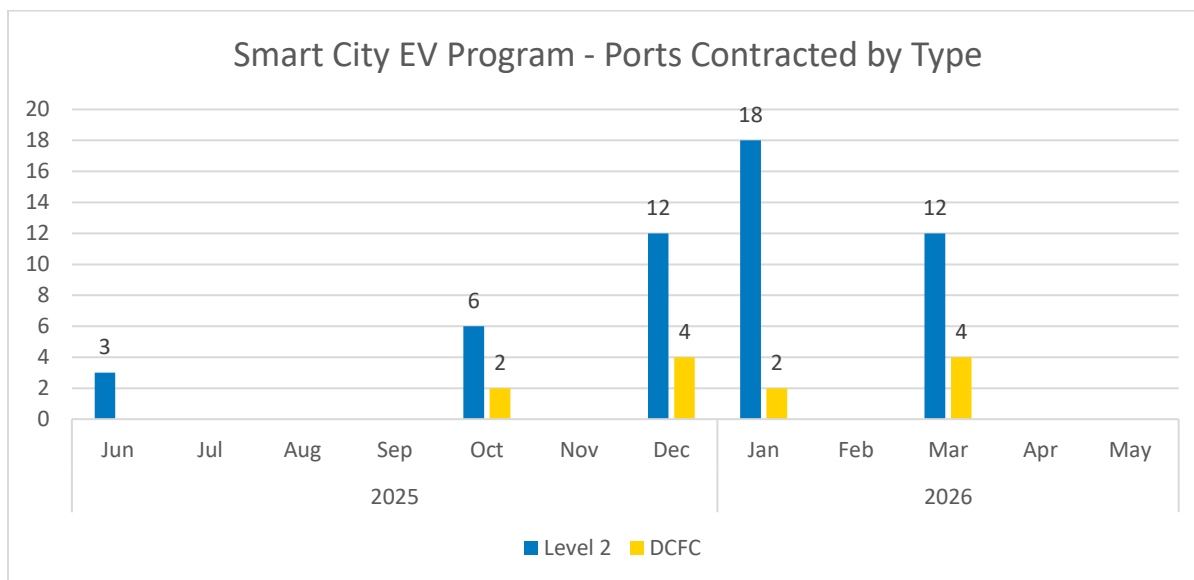
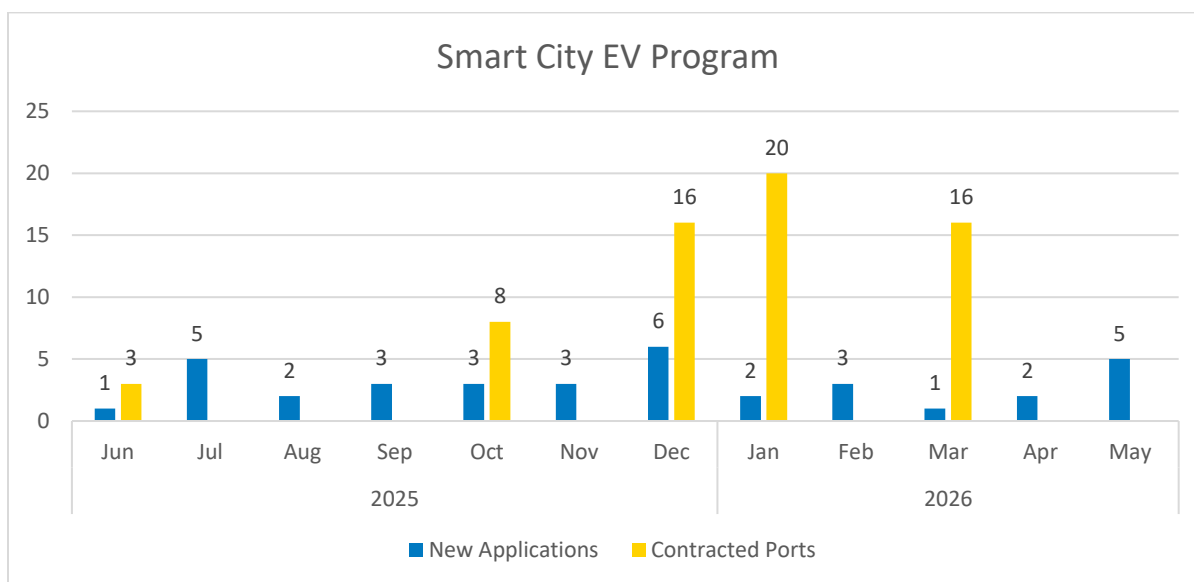
At the beginning of 2025, TEP brought the administration of Smart City EV Program (known by customers as the Smart EV Charging Program) fully in-house instead of through an implementation contractor. A new system was set up to field applications and automate much of the program process.

