

ARIZONA NUCLEAR POWER PROJECT
HIGH VOLTAGE SWITCHYARD
INTERCONNECTION AGREEMENT
AMONG
ARIZONA PUBLIC SERVICE COMPANY
THE CITY OF LOS ANGELES BY AND THROUGH
THE DEPARTMENT OF WATER AND POWER
EL PASO ELECTRIC COMPANY
PUBLIC SERVICE COMPANY OF NEW MEXICO
SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
SOUTHERN CALIFORNIA EDISON COMPANY
AND
THE PALO VERDE – DELANEY – SUN VALLEY 500 KV
TRANSMISSION PROJECT PARTICIPANTS

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TRANSMISSION INTERCONNECTION AGREEMENT

THIS ARIZONA NUCLEAR POWER PROJECT INTERCONNECTION AGREEMENT ("Agreement") is by and between Arizona Public Service Company, an Arizona corporation ("**APS**") and Central Arizona Water Conservation District ("**CAWCD**"), a multi-county water and conservation district organized and existing under and by virtue of the laws of the State of Arizona (collectively referred to herein as "**PV-DELANEY-SUN VALLEY Line Participants**"¹ or "**Interconnection Customer**"), and Arizona Public Service Company, an Arizona corporation; El Paso Electric Company, a Texas corporation; The City of Los Angeles By and Through The Department of Water and Power, a department organized and existing by virtue of and under the Charter of the City of Los Angeles, a municipal organization of the State of California; Public Service Company of New Mexico, a New Mexico corporation; Salt River Project Agricultural Improvement and Power District, an agricultural improvement district organized and existing under the laws of the State of Arizona; Southern California Public Power Authority, a public entity organized and existing under and by virtue of the laws of the State of California; Southern California Edison Company, a California corporation (collectively referred to herein as "**Joint Participants**"), as owners of the Arizona Nuclear Power Project High Voltage Switchyard ("**ANPP HVS**"), a jointly owned transmission facility located in the State of Arizona. Interconnection Customer and the Joint Participants each may be referred to as a "**Party**" or collectively as the "**Parties**."

RECITALS

WHEREAS, the Joint Participants own and cause to be operated the ANPP HVS;

WHEREAS, Interconnection Customer owns, leases and/or controls, and operates the Palo Verde – Delaney - Sun Valley 500kV transmission line ("**PV-DELANEY-SUN VALLEY LINE**"), a line proposed to originate in the ANPP Switchyard with a loop through connection to the Delaney 500kV switchyard and termination at the Sun Valley 500kV Switchyard, as such termination may be modified in the future (Appendix C);

WHEREAS, Interconnection Customer and the Joint Participants have agreed to enter into this Agreement for the purpose of interconnecting the PV-DELANEY-SUN VALLEY LINE to the ANPP HVS;

¹ For information only, without incorporation by reference herein, Interconnection Customers state that the relationship between the PV-Delaney-Sun Valley Line Participants is governed by the Palo Verde-Morgan 500kV Transmission Project Joint Participation Agreement between APS and CAWCD dated as of May 24, 2013 and on file with FERC as APS Rate Schedule No. 265.

WHEREAS, the Joint Participants now and in the future intend to operate the Hassayampa Switchyard, the ANPP Switchyard, and the string bus tie-line number 2 connecting them, as a Common Bus Arrangement; and

WHEREAS, Interconnection Customer understands that: (i) this Agreement does not provide any transmission services, Balancing Authority Area services, distribution services, or ancillary services; (ii) this Agreement does not obligate the Joint Participants to purchase, sell, transmit, or otherwise provide any other rights with respect to power and energy, other than as provided herein with respect to the Common Bus Arrangement; and (iii) this Agreement does not give the Interconnection Customer the right to inject power and energy into the Common Bus, except as set forth in Article 5.1.4 and only to the extent that all necessary arrangements for transmission rights and service, including transmission-related mitigation requirements, if any, are in place for the delivery thereof.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

When used in this Agreement, terms with initial capitalization that are not defined in Article 1 shall have the meanings specified in the Article in which they are used.

Article 1. Definitions.

Adverse System Impact shall mean the negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

Affected System shall mean an electric system other than the ANPP HVS that may be affected by the proposed interconnection.

Affected System Operator shall mean the entity that operates an Affected System.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Ancillary Services shall mean those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the ANPP HVS in accordance with Good Utility Practice.

ANPP High Voltage Switchyard Engineering and Operating Committee ("ANPP HVS E&O" or "E&O") shall mean that certain committee established pursuant to the ANPP High Voltage Switchyard Participation Agreement

ANPP Switchyard shall mean the ANPP switchyard ("**Palo Verde Switchyard**") located adjacent to the Palo Verde Nuclear Generating Station near Wintersburg, Arizona, as further defined in the ANPP Switchyard Participation Agreement.

ANPP Switchyard Common Facilities shall mean those certain facilities listed in Exhibit 1.

ANPP Switchyard Common Facilities Use Fee shall mean the one-time payment by Interconnection Customer for the non-exclusive use and benefit of the ANPP Switchyard Common Facilities, as described in Article 15 and detailed in Exhibit 2.

ANPP Switchyard Cost Responsibility Ratio ("ANPP CRR") shall mean the ratio set forth in Exhibit 4.

ANPP Switchyard Cross Bay 10 shall mean breakers PL1102 and PL1105 and disconnect switches PL1101, PL1103, PL1104, PL1109 and associated hardware and conductor as shown in Appendix A.

ANPP Switchyard Interconnection Facilities shall mean all the termination facilities located in the ANPP Switchyard including the generator step-up transformer high voltage leads and the OSF transformer high voltage leads and any capital improvements made thereto; but shall not include the termination facilities associated with the string bus tie-line #3 (aka "North Gila Line #1" or "Hassayampa - North Gila Line #1") as shown in Exhibit 6.

ANPP Switchyard Participation Agreement shall mean that certain ANPP High Voltage Switchyard Participation Agreement among the ANPP High Voltage Switchyard Participants, effective as of August 20, 1981, as amended or supplemented from time to time.

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Regional Entity shall mean the NERC regional entity applicable to the Transmission System to which the PV-DELANEY-SUN VALLEY LINE is directly interconnected, presently the Western Electricity Coordinating Council or its successor.

Applicable Reliability Coordinator shall mean the reliability coordinator applicable to the Transmission System to which the PV-DELANEY-SUN VALLEY LINE is directly interconnected, presently Peak Reliability or its successor.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the Applicable Regional Entity, and the applicable Balancing Authority of the Transmission System to which the PV-DELANEY-SUN VALLEY LINE is directly interconnected.

Arizona Nuclear Power Project High Voltage Switchyard ("ANPP HVS") shall mean a joint participation project comprised of two switchyards, the ANPP Switchyard and the Hassayampa Switchyard, including designated equipment within each yard and the string bus line # 2 between the two yards.

Arizona Nuclear Power Project Participation Agreement ("ANPP Participation Agreement") shall refer to that agreement so titled, executed August 23, 1973, as amended and supplemented from time to time.

Balancing Authority shall mean the responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports interconnection frequency in real time.

