



Rates for Power and Energy Transactions With Qualifying Facilities That Receive Optional Service Over 100 kW (QF-C)

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises. For Customers with Qualifying Facilities ("QF") which take service from the Company.

APPLICABILITY

To QF Customers who require over 100 kW operating in the Partial Requirements Mode for partial requirements, supplemental power, stand-by power, interruptible service and/or maintenance power service. The QF Purchase Rates in this tariff rider are available for the purchase of Energy by the Company from a QF Customer.

CHARACTER OF SERVICE

Electric sales to or from the Company must be single or three phase, 60 Hertz, at a standard voltage subject to availability at the premises. The QF Customers have the option to sell energy to the Company at a voltage level different from that for purchases from the Company, however, such QF Customers are responsible for all costs incurred to accommodate such an arrangement.

DEFINITIONS

1. QF Customer(s) – A Customer with a Qualifying Facility subject to the rates, terms and conditions of this tariff rider.
2. Qualifying Facility(ies) ("QF") – Cogeneration and small power production facilities where the facility's generator(s) and load are located at the same premise and that otherwise meet the requirements under 18 C.F.R., Chapter I, Part 292, Subpart B of Federal Energy Regulatory Commission regulations and the requirements for qualifying status pursuant to the Arizona Corporation Commission's Decision No. 52345 ("Decision No. 52345").
3. Partial Requirements Mode of Operation – The Company supplies the Customer's electric requirements not met by the Customer's own QF, as applicable. A Customer's QF generation output may first go to supply the QF Customer's own electric requirements with any excess energy (over and above its own requirements) then being sold to the Company. This also may be referred to as the "parallel mode" of operation.
4. Energy - Electric energy which is supplied by the QF and/or Company.
5. Firm Capacity - Capacity available, upon demand, at all times (except for forced outages and scheduled maintenance) during the term covered by the contract with the QF that has an availability factor of at least 80%, as defined by the North American Electric Reliability Corporation.
6. Supplemental Power - Electric capacity and energy supplied by the Company used by the QF Customer in addition to that which the facility generates itself.
7. Stand-by Power - Electric capacity and energy supplied by the Company to replace energy ordinarily generated by a facility's own generation equipment during an unscheduled outage of the facility.
8. Maintenance Power - Electric capacity and energy supplied by the Company during scheduled outages of the QF.
9. QF Purchase Rates - The rates at which the Company may purchase Energy from a QF in accordance with this tariff rider.
10. Commission or ACC – Arizona Corporation Commission which has jurisdiction over this Company.

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Title: Vice President, Energy Programs and Pricing
District: Entire Electric Service Area

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UNS Electric, Inc.

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Superseding Original Sheet No.: 806-1

RATES FOR SALES TO QF CUSTOMERS

Supplemental Service:

- A. Service Charge - The service charge shall be the basic service charge using the otherwise applicable retail Rate.
- B. Energy Charge - The energy charge shall be the energy charge using the otherwise applicable retail Rate.
- C. Demand Charge - The demand charge shall be the demand charge using the otherwise applicable retail Rate and it shall apply only to supplemental power and not to total requirements, except the highest demand metered during the preceding twenty-three (23) months will be applied instead of the eleven months specified in the full requirements tariffs.

Standby Service:

- A. Service Charge - The service charge shall be the basic service charge using the otherwise applicable retail Rate.
- B. Energy Charge - The energy charge is \$0.0538 per kWh per month.
- C. Demand Charge - The demand charge shall be the product of \$25.92 per kW per month and the probability (*) that the QF has an unscheduled outage at the time of the company's peak.

(*) This value is initially set at ten percent (10%) for the first year and reset annually based upon actual experience with the QF.

Maintenance Service:

- A. Service Charge - The service charge shall be the basic service charge using the otherwise applicable retail Rate.
- B. Energy Charge - The energy charge is \$0.0538 per kWh per month.
- C. Maintenance Service - Must be scheduled with the Company and may only be scheduled during the period October through April.

Interruptible Service:

See the Company's applicable Interruptible Service tariff.

Only one service charge will be applied for each billing period.

QF PURCHASE RATES

The Company shall only be obligated to purchase Energy from a QF Customer. Such purchases shall be at the rates, terms and conditions set forth below. The QF Purchase Rates will be updated and filed for Commission approval not less than every two years.

