

Tucson Electric Power | UNS Electric, Inc.

88 East Broadway Blvd. | Post Office Box 711 | HQE910 | Tucson, AZ 85702-1702

October 15, 2021

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Re: October 15, 2021 Quarterly Report
Investigation and Comprehensive review of the Commission's Disconnection rules and
the Disconnection Policies of Public Service Corporations
(Docket No. E-00000A-19-0128)

Pursuant to Decision No. 77849 (December 17, 2020), Tucson Electric Power Company ("TEP") and UNS Electric, Inc. ("UNS Electric") (collectively "Companies") hereby submits the Companies' third quarterly report, which provides information for each month of the previous quarter beginning April 15, 2021 until January 15, 2023 on specified arrearage and termination of service activity.¹

As provided in the last report, the Companies typically process an average of \$3.34 million of bill assistance funding² annually. However, as of September 15, 2021, this amount totaled \$6.81 million, which exceeds a typical 12-month year by 104%.³ The steady increase in funding is also evident in Item 7 in the attached report, as detailed below.

The report shows that during this recent quarter (July-September) all key indicators have increased:

- The volume of TEP and UNS Electric customers that were eligible for disconnection has increased each month from 10,292 in July to 18,647 in September for TEP, an increase of 81%. For UNS Electric this volume increased from 3,184 to 4,832, an increase of 52% (Item 1).
- The percentage of TEP low-income customers⁴ in arrears receiving bill assistance increased to 28% in September 2021, as compared to 16% in July 2021. The percentage of UNS Electric low-income customers in arrears receiving bill assistance increased to 19% in September 2021, as compared to 7% in July 2021 (Item 7).

¹ Due to the Termination of Service moratorium starting June 1, 2021, the data contained in this report reflects data for those who were eligible for disconnection.

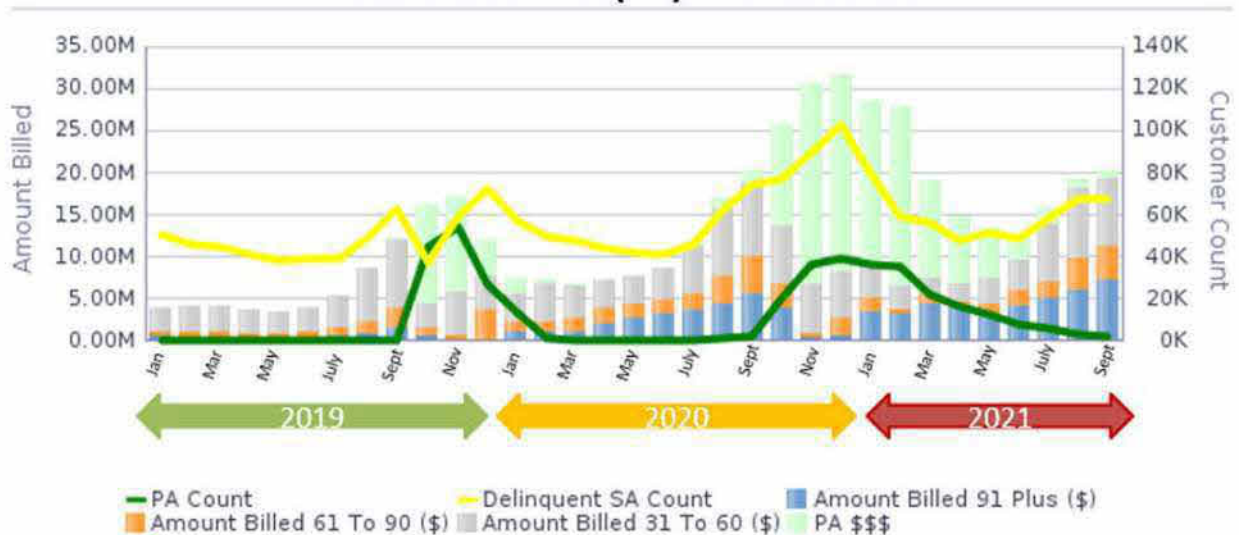
² Bill assistance funding is funding a customer receives from community agencies to pay for their utility bill.

³ The "Companies" in this reference includes UNS Gas together with TEP and UNS Electric.

⁴ Low-income customers who are receiving the Lifeline or CARES discount.