Balancing Authority Area shall mean the collection of generation, transmission and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load resource balance within this area.

Base Case shall mean the base case power flow, short circuit, and stability data bases used for the Interconnection Studies by the Operating Agent, Interconnection Customer or third party consultant.

Breach shall mean the failure of a Party to perform or observe any material term or condition of this Agreement.

Breaching Party shall mean a Party that is in Breach of this Agreement.

Business Day shall mean Monday through Friday, excluding Federal Holidays.

Calendar Day shall mean any day including Saturday, Sunday or a Federal Holiday.

Capital Improvements shall mean any unit of property added to the ANPP HVS including the JPIF, the enlargement or betterment of any unit of property constituting a part of the ANPP HVS including the JPIF, and the replacement of any unit of property constituting a part of the ANPP HVS including the JPIF, irrespective of whether such replacement constitutes an enlargement or betterment of that which it replaces; which such additions, betterments and replacement in accordance with standard accounting practices used by the Joint Participants would be capitalized.

Common Bus shall mean the ANPP Switchyard and the Hassayampa Switchyard, and the string bus facilities connecting them, and any Capital Improvements thereto.

Common Bus Arrangement shall mean the delivery, sale, purchase, receipt and/or exchange of power and energy at any point within the Common Bus without a transmission charge, transmission credit, reservation, or schedule for transactions or any portions thereof conducted within the Common Bus. The absence of a transmission credit shall not be considered a discount for purposes of any of the Joint Participants' Open Access Transmission Tariffs.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 23 of this Agreement.

Dispute Resolution shall mean the procedure for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

Distribution System shall mean any Joint Participant's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.

Distribution Upgrades shall mean the additions, modifications, and upgrades to any Joint Participant's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the PV-DELANEY-SUN VALLEY LINE. Distribution Upgrades do not include JPIF and ICIF.

Effective Date shall mean the date on which this Agreement becomes effective upon execution by the Parties subject to acceptance by FERC as appropriate.

Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of a Joint Participant or Operating Agent, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to a Joint Participant's Transmission System, the JPIF or the electric systems of others to which the ANPP HVS is directly connected; or (3) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the PV-DELANEY-SUN VALLEY LINE or electric system of others to which the PV-DELANEY-SUN VALLEY LINE is directly connected. System restoration and black start shall be considered Emergency Conditions.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.

FERC shall mean the Federal Energy Regulatory Commission ("**Commission**") or its successor.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, earthquake, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure. A Force Majeure event specifically excludes economic hardship.

Funding Agreement shall mean that certain Funding Agreement for the Development of a Satellite Switchyard to the ANPP Switchyard Between Participating Interconnectors and Salt River Project Agricultural Improvement and Power District, effective as of May 26, 2000, together with the First Addendum to the Funding Agreement, dated as of January 16, 2001, and as further amended or supplemented from time to time.

Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region. Good Utility Practice also includes compliance with Applicable Reliability Standards, Applicable Laws and Regulations, Balancing Authority Area requirements, and orders issued by a jurisdictional Governmental Authority.

Governmental Authority shall mean any federal, state, local or other governmental regulatory or administrative agency or its staff, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include Interconnection Customer, Joint Participants, Operating Agent, or any Affiliate thereof.

Hassayampa Interconnection Facilities shall mean the equipment and facilities owned by the Hassayampa Interconnectors that are necessary to connect the Hassayampa Interconnectors' generating facility interconnection tie lines or transmission line interconnection facilities to the Hassayampa Switchyard, including any capital improvements made thereto.

Hassayampa Interconnector(s) shall mean any person(s) that has executed an interconnection agreement to connect its facilities to the Hassayampa Switchyard.

Hassayampa Switchyard ("HAA") shall mean that portion of the HAA Common Facilities that constitute a 500kV "satellite" switchyard approximately 3 miles south of the ANPP Switchyard, including: (i) all land, (ii) facilities and equipment appurtenant thereto, (iii) string bus tie line #2, and (iv) any Capital Improvements made thereto. The HAA shall specifically exclude: (i) Hassayampa Interconnection Facilities, (ii) interconnection facilities, and (iii) termination facilities for string bus tie line #2 located in the ANPP Switchyard.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances,"

"contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

In-Service shall mean the Interconnection Customer and Operating Agent have demonstrated the reliable use and operation of PV-DELANEY-SUN VALLEY LINE, ICIF and JPIF, as agreed to by the Parties pursuant to Appendix F.

In-Service Date shall mean the date agreed to by the Parties pursuant to Appendix F.

Interconnection Customer shall mean APS and CAWCD.

Interconnection Customer's Interconnection Facilities ("ICIF") shall mean all facilities and equipment, as identified in Appendix A that are located between the PV-DELANEY-SUN VALLEY LINE and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the PV-DELANEY-SUN VALLEY LINE to the ANPP HVS. ICIF are sole use facilities.

Interconnection Facilities Study shall mean the study, dated June 5, 2013, conducted by the Operating Agent to determine a list of facilities (including Joint Participants' Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect PV-DELANEY-SUN VALLEY LINE with the ANPP HVS.

Interconnection Facilities Study Agreement shall mean that agreement executed by the parties on October 4, 2012.

Interconnection Request shall mean Interconnection Customer's request to interconnect PV-DELANEY-SUN VALLEY LINE to the ANPP HVS under this Agreement.

Interconnection Service shall mean the service provided by the Joint Participants associated with interconnecting the PV-DELANEY-SUN VALLEY LINE to the ANPP HVS and enabling it to flow electric energy to and from PV-DELANEY-SUN VALLEY LINE at the Point(s) of Interconnection, pursuant to the terms of this Agreement. Interconnection Service does not convey transmission service.

Interconnection Study shall mean any of the following studies: the Interconnection System Impact Study and the Interconnection Facilities Study described herein.

Interconnection System Impact Study shall mean the engineering study, conducted by APS and accepted by the ANPP HVS E&O on March 29, 2011, identifying and detailing the system impacts that will result from the interconnection of PV-DELANEY-SUN VALLEY LINE to the ANPP HVS. This study evaluated the impact of the proposed interconnection on safety and reliability of the ANPP HVS and applicable Affected Systems.

IRS shall mean the Internal Revenue Service.

Joint Operating Committee shall be a group made up of representatives from Interconnection Customers and the Joint Participants to coordinate operating and technical considerations of Interconnection Service.

Joint Participant(s) shall mean the owners of the ANPP HVS, individually or as a group of any one or more, pursuant to the ANPP Participation Agreement, as amended from time to time. Joint Participant(s) include the owner(s) designated as the entity (ies) responsible for managing operations, for purposes herein referred to as "Operating Agent(s)."

Joint Participants' Interconnection Facilities ("JPIF") shall mean all facilities and equipment owned, controlled, or operated by the Joint Participants as identified in Appendix A, including any modifications, additions or upgrades to such facilities and equipment necessary to physically and electrically interconnect the PV-DELANEY-SUN VALLEY LINE to the ANPP HVS. JPIF are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

Loss shall mean any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's performance, or non-performance of its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

Material Modification shall mean those modifications that have a material impact on the cost or timing of any interconnection request with a later queue priority date.