¹¹ 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.

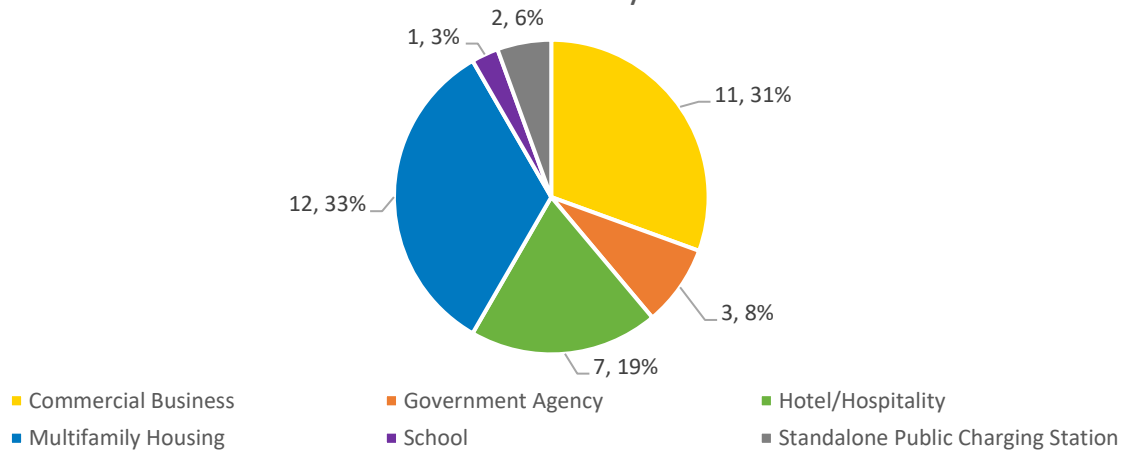
These changes resulted in over \$470k in cost reductions in 2025. Additionally, customer wait time for applications to be processed was cut nearly in half comparing 2023-2024 to 2025 times to contract.

As outlined earlier, various policy and cost changes contributed to overall lower demand for this program. Data on program applications, contracted ports, and rebate and applications categories for June 2025 – May 2026 are shown below. Overall, for the 2023-2025 term, 613 ports were contracted. As of June 1st, 2025, 452 ports have been installed (407 L2, 45 DCFC).

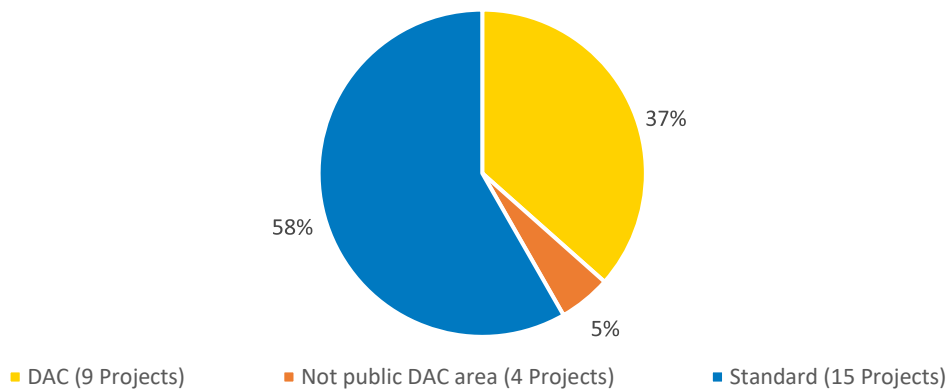
Projects under contract must complete installs by December 2026. Program applications closed May 31st, 2026, to allow winddown on the active pipeline of projects given the completion date requirement and the length of time commercial EV charging projects take from conception to commissioning.