- The total dollar amount of arrearages increased each month from \$15 million in July to \$22 million in September for TEP and \$1.6 million in July to \$2.6 million in September for UNS Electric (Item 3). As seen in Item 4, the average amount for a TEP customer in arrears in July was \$363 and it increased to \$430 in September. The average amount for a UNS Electric customer in arrears in July was \$284 and it increased to \$343 in September.
- As illustrated below, there has been an increase in the total number of customers with delinquencies since the start of the Termination of Service moratoriums. Specifically, in June 2019 there were approximately 40,000 delinquent customers compared to approximately 70,000 in September 2021, an increase of 75%.

Delinquency Trends and Payment Arrangements(PA) for Service Accounts(SA) -TEP and UNSE



Sincerely,

/s/Melissa Morales
Melissa Morales

Item 1. The number of residential customers that were disconnected by zip code or, if a termination of service moratorium is in place, the number of residential accounts that would have been subject to disconnection if not for the moratorium

Total Residential Customers by Zip Code who were Disconnected
or Eligible to be Disconnected* if not for a Moratorium

Tucson Electric Power

| Postal Code | Jul 2021 | Aug 2021 | Sep 2021 |
|--------------------|--------------|--------------|--------------|
| 85614 | 70 | 117 | 131 |
| 85622 | 1 | 10 | 11 |
| 85629 | 156 | 240 | 254 |
| 85637 | | 2 | |
| 85640 | 1 | 1 | 1 |
| 85641 | 67 | 151 | 164 |
| 85645 | 11 | 19 | 25 |
| 85653 | 56 | 98 | 107 |
| 85654 | 3 | 4 | 3 |
| 85701 | 85 | 133 | 125 |
| 85704 | 273 | 414 | 461 |
| 85705 | 1081 | 1653 | 1866 |
| 85706 | 882 | 1476 | 1766 |
| 85710 | 549 | 1327 | 1249 |
| 85711 | 617 | 932 | 1095 |
| 85712 | 491 | 798 | 780 |
| 85713 | 683 | 1076 | 1311 |
| 85714 | 276 | 413 | 487 |
| 85715 | 127 | 216 | 214 |
| 85716 | 502 | 729 | 893 |
| 85718 | 166 | 236 | 229 |
| 85719 | 894 | 813 | 1220 |
| 85730 | 425 | 698 | 964 |
| 85735 | 49 | 85 | 97 |
| 85737 | 157 | 281 | 271 |
| 85739 | 59 | 100 | 108 |
| 85741 | 412 | 616 | 653 |
| 85742 | 223 | 341 | 344 |
| 85743 | 110 | 198 | 230 |
| 85745 | 410 | 548 | 726 |
| 85746 | 574 | 1125 | 1218 |
| 85747 | 151 | 297 | 340 |
| 85748 | 70 | 235 | 222 |
| 85749 | 115 | 174 | 176 |
| 85750 | 135 | 199 | 134 |
| 85755 | 9 | 10 | 13 |
| 85756 | 396 | 654 | 751 |
| 85757 | 6 | 5 | 8 |
| Grand Total | 10292 | 16424 | 18647 |

*There was no disconnection activity due to the Termination of Service Moratorium;
therefore, this data only reflects those who were eligible for disconnection.
TEP's practice is to not disconnect customers with a delinquent balance of less than \$300.