Metering Equipment shall mean all metering equipment installed pursuant to this Agreement at the metering points specified herein, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

Mitigation shall mean any construction, demolition, alteration or other action required to maintain the capability and reliability of the electric system resulting from the interconnection, synchronization or operation of generating or transmission facilities to the ANPP Switchyard, or any Material Modification as defined herein.

NERC shall mean the North American Electric Reliability Corporation or its successor organization.

Network Upgrades shall mean the additions, modifications, and upgrades to the ANPP HVS or a Joint Participant's Transmission System required at or beyond the point at which the JPIF connect to the ANPP HVS to accommodate the interconnection of the PV-DELANEY-SUN VALLEY LINE to the ANPP HVS.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with this Agreement.

Open Access Same-Time Information System ("OASIS") shall mean the information posted on the internet as maintained by transmission providers in accordance with FERC regulations as appropriate.

Operating Agent(s) shall mean the Joint Participant(s) designated by the Joint Participants to be responsible for Operating Work and Capital Improvements for the ANPP HVS.

Operation and Maintenance Costs shall mean all costs and expenses incurred in the performance of Operating Work as further described in Appendix H.

Operating Work shall mean work undertaken by the Operating Agent(s) that is required by this Agreement, Good Utility Practice, or necessary for the safe and reliable operation of the ANPP HVS and all associated facilities, including, but not limited to all planning, engineering, design, acquisition, contract preparation and negotiation, contract administration, legal services, regulatory compliance, purchasing, procurement, repair, supervision, training, expediting, inspection, budgeting, procurement and maintenance of insurance, testing, protection, operation, outage scheduling, retirement, maintenance, modification, relocation, preparation of operating procedures and manuals, securing requisite permits, license, approvals and certificates from governmental entities and authorities, any work necessitated by an Emergency, and work undertaken to make Capital Improvements.

Party or Parties shall mean Joint Participants, including Operating Agent, Interconnection Customer or any combination of the above.

Point of Change of Ownership shall mean the point, as set forth in Appendix A, where the ICIF connects to the JPIF.

Point of Interconnection shall mean the points, as shown in Appendix A, where the ANPP Switchyard Cross Bay 10 connects to the ANPP HVS.

Queue Position shall mean the order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established for the ANPP HVS based upon the date and time of receipt of the valid interconnection request by the Operating Agent.

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under this Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Requested In-Service Date shall mean the Interconnection Customer's requested date for achieving In-Service of the Interconnection Customer's Transmission Facility.

Seven Year Queue Limit shall mean the date seven (7) years from the Interconnection Customer's Queue Position date. At this date, the Transmission Facility's In-Service shall be fixed.

Site Control shall mean documentation reasonably demonstrating an ownership interest in, or a right to develop a site for the purpose of constructing PV-DELANEY-SUN VALLEY LINE within the State of Arizona.

Sun Valley 500kV Switchyard shall mean the switchyard which is designed and built as a breaker-and-a-half configuration. Sun Valley initial build consists of two (2) 500kV line termination, one (1) 500/230kV transformer bay, and one (1) one shunt reactor connected to the bus with a breaker. The Sun Valley 500kV switchyard is engineered for the project to consist of three (3) 500kV power circuit breakers and termination facilities for three 500kV transmission elements: i) the APS/CAWCD jointly owned Delaney to Sun Valley 500kV transmission line; ii) the jointly owned APS/CAWCD 500/230kV 600MVA transformer, iii) the APS/CAWCD jointly owned Sun Valley to Morgan 500kV transmission line (scheduled to go into service in 2018). The 170MVAR shunt reactor will be connected to the bus with a dedicated 500kV power circuit breaker.

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, required to protect (1) the ANPP HVS and its interconnectors from faults or other electrical disturbances occurring on the PV-DELANEY-SUN VALLEY LINE and (2) the PV-DELANEY-SUN VALLEY LINE from faults or other electrical system disturbances occurring on the ANPP HVS or its interconnectors.

Transmission Facility shall mean the PV-DELANEY-SUN VALLEY LINE as described in Appendix C.

Transmission Interconnection Agreement ("Agreement") shall mean this ANPP Interconnection Agreement for interconnection of the PV-DELANEY-SUN VALLEY LINE to the ANPP HVS.

Transmission Owner shall mean an entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System at the Point of Interconnection and may be a Party to the Agreement to the extent necessary.

Transmission Provider shall mean the utility (or its designated agent) that owns, controls, or operates transmission facilities used for the transmission of electricity in interstate commerce and provides transmission service under the Tariff. The term Transmission Provider should be read to include the Transmission Owner when the Transmission Owner is separate from the Transmission Provider.

Transmission System shall mean the facilities owned, controlled or operated by any entity (ies) that are used to provide transmission service.

Trial Operation shall mean the period, prior to In-Service, during which the Parties initially energize, perform on-site testing, and demonstrate reliable operation of the PV-DELANEY-SUN VALLEY LINE, JPIF, and ICIF.

Trial Operation Date shall mean the date, agreed to by the Parties pursuant to Appendix E, upon which Trial Operation begins.

Western Electricity Coordinating Council ("WECC") shall mean that organization, or any successor, with delegated authority from NERC, or any successor, to develop and enforce Reliability Standards with the Western Interconnection, as such geographic area as may be modified from time to time.

Article 2. Effective Date, Term, and Termination.

- 2.1. Effective Date.** This Agreement shall become effective upon execution by the Parties subject to acceptance by FERC, if applicable. Those Joint Participants who are FERC-jurisdictional shall promptly file this Agreement with FERC upon execution in accordance with Article 3.1, if required.
- 2.2. Term of Agreement.** This Agreement shall remain in effect unless and until terminated as provided for in Article 2.3.
- 2.3. Termination.** This Agreement shall terminate upon the first of the following events to occur: (i) the termination of the ANPP Participation Agreement if no successor agreement is executed; (ii) written agreement of all Parties to terminate this Agreement; (iii) termination of this Agreement pursuant to Article 23; or (iv) upon no less than ninety (90) Calendar Days advance written notice of termination from Interconnection Customer to Operating Agent. For purposes of the foregoing, the ANPP Participation Agreement shall not be deemed to have terminated at any time when (a) the ANPP HVS is being operated in substantially the same manner as on the PV-DELANEY-SUN VALLEY LINE, JPIF, and ICIF In-Service Date and (b) an agreement pertaining to the operation of the ANPP HVS is in effect among the Joint Participants on substantially the same terms as on the PV-DELANEY-SUN VALLEY LINE, JPIF and ICIF In-Service Date.
- 2.4. Compliance with Applicable Laws and Regulations.** Notwithstanding Article 2.3, no termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination.
- 2.5. Termination Costs.** If a Party elects to terminate this Agreement pursuant to Article 2.3, each Party shall pay all costs incurred (including any cancellation costs relating to orders or contracts for JPIF and ICIF and equipment) or charges assessed by the other Party, as of the date of the other Party's receipt of such notice of termination, that are the responsibility of the Terminating Party under this Agreement. In the event of termination by a Party, the Parties shall use commercially Reasonable Efforts to mitigate the costs, damages and charges arising as a consequence of termination. Upon termination of this Agreement:
- 2.5.1.** If an Interconnection Customer terminates this Agreement, it shall be responsible for all costs incurred in association with that Interconnection Customer's interconnection, including any cancellation costs relating to orders or contracts for JPIF and ICIF and equipment, and other expenses including any Network Upgrades for which Operating Agent has incurred expenses and has not been reimbursed by Interconnection Customer.