Basic Service charges shall be billed pursuant to the QF Customer's standard offer tariff otherwise applicable under full requirements of service.

The summer season is for the May through October billing cycles, and the winter season is for the November through April billing cycles. The Summer On-Peak period is 2:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The Winter On-Peak periods are 5:00 a.m. - 9:00 a.m. and 5:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday,

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the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak. Mountain Standard Time shall be used in the application of this tariff rider. The export energy will be acquired by the Company based the interconnection voltage and on the rates below for summer and winter seasons.

A. RATES FOR PURCHASES FROM RENEWABLE QFs

Contracts between UNS Electric and QFs with nameplate capacity over 100kW will reflect terms and conditions pursuant to Commission Decision No. 77514.

Rates for Energy purchased from QF Customers with renewable QFs with a nameplate capacity below 100kW shall be priced at short-run avoided costs based on the Company's avoided cost forecast and the applicable renewable technology generation profile.

Distribution Voltage Interconnection	Summer	Winter	
Fixed Tilt Solar	2.933	2.452	Cents Per kWh
Single Axis Solar	3.030	2.492	Cents Per kWh

High Voltage Interconnection	Summer	Winter	
Fixed Tilt Solar	2.905	2.428	Cents Per kWh
Single Axis Solar	3.001	2.468	Cents Per kWh

B. RATES FOR PURCHASES FROM COGENERATION QFs

Rates for Energy purchased from QF Customers with a cogeneration QF shall be priced at short-run avoided costs based on the Company's avoided cost forecast and priced by the applicable time of use rate.

Cogeneration QF Energy Rates:

Distribution Voltage Interconnection	Summer	Winter	
On-Peak	2.955	2.313	Cents Per kWh
Off-Peak	2.211	2.156	Cents Per kWh

High Voltage Interconnection	Summer	Winter	
On-Peak	2.926	2.291	Cents Per kWh
Off-Peak	2.189	2.135	Cents Per kWh

Rates for capacity associated with Firm Capacity shall be as provided for in the contract.

ADJUSTMENTS

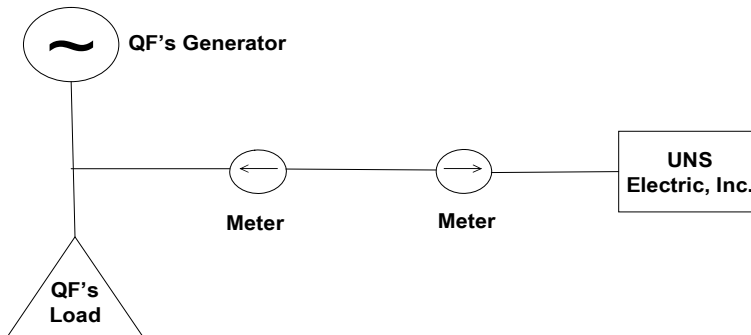
All other charges specified in the applicable tariff apply for all Energy purchased from the Company by the QF Customer.

Purchased Power Fuel Adjuster Clause ("PPFAC") for QF Customers is a per kWh monthly adjustment in accordance with the PPFAC Rider No. 1. The PPFAC reflects any increases or decreases in the cost to the Company of energy either generated or purchased above or below the base cost per kWh sold. See Rider-1 for current rate.

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METER CONFIGURATION

As provided for in the applicable contract. If not otherwise provided for in the applicable contract then as follows:



TERMS AND CONDITIONS

A Customer that desires to install a generator may do so under the applicable conditions of the tariff rider herein. The Company requires a written contract for QF Customers. For QF Customers with a QF that is over 100kW, such contract shall be filed for Commission approval in accordance with Decision No.77514. In addition to the requirements of any applicable contract, these conditions include:

Shall be interconnected with and can operate in parallel and in phase with the Company's existing distribution system. The Interconnection must comply with the Company's interconnection requirements, and

Shall take service as a Primary Service and Metering Customer (the Company shall not provide voltage transformation on the customer's premise).

A delayed payment charge as stated in the general rules and regulations will be applied to account balances carried forward from prior billings.

UNS ELECTRIC STATEMENT OF CHARGES

For all additional charges and assessments approved by the Commission see the UNS Electric Statement of Charges which is available on UNS Electric's website at www.uesaz.com.

TAX CLAUSE

To the charges computed under the above rate, 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 rate.

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