Item 2. The number of residential customers by zip code that have arrearages

Total Active Residential Customers
With Arrears* by Zip Code

Tucson Electric Power

| Postal Code | Jul 2021 | Aug 2021 | Sep 2021 |
|--------------------|---------------|---------------|---------------|
| 85614 | 187 | 792 | 839 |
| 85622 | 16 | 109 | 134 |
| 85629 | 276 | 1,332 | 1,212 |
| 85637 | 3 | 4 | 4 |
| 85640 | 1 | 7 | 5 |
| 85641 | 621 | 730 | 691 |
| 85645 | 36 | 153 | 131 |
| 85653 | 122 | 611 | 182 |
| 85654 | 8 | 13 | 7 |
| 85701 | 391 | 401 | 400 |
| 85704 | 634 | 805 | 842 |
| 85705 | 3,187 | 3,831 | 4,113 |
| 85706 | 5,221 | 6,029 | 5,799 |
| 85710 | 2,932 | 3,374 | 3,368 |
| 85711 | 2,611 | 2,977 | 3,013 |
| 85712 | 1,595 | 1,978 | 1,948 |
| 85713 | 3,439 | 3,897 | 3,831 |
| 85714 | 1,452 | 1,659 | 1,641 |
| 85715 | 493 | 599 | 604 |
| 85716 | 1,442 | 1,757 | 1,794 |
| 85718 | 435 | 520 | 529 |
| 85719 | 1,778 | 2,122 | 2,164 |
| 85730 | 2,310 | 2,716 | 2,600 |
| 85735 | 300 | 377 | 347 |
| 85736 | | | 1 |
| 85737 | 329 | 454 | 444 |
| 85739 | 124 | 176 | 165 |
| 85741 | 797 | 2,497 | 1,059 |
| 85742 | 403 | 1,474 | 545 |
| 85743 | 330 | 1,148 | 430 |
| 85745 | 2,139 | 2,615 | 2,525 |
| 85746 | 3,489 | 3,775 | 3,821 |
| 85747 | 1,096 | 1,248 | 1,294 |
| 85748 | 465 | 536 | 553 |
| 85749 | 337 | 378 | 398 |
| 85750 | 467 | 511 | 533 |
| 85755 | 20 | 23 | 15 |
| 85756 | 2,436 | 2,836 | 2,627 |
| 85757 | 16 | 12 | 13 |
| Grand Total | 41,938 | 54,476 | 50,621 |

*Arrears is defined as an amount past due over 24 days and past due over \$75.

Item 3. The total dollar amount of arrearages, by zip code

Total Dollar Amount for Active Residential
Customers With Arrears by Zip Code

Tucson Electric Power

| Postal Code | Jul 2021 | Aug 2021 | Sep 2021 |
|--------------------|---------------------|---------------------|---------------------|
| 85614 | \$57,606 | \$218,921 | \$236,734 |
| 85622 | \$3,850 | \$22,820 | \$27,647 |
| 85629 | \$116,219 | \$475,274 | \$472,502 |
| 85637 | \$932 | \$975 | \$648 |
| 85640 | \$1,513 | \$2,868 | \$2,924 |
| 85641 | \$225,166 | \$272,453 | \$269,983 |
| 85645 | \$14,095 | \$48,369 | \$44,355 |
| 85653 | \$45,589 | \$215,351 | \$89,316 |
| 85654 | \$7,991 | \$9,525 | \$7,779 |
| 85701 | \$133,449 | \$144,879 | \$165,544 |
| 85704 | \$254,090 | \$354,664 | \$394,920 |
| 85705 | \$1,278,524 | \$1,694,110 | \$1,939,245 |
| 85706 | \$1,849,689 | \$2,356,566 | \$2,517,233 |
| 85710 | \$1,105,039 | \$1,373,717 | \$1,494,676 |
| 85711 | \$972,390 | \$1,206,974 | \$1,344,139 |
| 85712 | \$521,810 | \$743,059 | \$810,450 |
| 85713 | \$1,332,492 | \$1,645,118 | \$1,814,729 |
| 85714 | \$484,778 | \$621,653 | \$675,973 |
| 85715 | \$168,210 | \$215,404 | \$238,997 |
| 85716 | \$459,310 | \$657,856 | \$766,904 |
| 85718 | \$175,596 | \$233,438 | \$247,461 |
| 85719 | \$528,070 | \$708,033 | \$800,533 |
| 85730 | \$921,699 | \$1,165,270 | \$1,220,944 |
| 85735 | \$122,699 | \$156,512 | \$165,375 |
| 85736 | | | \$167 |
| 85737 | \$163,706 | \$244,542 | \$259,136 |
| 85739 | \$47,871 | \$82,524 | \$91,735 |
| 85741 | \$338,579 | \$940,548 | \$538,899 |
| 85742 | \$181,780 | \$557,467 | \$290,292 |
| 85743 | \$129,411 | \$432,831 | \$211,047 |
| 85745 | \$751,206 | \$962,164 | \$1,032,112 |
| 85746 | \$1,348,300 | \$1,674,513 | \$1,776,612 |
| 85747 | \$438,811 | \$529,703 | \$586,390 |
| 85748 | \$195,236 | \$252,951 | \$298,623 |
| 85749 | \$152,636 | \$188,957 | \$199,002 |
| 85750 | \$150,179 | \$188,176 | \$212,331 |
| 85755 | \$7,435 | \$8,667 | \$8,126 |
| 85756 | \$955,841 | \$1,195,050 | \$1,225,122 |
| 85757 | \$6,624 | \$7,503 | \$9,638 |
| Grand Total | \$15,648,424 | \$21,809,401 | \$22,488,245 |

*Arrears is defined as an amount past due over 24 days and past due over \$75.