- 2.5.2. Operating Agent may, at its option, retain any portion of such materials, equipment, or facilities that Interconnection Customer chooses not to accept delivery of, in which case Operating Agent shall be responsible for all costs associated with procuring such materials, equipment, or facilities.
- 2.5.3. With respect to any portion of the JPIF and ICIF, and any other facilities already installed or constructed pursuant to the terms of this Agreement, Interconnection Customer shall be responsible for all costs associated with the removal, relocation or other disposition or retirement of such materials, equipment, or facilities.
- 2.6. **Disconnection.** Upon termination of this Agreement, the Parties will take all appropriate steps to disconnect the PV-DELANEY-SUN VALLEY LINE from the ANPP HVS. All costs required to effectuate such disconnection shall be borne by the Interconnection Customer, unless such termination resulted from the Operating Agent's Default of this LGIA or the Operating Agent otherwise is responsible for these costs under this LGIA.
- 2.7. **Survival.** This Agreement shall continue in effect after termination to the extent necessary to provide for final billings and payments and for costs incurred hereunder, including billings and payments pursuant to this Agreement; to permit the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this Agreement was in effect; and to permit each Party to have access to the lands of the other Party pursuant to this Agreement or other applicable agreements, to disconnect, remove or salvage its own facilities and equipment.

Article 3. Regulatory Filings.

- 3.1. **Filing.** Joint Participants, individually or collectively, shall file this Agreement (and any amendment hereto) with the appropriate Governmental Authority, if required. If no Joint Participant is required to file this Agreement (and any amendment hereto) with a Governmental Authority with which Interconnection Customer is required to make such a filing, Interconnection Customer may file this Agreement (and any amendment hereto) on its own behalf. Parties shall reasonably cooperate with respect to any such filing and provide any information reasonably requested by any Party as needed to comply with Applicable Laws and Regulations.

Article 4. Scope of Service.

- 4.1. **Provision of Service.** Joint Participants shall provide Interconnection Service.
- 4.2. **Performance Standards.** Each Party shall perform all of its obligations under this Agreement in accordance with Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice, and to the extent a Party is required or prevented or limited in taking any action by such regulations and

standards, such Party shall not be deemed to be in Breach of this Agreement for its compliance therewith.

- 4.3. No Transmission Delivery Service.** The execution of this Agreement does not constitute a request for, or the provision of, any transmission delivery service under any Joint Participant's open access transmission tariff, and does not convey any right to deliver electricity to any specific customer or Point of Delivery.

Article 5. Ownership-Like Rights Granted and Reserved.

- 5.1. Right To Interconnect.** Each Joint Participant, to the extent of its interest in the ANPP HVS pursuant to the ANPP Switchyard Participation Agreement, hereby grants to the Interconnection Customer, subject to the terms and conditions of this Agreement, the following rights which are herein defined as "Ownership-Like Rights":

- 5.1.1. The right to interconnect its PV-DELANEY-SUN VALLEY LINE to the ANPP Switchyard at the line bay position(s) depicted in A;
- 5.1.2. The exclusive right to use the line bay position(s) in the ANPP Switchyard as depicted in Appendix A;
- 5.1.3. The nonexclusive use of and benefit from the ANPP Switchyard;
- 5.1.4. The nonexclusive use of the Common Bus Arrangement;
- 5.1.5. The right to transfer, assign, or otherwise dispose of its rights under this Agreement as provided herein;
- 5.1.6. The right to retain all proceeds derived from any use by it permitted under this Article;
- 5.1.7. Its rights and obligations with respect to taxes as provided in Article 7 ; and
- 5.1.8. A non-exclusive easement for the Interconnection Facilities as provided in Article 5.2.

5.2. ANPP HVS Easement.

- 5.2.1.** The Operating Agent hereby grants to Interconnection Customer and its successors and assigns a non-exclusive easement (the "Easement") on, over, and across the real property of the ANPP HVS for the purposes of locating the ICIF, and installing, operating, maintaining, repairing and replacing the ICIF. The Operating Agent makes no representation, warranty or covenant of any kind regarding the title to or priority of such Easement. The ICIF shall initially be constructed by Interconnection Customer in the location designated or approved by Operating Agent and shall not be relocated or modified by Interconnection Customer

without the consent of Operating Agent. The ICIF shall be relocated at the direction of the Operating Agent when and as provided in Article 8.3 herein or any other applicable provision of this Agreement. Subject to the Operating Agent's right to require such relocation, the Operating Agent shall not grant rights to any other ANPP Switchyard interconnector to utilize the land specified in the Easement in any manner which would materially interfere with the use thereof by the Interconnection Customer pursuant to this Article 5. Simultaneously with the execution of this Agreement, Interconnection Customer and the Operating Agent will execute a Memorandum of Assignment of Easement (ANPP Switchyard), in the form of MEMORANDUM OF ASSIGNMENT OF EASEMENT (ANPP SWITCHYARD) as attached hereto in Exhibit 5, evidencing the assignment of said Easement, and will cause such memorandum to be placed of record with the Maricopa County Recorder's office with respect thereto. Subject to the terms and conditions set forth in this Agreement, including, without limitation, any provisions relating to relocation or termination, the Easement and all rights and privileges appurtenant thereto, whether express or implied, shall be binding upon and inure to the benefit of the heirs, representatives, successors and assigns of each of the Operating Agent, the Joint Participants and Interconnection Customer. The Easement shall terminate without further act of any Party upon termination of this Agreement pursuant to Article 2.3. Upon such termination, the Interconnection Customer shall at the request of the Operating Agent or any Joint Participant execute and deliver to the requesting Party in recordable form a memorandum evidencing such termination.

5.2.2. For purposes of installing, operating, maintaining, repairing or replacing those specified ICIF in Appendix A, the Interconnection Customer or its agent at all reasonable times shall have, upon prior notice to Operating Agent and subject to Operating Agent's reasonable supervision, the right of ingress and egress only to those portions of the land specified in the Easement necessary to enable the Interconnection Customer to perform such installation, operation, maintenance, or replacement.

5.2.3. The Interconnection Customer shall provide to the Operating Agent, upon prior notice, at all reasonable times and with reasonable supervision, the right of ingress and egress to such ICIF for any purposes necessary to enable the Operating Agent to perform its duties consistent with Good Utility Practice and Applicable Laws and Regulations or to reasonably determine the Interconnection Customer's compliance with this Agreement.

5.2.4. Without limiting any other provision of this Agreement pertaining to Applicable Laws and Regulations, it is hereby expressly acknowledged and agreed that, while any Party is exercising its rights with respect to

the land specified in the Easement, such Party and its personnel, agents and contractors shall comply with Applicable Laws and Regulations.