Smart City EV Program - Applications by Type
June 2025 - May 2026



Rebates Paid (Based on Total Dollars) - Standard and
Disadvantaged Community (DAC) Projects
June 2025 - May 2026



2. Multifamily low-to-moderate income apartment complexes.

Building on the existing multifamily program, TEP offers owners of income qualifying apartment complexes the option to choose from a rebate to cover 100% of project costs or at the customer choice, TEP would own and maintain the EV chargers.

Status: Program was available to customers through May 31st, 2026 via the Smart City EV Program. One customer application was received during the reporting period, but the project did not proceed to completion.

3. Multifamily New Construction pre-wire

In jurisdictions where commercial pre-wire is not required by code, TEP provides a \$200 pre-wire cost offset per EV parking space.

Status: Program was available to customers through May 31st, 2026. There were no applicants during the reporting period. Multifamily developers have opted to run through the standard Smart City EV Program to install chargers instead of focusing on pre-wiring.

4. Public Transit

To support the transition of public transit fleets to zero emission buses, the Company offers rebates to offset the cost of EV chargers and associated infrastructure.

Status: No transit customer completed the necessary EV infrastructure and EV charger purchase during the reporting period.

5. Corridor Charging

To leverage and support the deployment of corridor charging hubs in accordance with Arizona Department of Transportation National Electric Vehicle Infrastructure (NEVI) plan, the company offers a rebate 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.

Status: Ten charging ports between two projects contracted for corridor charging rebates through the Smart City EV Program during the reporting period. Construction is expected to be completed by the end of 2026. ADOT opened Phase II of their RFP on October 17th, 2025; no charging stations targeted for TEP's service territory were included in the RFP.

Micro-mobility

Electric bikes (ebikes) reduce air pollutants compared to gas-powered cars and can be a viable alternative to vehicles trips. Electric bikes can help Low-to-moderate income (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. Through this program, TEP offered a rebate of up to \$600 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.

Status: The program was fully subscribed and closed as of the last reporting period.

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 less expensive to operate and maintain over their lifetimes compared to diesel models, helping school districts save money over the lifetime of the buses. However, the upfront costs of purchasing an electric school bus can be prohibitive to some school districts. To support the electrification of school buses at Charter 1 schools or schools serving primarily low-income students TEP provides funding to cover the incremental cost of an electric bus as compared to a conventional fuel bus and a charging infrastructure coupled with a fleet transition phasing plan. Through this program, the Company would study load shifting impacts, charging efficiencies and vehicle performance via a vehicle-to-grid (V2G) pilot.

Status: In May 2024, two EPA low-income priority districts were awarded funding for a combined total of 11 buses through EPA's Clean School Bus Program. TEP closely engaged with both school districts to secure board approvals for their electrification projects in August 2024. Contract commitments to participate in TEP's program to receive rebates in exchange for participating in the V2G pilot were signed in September and October of 2024. These contracts required the installed infrastructure to meet industry standard safety certifications, including UL 2202, UL 9741, UL 1741SB, and IEEE 1547.

Construction on the charging installations formally began in January 2025 and were initially expected to complete by December of 2025, allowing time for final confirmation of the required certifications and technological readiness to participate in the V2G pilot.

The six-month delay in obtaining final UL certification pushed out initial commissioning of the chargers. Unidirectional (charging) needed to be commissioned first, followed by bidirectional commissioning (discharging). Additionally, an issue related to the customer's switchgear further delayed commissioning. The chargers were fully commissioned on February 4, 2026. As a requirement for participating in the program, both districts will participate in the V2G pilot, supporting research on virtual power plants.

2. Multi-use Charging Hub (Pilot) –The presence of public and highly visible charging infrastructure provides assurance and charging solutions for EV drivers who can't charge at their place of residence. The need for available public charging will continue to increase as Transportation Network Companies (TNC) are moving toward an electric service model¹² TEP will work with companies such as Uber and Lyft and local jurisdictions to develop charging hubs to facilitate the deployment of charging infrastructure.

¹² <https://www.lyft.com/impact/electric> and https://www.uber.com/us/en/about/sustainability/?uclid_id=e0c7fcfc-8f16-4645-86a0-b5f5363b63fd

Status: Local jurisdictions indicated external funding support would be needed to develop the charging hubs. TEP applied for three grants in partnership with local jurisdictions, but external funding was not secured. As a result, this program did not have any participation.

3. 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.