Item 4. The average amount in arrearages per residential customer, by residential customer class

Average Amount in Arrears* per Active Residential Customer,
by Residential Customer Class

Tucson Electric Power

| Month | Low-Income** Customers | Other Residential Customers |
|----------------|---------------------------|--------------------------------|
| July 2021 | \$432 | \$363 |
| August 2021 | \$479 | \$389 |
| September 2021 | \$533 | \$430 |

*Arrears is defined as an amount past due over 24 days and past due over \$75.

**Low-Income customers who are receiving the Lifeline discount.

Item 5. The number of residential accounts enrolled in a DPA and the number of those residential accounts in compliance with the DPA

Total Residential Accounts Enrolled in a DPA
and Total in Compliance with DPA*

Tucson Electric Power

| Month | Total Enrolled in DPA | Total in Compliance with DPA |
|----------------|--------------------------|---------------------------------|
| July 2021 | 45,052 | 5,343 |
| August 2021 | 45,249 | 3,118 |
| September 2021 | 45,369 | 1,342 |

*Total in Compliance with DPA includes customers in an active payment arrangement at end of the month.
The difference between total enrolled in a DPA and total in compliance with DPA does not reflect those who were non-compliant; it reflects those who are no longer active in a DPA.

Item 6. The number of active and delinquent residential customers with an arrearage of \$300 or more, disaggregated into "low-income customers" and "other residential customers"

Total Active Delinquent Residential
Accounts With Arrears Over \$300

Tucson Electric Power

| Report Month | Low-Income* Customers | Other Residential Customers |
|----------------|--------------------------|--------------------------------|
| July 2021 | 2,713 | 14,610 |
| August 2021 | 3,596 | 20,252 |
| September 2021 | 3,768 | 20,213 |

*Low-Income customers who are receiving the Lifeline discount.

Item 7. The percentage of low-income customers in arrears who have received customer assistance in the current calendar year

Percentage of Low-Income Customers in Arrears* who
Received Customer Assistance in Current Calendar Year

Tucson Electric Power

| Report Month | % of Low-Income** Customers in Arrears who received financial agency assistance |
|----------------|--|
| July 2021 | 16% |
| August 2021 | 19% |
| September 2021 | 28% |

*Only customers that are active and delinquent in the report month are considered in the annual assistance percentage.
Arrears is defined as an amount past due over 24 days and past due over \$75.

**Low-Income customers who are receiving the Lifeline discount.

Item 8. The number of active, delinquent residential accounts with an arrearage of \$300 or more, disaggregated into "other residential" accounts and "low-income accounts," and further disaggregated to show the duration of the arrearages (up to 30 days, 30 to 60 days, and 60 to 90 days)

Total Active Delinquent Residential Accounts*
With an Arrears of \$300 or more with Duration

Tucson Electric Power

| Month | Duration | Low Income** Customers | Other Residential Customers |
|----------------|---------------|------------------------|-----------------------------|
| July 2021 | 25 To 30 Days | 221 | 1,974 |
| | 31 To 60 Days | 675 | 3,822 |
| | 61 To 90 Days | 1,817 | 8,814 |
| August 2021 | 25 To 30 Days | 191 | 2,440 |
| | 31 To 60 Days | 551 | 4,289 |
| | 61 To 90 Days | 2,854 | 13,523 |
| September 2021 | 25 To 30 Days | 95 | 1,578 |
| | 31 To 60 Days | 722 | 4,596 |
| | 61 To 90 Days | 2,951 | 14,039 |

*Accounts are only counted once if the account has arrears over 30 days.