- 5.3. Lands of Other Property Owners.** If any part of the ICIF is to be installed on property owned by persons other than Interconnection Customer or Joint Participants, Interconnection Customer shall bear sole responsibility and sole expense to procure from such persons any rights of use, licenses, rights of way and easements that are necessary to construct, operate, maintain, test, inspect, replace or remove ICIF upon such property.
- 5.4. Access Rights.** Upon reasonable notice and supervision by a Party, and subject to any required or necessary regulatory approvals, a Party ("Granting Party") shall furnish at no cost to the other Party ("Access Party") any rights of use, licenses, rights of way and easements, including such easements as provided for in the Memorandum of Easement in Exhibit 5, with respect to lands owned or controlled by the Granting Party, its agents (if allowed under the applicable agency agreement), or any Affiliate, that are necessary to enable the Access Party to obtain ingress and egress to construct, operate, maintain, repair, test (or witness testing), inspect, replace or remove facilities and equipment to: (i) interconnect the PV-DELANEY-SUN VALLEY LINE with the ANPP HVS; (ii) operate and maintain the PV-DELANEY-SUN VALLEY LINE and ICIF; and (iii) disconnect or remove the Access Party's facilities and equipment upon termination of this Agreement. In exercising such licenses, rights of way and easements, the Access Party shall not unreasonably disrupt or interfere with normal operation of the Granting Party's business and shall adhere to the safety rules and procedures established in advance, as may be changed from time to time, by the Granting Party and provided to the Access Party.

Article 6. Interconnection Customer's Interconnection Facilities, Joint Participants' Interconnection Facilities, Palo Verde – Delaney – Sun Valley 500kV Transmission Line, and Network Upgrades.

- 6.1. Dates.** Parties shall mutually agree upon the Trial Operation Date (Appendix E) and In-Service Date (Appendix F) for the JPIF, ICIF, and PV-DELANEY-SUN VALLEY LINE with such agreements not unreasonably withheld.
- 6.2. Interconnection Customer's Interconnection Facilities.** Interconnection Customer shall, at its expense, design, procure, construct, own and install the ICIF, as set for in Appendix A, except wherein, at Interconnection Customer's sole expense, Operating Agent has or will design, construct and install ICIF as specifically noted therein.
- 6.2.1. Interconnection Customer's Interconnection Facilities and Palo Verde – Delaney – Sun Valley 500kV Transmission Line Specifications.** Interconnection Customer shall submit initial specifications for the ICIF and PV-DELANEY-SUN VALLEY LINE, including System Protection Facilities to Operating Agent at least one hundred eighty (180) Calendar Days prior to the Trial Operation Date; and final specifications for review and comment at least ninety (90)

Calendar Days prior to the Trial Operation Date. Operating Agent shall review such specifications to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of the JPIF and ANPP HVS and comment on such specifications within thirty (30) Calendar Days of Interconnection Customer's submission. All specifications provided hereunder shall be deemed confidential.

6.2.2. Joint Participants' Review. Joint Participants' review of Interconnection Customer's final specifications shall not be construed as confirming, endorsing, or providing a warranty as to the design, fitness, safety, durability or reliability of the ICIF and PV-DELANEY-SUN VALLEY LINE. Interconnection Customer shall make such changes to the ICIF and PV-DELANEY-SUN VALLEY LINE as may reasonably be required by Joint Participants, in accordance with Good Utility Practice, to ensure that the ICIF and PV-DELANEY-SUN VALLEY LINE are compatible with the technical specifications, operational control, and safety requirements of the JPIF and ANPP HVS.

6.3. Permits. The Agreement shall specify in Appendix B the allocation of the responsibilities of the Operating Agent and Interconnection Customer to obtain all permits, licenses, and authorizations necessary to accomplish the interconnection in compliance with Applicable Laws and Regulations. The Operating Agent and Interconnection Customer shall cooperate with each other in good faith to obtain any such permits, licenses and authorizations. With respect to this paragraph, Operating Agent shall provide, at Interconnection Customer's expense, permitting assistance to Interconnection Customer comparable to that provided to any Joint Participant's own transmission interconnection request.

6.4. Information Exchange. As soon as reasonably practicable, the Parties shall exchange information regarding the design and compatibility, including the electrical characteristics, of their respective facilities and the design and compatibility of their respective facilities with the ANPP HVS and shall work diligently and in good faith to make any necessary design changes.

6.5. Information Submission by Operating Agent. The initial information submission by the Operating Agent shall occur no later than one hundred eighty (180) Calendar Days prior to the Trial Operation Date and shall include the ANPP HVS information necessary to allow Interconnection Customer to select equipment and meet any system protection and stability requirements, unless otherwise agreed to by the Parties.

6.6. Updated Information Submission by Interconnection Customer. Interconnection Customer shall submit any updated information to the Operating Agent no later than one hundred eighty (180) Calendar Days prior to the Trial Operation Date. If applicable, the updated information submission shall include

manufacturer information and any additional data provided to Operating Agent for the Interconnection System Impact Study and the Interconnection Facilities Study.

If Interconnection Customer's updated information is materially different from the information originally provided to Operating Agent, then Operating Agent will conduct appropriate studies to determine the impact on the ANPP HVS based on the updated information submitted pursuant to this Article 6.6. The Interconnection Customer shall not begin Trial Operation until such studies are completed and accepted by the ANPP HVS E&O.

- 6.7. Information Supplementation.** Prior to the Trial Operation Date, the Interconnection Customer shall supplement their information submissions described above in this Article 6 with any and all installed equipment "as-built" ICIF information or "as-tested" performance information that differs from the initial submissions or, alternatively, written confirmation that no such differences exist. The Interconnection Customer shall conduct tests on the ICIF as reasonably required by the Operating Agent.

Subsequent to the Trial Operation Date, Interconnection Customer shall provide Operating Agent any information changes due to equipment replacement, repair, or adjustment. Operating Agent shall provide Interconnection Customer any information changes due to equipment replacement, repair or adjustment in the directly connected ANPP HVS that may affect ICIF equipment ratings, protection or operating requirements. The Parties shall provide such information no later than thirty (30) Calendar Days after the date of the equipment replacement, repair or adjustment.

- 6.8. As-built Drawings.** The ICIF and PV-DELANEY-SUN VALLEY LINE shall be designed and constructed in accordance with Good Utility Practice. Within one hundred twenty (120) Calendar Days after the In-Service Date unless the Parties agree on another mutually acceptable deadline, Interconnection Customer shall deliver to Operating Agent records of installed equipment ("as-built") drawings, information and documents for the ICIF and PV-DELANEY-SUN VALLEY LINE, such as: a one-line diagram, a site plan showing the ICIF and PV-DELANEY-SUN VALLEY LINE, plan and elevation drawings showing the layout of the ICIF and PV-DELANEY-SUN VALLEY LINE, a relay functional diagram, relaying AC and DC schematic wiring diagrams and relay settings.

- 6.9. Early Construction of Base Case Facilities.** Interconnection Customer may request the Joint Participants to construct, and Joint Participants shall construct, using Reasonable Efforts to accommodate Interconnection Customer's Requested In-Service Date, all or any portion of any Network Upgrades required for Interconnection Customer to be interconnected to the ANPP HVS, with such Network Upgrades being those which are included in the Base Case of the Interconnection Facilities Study for Interconnection Customer, and which also are required to be constructed for another Interconnection Customer, but where such construction is not scheduled to be completed in time to achieve Interconnection Customer's Requested In-Service Date.