Status: Three awardees were selected after a competitive application process during the last reporting period. One awardee was granted funding for two vehicles and supporting charging infrastructure, and two awardees were awarded funding for one vehicle and supporting charging infrastructure. Chargers were installed and vehicles were procured in September of 2025. Vehicle decals showcasing the awardees' organizations – Primavera Foundation, Mobile Meals of Southern Arizona, and Interfaith Community Services – along with TEP and O'Rielly Chevrolet as sponsors, were completed in February 2026. As a result of this pilot, over 30,000 seniors, low-to-moderate income customers, and workforce development program participants will now have access to the benefits of clean transportation.

4. Public Rights of Way (ROW) Charging (Pilot) – Understanding that certain customers may not be able to charge at their residence, TEP will launch 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.

Status: Internal due diligence and infrastructure assessment complete. Upon further evaluation of market and customer preferences, along with the identification of limited viable sites and market potential, efforts were redirected toward the Smart City EV Program buildout.

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. TEP will assist customers in support of those fleets in their TE journey by offsetting the cost of fleet planning analysis by up to 80% of study costs and make available an online total cost of ownership calculator.

Status: TEP contracted with DNV to provide fleet advisory services. The self-service online total cost of ownership (TCO) tool launched Q3, 2025. Custom fleet analyses launched during the last reporting period; no participants have signed up to date and usage of the TCO tool has been limited outside of initial testing. The cost-share component of the program is likely a barrier to entry. Even so, discussions with other electric utilities have revealed slow uptake of similar programs even when offered to customers at no cost. Given large organizations have dedicated fleet managers and teams working on fleet electrification, this program has been geared toward small to medium sized organizations needing additional support. TEP made efforts to raise awareness about the program via the Plugged In Business Newsletter along with a targeted campaign to reach out to fleet managers identified via the Grid

Planning study. Changes in policies and incentives around EVs on a federal level may have stalled some organizations' fleet planning efforts, contributing to low uptake of the program. The program will be available for fleets through August 2026 before sunseting.

Grid Planning

Given the quickly changing nature and speed of EV adoption in the Company's service territory, the EV adoption forecast, and grid impact study will provide TEP visibility into portions of its distribution grid that will be most impacted by EV adoption. TEP will leverage the results of this study to target Residential Managed Charging Program participation to optimize asset utilization and to inform future distribution system re-enforcement projects.

Status: Study was completed in Q1, 2024. TEP did not refresh the forecast during this compliance period.

Stakeholder Engagement

TEP 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, TEP will host, along with UNSE, TE Collaborative Meetings. Beginning in 2025, TE Collaborative Meetings were expanded in content and stakeholders to also share information about TEP's Demand Side Management (DSM) work. These meetings are intended to solicit stakeholder feedback and provide stakeholders with updates and progress reports on TE IP and DSM activities. Completed and scheduled DSM/TE Collaborative meetings occurred or are set for 10/29/2025, 3/24/2026, 6/23/2026, 9/22/2026, and 12/8/2026. Meetings cover:

- TE IP / DSM Plan Progress
- Stakeholder Feedback
- Program Highlights
- Overview of new program launches and program changes

Stakeholders invited to the meeting include (but are not limited to):

- | | |
|---|--------------------------------------|
| 1. EVgo | 12. Western Resource Advocates (WRA) |
| 2. Tierra Strategy | 13. Metropolitan Pima Alliance (MPA) |
| 3. Freewire Technologies | 14. City of Tucson |
| 4. Tesla | 15. Pima County |
| 5. EVConnect | 16. CLEAResult |
| 6. Electrify America | 17. ABB |
| 7. RUCO | 18. HDR |
| 8. Chargepoint | 19. Town of Oro Valley |
| 9. Weavegrid | 20. Town of Marana |
| 10. Southwest Energy Efficiency Project (SWEET) | 21. Tucson Metro Chamber |
| 11. Arizona Public Interest Research Group (AZPIRG) | 22. Arizona Multihousing Association |

Budget – 2023-2025 Cumulative and 2026 (through May 31st)

The table below summarizes the TE IP budget for 2023-2025, and for 2026 through May 31st. Note that the TE IP committed TEP to set aside at least 30% of program budgets for low-to-moderate (LMI) income customers. From January 2023 through May 2026, 47% of portfolio spending has been allocated for LMI customers or supporting-projects.