**Low-Income customers who are receiving the Lifeline discount.

Item 1. The number of residential customers that were disconnected by zip code or, if a termination of service moratorium is in place, the number of residential accounts that would have been subject to disconnection if not for the moratorium

Total Residential Customers by Zip Code who were Disconnected
or Eligible to be Disconnected* if not for a Moratorium

UNS Electric

| Postal Code | Jul 2021 | Aug 2021 | Sep 2021 |
|--------------------|-------------|-------------|-------------|
| 85621 | 355 | 513 | 524 |
| 85624 | 4 | 7 | 6 |
| 85640 | 13 | 15 | 19 |
| 85645 | 2 | 3 | 4 |
| 85646 | 12 | 22 | 22 |
| 85648 | 423 | 759 | 594 |
| 86401 | 394 | 539 | 574 |
| 86403 | 295 | 412 | 502 |
| 86404 | 340 | 386 | 446 |
| 86406 | 467 | 653 | 677 |
| 86409 | 513 | 808 | 864 |
| 86413 | 211 | 239 | 310 |
| 86426 | 18 | 21 | 33 |
| 86429 | 13 | 23 | 22 |
| 86431 | 10 | 13 | 20 |
| 86433 | 7 | 18 | 13 |
| 86434 | | | 1 |
| 86438 | 13 | 25 | 24 |
| 86440 | 3 | 2 | 2 |
| 86441 | 56 | 85 | 94 |
| 86442 | 2 | 3 | 8 |
| 86443 | | | 1 |
| 86444 | 27 | 32 | 54 |
| 86445 | 6 | 16 | 18 |
| Grand Total | 3184 | 4594 | 4832 |

*There was no disconnection activity due to the Termination of Service Moratorium;
therefore, this data only reflects those who were eligible for disconnection.
UNS Electric's practice is to not disconnect customers with a delinquent balance of less than \$100.

Item 2. The number of residential customers by zip code that have arrearages

Total Active Residential Customers
With Arrears* by Zip Code

UNS Electric

| Postal Code | Jul 2021 | Aug 2021 | Sep 2021 |
|--------------------|--------------|--------------|--------------|
| 85621 | 559 | 910 | 701 |
| 85624 | 3 | 7 | 4 |
| 85640 | 16 | 17 | 22 |
| 85645 | 4 | 5 | 5 |
| 85646 | 13 | 22 | 25 |
| 85648 | 848 | 1,005 | 1,060 |
| 86401 | 499 | 666 | 710 |
| 86403 | 660 | 894 | 863 |
| 86404 | 593 | 706 | 718 |
| 86406 | 654 | 1,047 | 885 |
| 86409 | 1,058 | 1,255 | 1,281 |
| 86413 | 215 | 738 | 488 |
| 86426 | 61 | 68 | 72 |
| 86429 | 13 | 16 | 19 |
| 86431 | 30 | 37 | 32 |
| 86433 | 19 | 24 | 19 |
| 86438 | 42 | 45 | 42 |
| 86440 | 5 | 5 | 2 |
| 86441 | 165 | 214 | 206 |
| 86442 | 4 | 10 | 9 |
| 86443 | 1 | 1 | 3 |
| 86444 | 89 | 122 | 109 |
| 86445 | 36 | 37 | 49 |
| Grand Total | 5,587 | 7,851 | 7,324 |

*Arrears is defined as an amount past due over 24 days and past due over \$75.

Item 3. The total dollar amount of arrearages, by zip code

Total Dollar Amount for Active Residential
Customers With Arrears by Zip Code

UNS Electric

| Postal Code | Jul 2021 | Aug 2021 | Sep 2021 |
|--------------------|--------------------|--------------------|--------------------|
| 85621 | \$145,663 | \$223,445 | \$193,214 |
| 85624 | \$383 | \$1,009 | \$670 |
| 85640 | \$5,332 | \$4,761 | \$6,144 |
| 85645 | \$4,362 | \$4,813 | \$5,329 |
| 85646 | \$2,917 | \$5,902 | \$7,427 |
| 85648 | \$203,663 | \$268,186 | \$289,578 |
| 86401 | \$151,052 | \$217,789 | \$235,756 |
| 86403 | \$195,048 | \$307,310 | \$322,186 |
| 86404 | \$202,269 | \$281,378 | \$310,709 |
| 86406 | \$230,932 | \$418,384 | \$408,610 |
| 86409 | \$307,187 | \$404,690 | \$455,875 |
| 86413 | \$84,955 | \$219,922 | \$181,657 |
| 86426 | \$14,087 | \$20,320 | \$24,191 |
| 86429 | \$2,909 | \$4,420 | \$7,255 |
| 86431 | \$8,338 | \$11,029 | \$11,279 |
| 86433 | \$3,293 | \$5,469 | \$5,900 |
| 86438 | \$10,189 | \$13,508 | \$13,018 |
| 86440 | \$2,846 | \$3,282 | \$537 |
| 86441 | \$36,665 | \$53,743 | \$56,784 |
| 86442 | \$669 | \$1,777 | \$2,576 |
| 86443 | \$167 | \$175 | \$524 |
| 86444 | \$16,900 | \$27,180 | \$28,447 |
| 86445 | \$10,226 | \$12,556 | \$18,960 |
| Grand Total | \$1,640,052 | \$2,511,049 | \$2,586,627 |