- 6.10. Suspension.** Interconnection Customer reserves the right, upon written notice to Operating Agent, to suspend at any time all work by Joint Participants associated with the construction and installation of JPIF required under this Agreement with the condition that the ANPP HVS shall be left in a safe and reliable condition in accordance with Good Utility Practice and Joint Participants' safety and reliability criteria. In such event, Interconnection Customer shall be responsible for all reasonable and necessary costs which Operating Agent (i) has incurred pursuant to this Agreement prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the ANPP HVS during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which Operating Agent cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, Operating Agent shall obtain Interconnection Customer's authorization to do so. Operating Agent shall invoice Interconnection Customer for such costs pursuant to Article 18 and shall use due diligence to minimize its costs. In the event Interconnection Customer suspends work by the Joint Participants required under this Agreement pursuant to this Article 6.10, and has not requested the Joint Participants to recommence the work required under this Agreement on or before the expiration of three (3) years following commencement of such suspension, this Agreement shall be deemed terminated. The three-year period shall begin on the date the suspension is requested, or the date of the written notice to Operating Agent, if no effective date is specified.
- 6.11 Third Party Users.** The Parties mutually agree that if Joint Participants allow a third party to terminate a new line in ANPP Switchyard Cross Bay 10, Interconnection Customer will be entitled to compensation for the capital expenses it incurred in connection with acquisition and installation of disconnect switch PL1109 and ½ circuit breaker PL1105.

Article 7. Taxes.

- 7.1. Interconnection Customer Payments Not Taxable.** The Parties intend that all payments or property transfers made by Interconnection Customer to the Joint Participants for the installation of JPIF shall be non-taxable, either as contributions to capital, or as an advance, in accordance with the Internal Revenue Code and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the Internal Revenue Code and any applicable state income tax laws, including any applicable laws for Joint Participants which are municipal entities.
- 7.2. Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon the Joint Participants.** Notwithstanding Article 7.1, Interconnection Customer shall protect, indemnify and hold harmless the Joint Participants from the cost consequences of any current tax liability imposed against the Joint Participants as the result of payments or property transfers made by Interconnection Customer to the Joint Participants under this Agreement for JPIF

and ICIF, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by the Joint Participants.

The Joint Participants shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges Interconnection Customer under this Agreement unless (i) the Joint Participants have determined, in good faith, that the payments or property transfers made by Interconnection Customer to the Joint Participants should be reported as income subject to taxation or (ii) any Governmental Authority directs the Joint Participants to report payments or property as income subject to taxation, provided, however, that the Joint Participants may require Interconnection Customer to provide security for JPIF, in a form reasonably acceptable to the Joint Participants (such as a parental guarantee or a letter of credit), in an amount equal to the cost consequences of any current tax liability under this Article 7. Interconnection Customer shall reimburse the Joint Participants for such costs on a fully grossed-up basis, in accordance with Article 7.3, within thirty (30) Calendar Days of receiving written notification from Operating Agent of the amount due, including detail about how the amount was calculated.

The indemnification obligation shall terminate at the earlier of (1) the expiration of the ten year testing period and the applicable statute of limitation, as it may be extended by the Joint Participants upon request of the IRS, to keep these years open for audit or adjustment, or (2) the occurrence of a subsequent taxable event and the payment of any related indemnification obligations as contemplated by this Article 7.

- 7.3. Tax Gross-Up Amount.** Interconnection Customer's liability for the cost consequences of any current tax liability under this Article 7 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the Parties, this means that Interconnection Customer will pay the Joint Participants, in addition to the amount paid for the JPIF and ICIF, an amount equal to (1) the current taxes imposed on the Joint Participants ("**Current Taxes**") on the excess of (a) the gross income realized by the Joint Participants as a result of payments or property transfers made by Interconnection Customer to the Joint Participants under this Agreement (without regard to any payments under this Article 7 (the "**Gross Income Amount**") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the "**Present Value Depreciation Amount**"), plus (2) an additional amount sufficient to permit the Joint Participants to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).

For this purpose, (i) Current Taxes shall be computed based on the Joint Participant's composite federal and state tax rates at the time the payments or property transfers are received and the Joint Participants will be treated as being subject to tax at the highest marginal rates in effect at that time (the "**Current Tax Rate**"), and (ii) the Present Value Depreciation Amount shall be computed by discounting the Joint Participants anticipated tax depreciation deductions as a

result of such payments or property transfers by the Joint Participant's current weighted average cost of capital. Thus, the formula for calculating Interconnection Customer's liability to the Joint Participants pursuant to this Article 7 can be expressed as follows: $(\text{Current Tax Rate} \times (\text{Gross Income Amount} - \text{Present Value of Tax Depreciation})) / (1 - \text{Current Tax Rate})$.

- 7.4. Private Letter Ruling or Change or Clarification of Law.** At Interconnection Customer's request and expense, Operating Agent shall file with the IRS a request for a private letter ruling as to whether any property transferred or sums paid, or to be paid, by Interconnection Customer to the Joint Participants under this Agreement are subject to federal income taxation. Interconnection Customer will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of Interconnection Customer's knowledge. Operating Agent and Interconnection Customer shall cooperate in good faith with respect to the submission of such request.

Operating Agent shall keep Interconnection Customer fully informed of the status of such request for a private letter ruling and, as allowed by law, shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS, that authorizes Interconnection Customer to participate in all discussions with the IRS regarding such request for a private letter ruling. Operating Agent shall allow Interconnection Customer to attend all meetings with IRS officials about the request and shall permit Interconnection Customer to prepare the initial drafts of any follow-up letters in connection with the request.

- 7.5. Subsequent Taxable Events.** If, within ten (10) years from the date on which the relevant JPIF are placed in service, (i) a "disqualification event" occurs within the meaning of IRS Notice 88-129, or (ii) this Agreement terminates and Joint Participants retains ownership of the JPIF, Interconnection Customer shall pay a tax gross-up for the cost consequences of any current tax liability imposed on Joint Participants, calculated using the methodology described in Article 7.3 and in accordance with IRS Notice 90-60.

- 7.6. Contests.** In the event any Governmental Authority determines that the Joint Participants' receipt of payments or property constitutes income that is subject to taxation, Operating Agent shall notify Interconnection Customer, in writing, within thirty (30) Calendar Days of receiving notification of such determination by a Governmental Authority. Upon the timely written request by Interconnection Customer and at Interconnection Customer's sole expense, Operating Agent may appeal, protest, seek abatement of, or otherwise oppose such determination. Upon Interconnection Customer's written request and sole expense, Operating Agent may file a claim for refund with respect to any taxes paid under this Article 7, whether or not it has received such a determination. Joint Participants reserve the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the selection of counsel and compromise or settlement of the claim, but Operating Agent shall keep Interconnection Customer informed, shall consider in good faith suggestions from

Interconnection Customer about the conduct of the contest, and shall reasonably permit Interconnection Customer or an Interconnection Customer representative to attend contest proceedings.