	–2023-2025				Year 4 - 2026 - Through May 2026		
	Planned Budget	Adjusted Budget*	Actual Spend	Variance (Adj. Budget - Actual)	Remaining Budget**	Actual Spend (as of May '26)	Variance (Remaining - Actual)
Education and Outreach							
Rebates	\$20,000	\$10,000	\$0	\$10,000	\$10,000	\$0	\$10,000
Program Expenses	\$631,000	\$631,000	\$212,075	\$418,925	\$418,925	\$0	\$418,925
Residential							
Rebates	\$433,275	\$574,213	\$563,422	\$10,791	\$10,791	\$41,427	(\$30,636)
Commercial							
Rebates	\$16,375,000	\$15,971,087	\$3,603,002	\$12,368,085	\$12,368,085	\$338,212	\$12,029,873
Program Expenses	\$1,575,000	\$1,574,080	\$338,605	\$1,235,475	\$1,235,475	\$3,091	\$1,232,385
Partnership, Research and Innovation							
Rebates	\$12,906,000	\$12,906,000	\$203,907	\$12,702,093	\$12,702,093	\$1,255,998	\$11,446,095
Program Expenses	\$1,105,000	\$986,320	\$110,527	\$875,793	\$875,793	(\$40,748)	\$916,541
Fleet Advisory Services							
Program Expenses	\$130,000	\$220,000	\$76,090	\$143,910	\$143,910	\$22,370	\$121,540
Micromobility							
Rebates	\$126,000	\$127,500	\$127,500	\$0	\$0	\$0	\$0
Implementation	\$0	\$40,920	\$40,920	\$0	\$0	\$0	\$0
Grid Impact Analyses							
Program Expenses	\$120,000	\$150,000	\$150,000	\$0	\$0	\$0	\$0
Program Administration	\$1,350,000	\$1,350,000	\$869,845	\$480,155	\$480,155	\$81,689	\$398,466
IT Costs	\$22,500	\$252,655	\$242,493	\$10,162	\$10,162	(\$20,000)	\$30,162
TOTAL	\$34,793,775	\$34,793,775	\$6,538,385	\$28,255,390	\$28,255,390	\$1,682,040	\$26,573,350

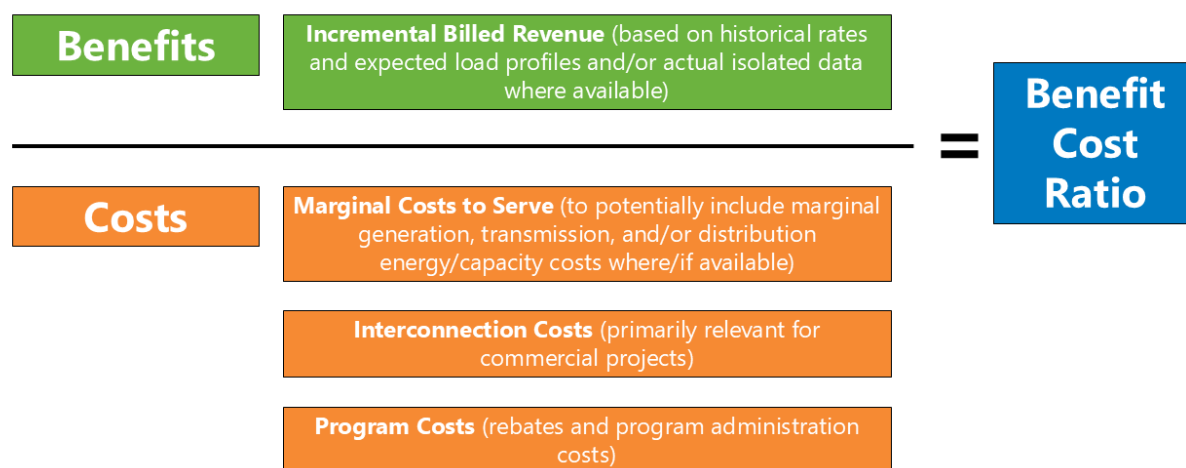
*ACC Decision No. 78777 approved TEP’s TE IP. The TE IP included an allowance to shift up to 50% of each program budget across another program to adjust to market needs and maximize benefits which may result in a particular program budget exceeding its budget estimate. The total adjusted budget for 2025 accounts for carryover funds for Micromobility rebates from Y1, as well as funds shifted from Y3. The Y3 adjusted budget includes Y1 and Y2 budget shifts from fleet advisory services.