*Arrears is defined as an amount past due over 24 days and past due over \$75.

Item 4. The average amount in arrearages per residential customer, by residential customer class

Average Amount in Arrears* per Active Residential Customer,
by Residential Customer Class

UNS Electric

| Month | Low-Income** Customers | Other Residential Customers |
|----------------|---------------------------|--------------------------------|
| July 2021 | \$352 | \$284 |
| August 2021 | \$380 | \$311 |
| September 2021 | \$421 | \$343 |

*Arrears is defined as an amount past due over 24 days and past due over \$75.

**Low-Income customers who are receiving the CARES discount.

Item 5. The number of residential accounts enrolled in a DPA and the number of those residential accounts in compliance with the DPA

Total Residential Accounts Enrolled in a DPA
and Total in Compliance with DPA*

UNS Electric

| Month | Total Enrolled in DPA | Total in Compliance with DPA |
|----------------|--------------------------|---------------------------------|
| July 2021 | 6,249 | 666 |
| August 2021 | 6,268 | 383 |
| September 2021 | 6,281 | 172 |

*Total in Compliance with DPA includes customers in an active payment arrangement at end of the month.
The difference between total enrolled in a DPA and total in compliance with DPA does not reflect those who were non-compliant; it reflects those who are no longer active in a DPA.

Item 6. The number of active and delinquent residential customers with an arrearage of \$300 or more, disaggregated into "low-income customers" and "other residential customers"

Total Active Delinquent Residential
Accounts With Arrears Over \$300

UNS Electric

| Report Month | Low-Income* Customers | Other Residential Customers |
|----------------|--------------------------|--------------------------------|
| July 2021 | 251 | 1,249 |
| August 2021 | 390 | 2,177 |
| September 2021 | 409 | 2,207 |

*Low-Income customers who are receiving the CARES discount.

Item 7. The percentage of low-income customers in arrears who have received customer assistance in the current calendar year

Percentage of Low-Income Customers in Arrears* who
Received Customer Assistance in Current Calendar Year

UNS Electric

| Report Month | % of Low-Income** Customers in Arrears who received financial agency assistance |
|----------------|--|
| July 2021 | 7% |
| August 2021 | 10% |
| September 2021 | 19% |

*Only customers that are active and delinquent in the report month are considered in the annual assistance percentage.
Arrears is defined as an amount past due over 24 days and past due over \$75.

**Low-Income customers who are receiving the CARES discount.

Item 8. The number of active, delinquent residential accounts with an arrearage of \$300 or more, disaggregated into "other residential" accounts and "low-income accounts," and further disaggregated to show the duration of the arrearages (up to 30 days, 30 to 60 days, and 60 to 90 days)

Total Active Delinquent Residential Accounts*
With an Arrears of \$300 or more with Duration

UNS Electric

| Month | Duration | Low Income** Customers | Other Residential Customers |
|----------------|---------------|------------------------|-----------------------------|
| July 2021 | 25 To 30 Days | 5 | 67 |
| | 31 To 60 Days | 40 | 232 |
| | 61 To 90 Days | 206 | 950 |
| August 2021 | 25 To 30 Days | 14 | 279 |
| | 31 To 60 Days | 52 | 414 |
| | 61 To 90 Days | 324 | 1,484 |
| September 2021 | 25 To 30 Days | 9 | 125 |
| | 31 To 60 Days | 45 | 392 |
| | 61 To 90 Days | 355 | 1,690 |

*Accounts are only counted once if the account has arrears over 30 days.

**Low-Income customers who are receiving the CARES discount.