Interconnection Customer shall pay to the Joint Participants on a periodic basis, as invoiced by Operating Agent, the Joint Participants' documented reasonable costs of prosecuting such appeal, protest, abatement or other contest. At any time during the contest, the Joint Participants may agree to a settlement either with Interconnection Customer's consent or after obtaining written advice from nationally-recognized tax counsel, selected by the Joint Participants, but reasonably acceptable to Interconnection Customer, that the proposed settlement represents a reasonable settlement given the hazards of litigation. Interconnection Customer's obligation shall be based on the amount of the settlement agreed to by Interconnection Customer, or if a higher amount, so much of the settlement that is supported by the written advice from nationally-recognized tax counsel selected under the terms of the preceding sentence. The settlement amount shall be calculated on a fully grossed-up basis to cover any related cost consequences of the current tax liability. Any settlement without Interconnection Customer's consent or such written advice will relieve Interconnection Customer from any obligation to indemnify the Joint Participants for the tax at issue in the contest.

7.7. Refund. In the event that (a) a private letter ruling is issued to the Joint Participants which holds that any amount paid or the value of any property transferred by Interconnection Customer to the Joint Participants under the terms of this Agreement is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to the Joint Participants in good faith that any amount paid or the value of any property transferred by Interconnection Customer to the Joint Participants under the terms of this Agreement is not taxable to the Joint Participants, (c) any abatement, appeal, protest, or other contest results in a determination that any payments or transfers made by Interconnection Customer to the Joint Participants are not subject to federal income tax, or (d) if the Joint Participants receive a refund from any taxing authority for any overpayment of tax attributable to any payment or property transfer made by Interconnection Customer to the Joint Participants pursuant to this Agreement, Operating Agent shall promptly refund to Interconnection Customer the following:

(i) any payment made by Interconnection Customer under this Article 7 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon,

(ii) interest on any amounts paid by Interconnection Customer to the Joint Participants for such taxes which the Joint Participants did not submit to the taxing authority, calculated in accordance with the methodology set forth in FERC's regulations at 18 CFR §35.19a (a)(2)(iii) from the date payment was made by Interconnection Customer to the date Operating Agent refunds such payment to Interconnection Customer, and

(iii) with respect to any such taxes paid by the Joint Participants, any refund or credit the Joint Participants receive or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to the Joint Participants for such overpayment of taxes (including any reduction in interest otherwise payable by the Joint Participants to any Governmental Authority resulting from an offset or credit); provided, however, that the Joint Participants will remit such amount promptly to Interconnection Customer only after and to the extent that the Joint Participants have received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to JPIF.

The intent of this provision is to leave the Parties, to the extent practicable, in the event that no taxes are due with respect to any payment for JPIF hereunder, in the same position they would have been in had no such tax payments been made.

7.8. Taxes Other Than Income Taxes. Upon the timely request by Interconnection Customer, and at Interconnection Customer's sole expense, the Joint Participants may appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against the Joint Participants for which Interconnection Customer may be required to reimburse the Joint Participants under the terms of this Agreement. Interconnection Customer shall pay to the Joint Participants on a periodic basis, as invoiced by Operating Agent, the Joint Participants' documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. Interconnection Customer and the Joint Participants shall cooperate in good faith with respect to any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be deferred, no amount shall be payable by Interconnection Customer to the Joint Participants for such taxes until they are assessed by a final, non-appealable order by any court or agency of competent jurisdiction. In the event that a tax payment is withheld and ultimately due and payable after appeal, Interconnection Customer will be responsible for all taxes, interest and penalties, other than penalties attributable to any delay caused by the Joint Participants.

7.9. Tax Status. Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Agreement is intended to adversely affect any Joint Participant's or Interconnection Customer's tax exempt status with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds.

Article 8. Modification.

8.1. General. Either Party may undertake modifications to its facilities. If a Party plans to undertake a modification that is reasonably expected to affect the other Party's facilities, that Party shall provide to the other Party sufficient information regarding such modification so that the other Party may evaluate the potential impact of such modification and agree to such modifications prior to commencement of the work. Such information shall be deemed to be confidential hereunder and shall include information concerning the timing of such modification and whether such modification is expected to interrupt the flow of electricity across the Transmission

Facility. The Party desiring to perform such work shall provide the relevant drawings, plans, and specifications to the other Party at least ninety (90) Calendar Days in advance of the commencement of the work or such shorter period upon which the Parties may agree, which agreement shall not unreasonably be withheld, conditioned or delayed.

In the case that the Operating Agent determines the ICIF or Transmission Facility modifications require Interconnection Customer to submit an Interconnection Request, the established interconnection process and timeline shall apply.

- 8.2. **Standards.** Any additions, modifications, or replacements made to a Party's interconnection facilities shall be designed, constructed and operated in accordance with this Agreement and Good Utility Practice.
- 8.3. **Modification Costs.** Interconnection Customer shall not be directly assigned for the costs of any additions, modifications, or replacements that the Joint Participants make to the JPIF or the ANPP HVS to facilitate the interconnection of a third party to the JPIF or the ANPP HVS. Interconnection Customer shall be responsible for costs of any additions, modifications, or replacements to ICIF that may be necessary to maintain or upgrade such ICIF consistent with Applicable Laws and Regulations, Applicable Reliability Standards or Good Utility Practice to the extent that those costs are not caused by the interconnection of a third party to the JPIF or the ANPP HVS.

Article 9. Testing and Inspection.

- 9.1. **Trial Operation Testing and Modifications.** During Trial Operation the, Operating Agent shall test the JPIF and Interconnection Customer shall test the ICIF and PV-DELANEY-SUN VALLEY LINE to ensure their safe and reliable operation. Each Party shall make any modifications to its facilities that are found to be necessary as a result of such testing. Interconnection Customer shall bear the cost of all such testing and modifications.
- 9.2. **Post In-Service Date Testing and Modifications.** Each Party shall at its own expense perform routine inspection and testing of its facilities and equipment in accordance with Good Utility Practice as may be necessary to ensure the continued interconnection of the PV-DELANEY-SUN VALLEY LINE with the ANPP HVS in a safe and reliable manner. Each Party shall have the right, upon advance written notice, to require reasonable additional testing of the other Party's facilities, at the requesting Party's expense, as may be in accordance with Good Utility Practice.
- 9.3. **Right to Observe Testing.** Each Party shall notify the other Party in advance of its performance of tests of either the JPIF or ICIF. The other Party has the right, at its own expense, to observe such testing.
- 9.4. **Right to Inspect.** Each Party shall have the right, but shall have no obligation to:
(i) observe the other Party's tests and/or inspection of any of its System Protection Facilities and other protective equipment; (ii) review the settings of the other

Party's System Protection Facilities and other protective equipment; and (iii) review the other Party's maintenance records relative to the JPIF and ICIF, the System Protection Facilities and other protective equipment. A Party may exercise these rights from time to time as it deems necessary upon reasonable notice to the other Party. The exercise or non-exercise by a Party of any such rights shall not be construed as an endorsement or confirmation of any element or condition of the JPIF and ICIF or the System Protection Facilities or other protective equipment or the operation thereof, or as a warranty as to the fitness, safety, desirability, or reliability of same. Any information that a Party obtains through the exercise of any of its rights under this Article 9.4 shall be deemed to be Confidential Information and treated pursuant to Article 28.