**Remaining budget summarizes the budget remaining from the originally proposed three-year term (\$34,793,775 for 2023-2025) after accounting for 2023-2025 actual expenses. Negative spend in Partnership, Research, and Innovation and IT reflect refunds from the EV Managed Charging Pilot. Additionally, per ACC Decision No. 78777, budget may be shifted into the Residential category from another category to account for program demand.

Benefit-Cost Analysis

Commission Decision No. 77085 ordered TEP to report on costs and savings associated with EV programs after program ramp-up. Here, TEP proposes a benefit-cost analysis framework for its Smart Home and Smart City rebate programs along with preliminary results. Following precedent from its demand side management portfolio, benefit-cost analyses for pilots, schools, low-to-moderate income programs and education and outreach efforts were not conducted.¹³

EV charger rebate programs are unique in their consideration for cost effectiveness as, given they reflect added load to the system, avoided costs are not relevant for these particular programs. As such, TEP proposes evaluating these programs using a simple benefit-cost analysis (BCA) aligned to the Ratepayer Impact Measure (RIM) test, where a ratio greater than one indicates cost effectiveness. This proposed approach is in alignment with how other utilities treat their unique TE rebate programs.^{14,15} The following table outlines proposed cost and benefit categories. Final included data and overall approach, provided as part of TEP’s final compliance report, to be submitted in alignment with the TE IP end date identified as part of TEP’s pending rate case decision, may vary based on actual data availability and further research into the methodology.



¹³ Proposed methodologies are subject to change as additional data is collected and additional research is conducted to apply the most appropriate methodology to each program class. Where utility-specific data is not available, industry averages or best-available data may be used as proxies.

¹⁴ E-Source. “Benefit-cost analysis in utility transportation electrification portfolios.”. November 2024.

¹⁵ PG&E. “ATE 2026 PG&E EV Contribution-to-Margin Analysis (2018-2024)”. March 2026.

Data collection for the Smart Home EV and Smart City EV Programs will continue after the reporting period. Data available for the 2023-2025 initial three-year term was used to provide a preliminary cost-effectiveness analysis. Residential incremental revenue was estimated using load profiles developed from the Grid Planning study conducted under the TE IP along with energy delivery and base power costs from TEP's Residential Time-of-Use pricing plan.¹⁶ Residential rebate program costs include the costs of the rebates themselves along with proportionate share (10%) of overall TE IP program administration costs.

To estimate commercial incremental revenue, average energy and demand per-port by month and category (e.g., public DCFC, multifamily L2, etc.) were estimated from rebated projects with dedicated EV meters that isolate EV load. Those averages were then scaled per-port for 12 months for each of 86 projects. Annual revenue was then estimated based on energy delivery, base power, and demand charges for each project's pricing plan. Costs associated with the commercial rebate program included the costs of the rebates themselves along with all program implementation related costs and a proportionate share (40%) of overall TE IP program administration costs.

For this preliminary analysis, revenues were scaled five years, aligning with the minimum operating term commitment for the Smart City EV Program. The preliminary analysis does not consider interconnection costs for commercial customers, or marginal energy or capacity costs; it also conservatively assumes static rates. The final analysis would integrate these figures to the best extent possible given data availability, along with refined commercial project incremental revenue to reflect actual EV load data wherever possible. Results from the preliminary analysis are presented below:

Category	BCA Ratio
Residential Rebate Program	5.06
Commercial Rebate Program	0.54
Overall	1.09

The preliminary analysis shows an overall positive benefit-cost ratio for the rebate programs, with variance between residential and commercial components. This variance is largely due to the greater up-front capital costs (and subsequent rebate levels) required for commercial programs, along with more variable utilization. Because of this, cost effectiveness on commercial EV charging projects may be realized over a longer time horizon compared to residential projects. The final BCA will be provided as part of TEP's final compliance report, to be submitted in alignment with the TE IP end date identified in alignment with TEP's rate case decision.

Beyond cost effectiveness, these rebate programs have value in their facilitation of charging infrastructure installation across TEP's service territory. This is critical for adoption of electric vehicles which subsequently enables participation options for future potential demand response or virtual power plant (VPP) program offerings.

¹⁶ Participants in this program must take one of TEP's time-of-use pricing plans.