Article 10. Metering.

10.1. General. Each Party shall comply with the Applicable Regional Entity requirements. Unless otherwise agreed by the Parties, the Operating Agent shall install Metering Equipment at the Point(s) of Interconnection prior to Trial Operation of the JPIF, ICIF and PV-DELANEY-SUN VALLEY LINE and shall own, operate, test and maintain such Metering Equipment. Instantaneous bi-directional analog real power and reactive power flows across the ICIF shall be measured at or, at the Operating Agent's option, compensated to, the Point of Interconnection. Operating Agent shall provide metering quantities, in analog and/or digital form, to Interconnection Customer upon request. Interconnection Customer shall bear all reasonable documented costs associated with the purchase, installation, operation, testing and maintenance of the Metering Equipment.

10.2. Check Meters. Interconnection Customer, at its option and expense, may install and operate, on the ICIF side of the Point of Change of Ownership one or more check meters to check the Joint Participants' meters. Such check meters shall be for check purposes only and shall not be used for the measurement of instantaneous bi-directional analog real power and reactive power flow for purposes of this Agreement, except as provided in Article 10.4. The check meters shall be subject at all reasonable times to inspection and examination by the Joint Participants or its designee. The installation, operation and maintenance thereof shall be performed entirely by Interconnection Customer in accordance with Good Utility Practice.

10.3. Standards. Joint Participants shall install, calibrate, and test revenue quality Metering Equipment in accordance with applicable NERC standards.

10.4. Testing of Metering Equipment. Operating Agent shall, at Interconnection Customer's expense, perform routine tests, inspections, and maintenance on JPIF Metering Equipment upon installation and at least once every two (2) years thereafter. If requested to do so by Interconnection Customer, at Interconnection Customer's expense, Operating Agent shall inspect or test JPIF Metering Equipment more frequently than every two (2) years. Operating Agent also may, at the Interconnection Customer's expense, perform testing, inspections, and

maintenance of the JPIF Metering Equipment at any time Operating Agent deems it necessary in support of resolving metering problems effecting system reliability.

The Operating Agent shall give reasonable notice of the time when any inspection or test shall take place, and Interconnection Customer may have representatives present at the test or inspection. If at any time Metering Equipment is found to be inaccurate or defective, it shall be adjusted, repaired or replaced at Interconnection Customer's expense, in order to provide accurate metering, unless the inaccuracy or defect is due to the Operating Agent's failure to maintain, then Joint Participants shall pay. If Metering Equipment fails to register, or if the measurement made by Metering Equipment during a test varies by more than two percent from the measurement made by the standard meter used in the test, Joint Participants shall adjust the measurements by correcting all measurements for the period during which Metering Equipment was in error by using Interconnection Customer's check meters, if installed. If no such check meters are installed or if the period cannot be reasonably ascertained, the adjustment shall be for the period immediately preceding the test of the Metering Equipment equal to one-half the time from the date of the last previous test of the Metering Equipment.

- 10.5. Metering Data.** At Interconnection Customer's expense, the metered data shall be telemetered to one or more locations designated by the Operating Agent and one or more locations designated by Interconnection Customer. Such telemetered data shall be used, under normal operating conditions, as the official measurement of instantaneous bi-directional analog real power and reactive power flow across the Transmission Facility, ICIF and JPIF to the Point(s) of Interconnection.

Article 11. Communications.

- 11.1. Obligations.** Interconnection Customer and Operating Agent shall maintain satisfactory operating communications between their respective dispatchers and designated representatives. Interconnection Customer and Operating Agent shall provide standard voice line, dedicated voice line and facsimile communications at each of their respective central dispatch facilities through use of either the public telephone system, or a voice communications system that does not rely on the public telephone system as set forth in Applicable Reliability Standards. Interconnection Customer and Operating Agent shall also provide the dedicated data circuit(s) necessary to provide data to each other as set forth in applicable NERC standards. The data circuit(s) shall extend from the JPIF and ICIF to the location(s) specified by the Operating Agent. Maintenance of communications equipment associated with the ICIF located outside the ANPP HVS shall be performed by Interconnection Customer, while maintenance of JPIF and ICIF within the ANPP HVS shall be performed by the Operating Agent. Operational communications shall be activated and maintained under, but not be limited to, the following events: system paralleling or separation, scheduled and unscheduled shutdowns, equipment clearances, and hourly and daily load data.
- 11.2. Remote Terminal Unit.** Prior to the Trial Operation Date of the PV-DELANEY-SUN VALLEY LINE, ICIF and JPIF, a Remote Terminal Unit, or equivalent data

collection and transfer equipment acceptable to the Parties, shall be installed and placed in-service by Interconnection Customer, or by the Joint Participants at Interconnection Customer's expense, to gather accumulated and instantaneous data to be telemetered to the location(s) designated by the Operating Agent through use of a dedicated point-to-point data circuit(s) as indicated in Article 11.1. The communication protocol for the data circuit(s) shall be specified by the Operating Agent. Instantaneous bi-directional analog/digital real power and reactive power flow information must be telemetered directly to the location(s) specified by the Operating Agent.

Each Party will promptly advise the other Party if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention and/or correction by the other Party. The Party responsible for maintaining such equipment shall correct such error or malfunction as soon as reasonably feasible.

- 11.3. No Annexation.** Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Parties.

Article 12. Operations.

- 12.1. General.** Each Party shall comply with the Applicable Reliability Coordinator requirements. Each Party shall provide to the other Party all information that may reasonably be required by the other Party to comply with Applicable Laws and Regulations and Applicable Reliability Standards.
- 12.2. Joint Participant Obligations.** Joint Participants shall cause the JPIF to be operated, maintained and controlled in a safe and reliable manner and in accordance with this Agreement. Joint Participants may provide operating instructions to Interconnection Customer consistent with this Agreement and the Joint Participants' operating protocols and procedures as they may change from time to time. Joint Participants will consider changes to its operating protocols and procedures proposed by Interconnection Customer. In addition to the foregoing, Interconnection Customer further expressly agrees it shall, at its sole expense, promptly and fully comply with all operating instructions and directives issued by Operating Agent related to short circuit levels as are reasonably required in the Operating Agent's sole discretion, to preserve or restore reliable and safe operation of the ANPP HVS.
- 12.3. Interconnection Customer Obligations.** Interconnection Customer shall at its own expense operate, maintain and control the PV-DELANEY-SUN VALLEY LINE and ICIF in a safe and reliable manner and in accordance with this Agreement, including, without limitation, taking any and all actions as appropriate to preserve or restore reliable and safe operation of the PV-DELANEY-SUN VALLEY LINE and ICIF as related to short circuit levels.

12.4. Balancing Authority Area Notification. Interconnection Customer shall notify Operating Agent in writing of the Balancing Authority Area in which PV-DELANEY-SUN VALLEY LINE will be located prior to the Trial Operation Date. All necessary arrangements, including but not limited to those set forth in Article 10 and Article 11 of this Agreement, and Balancing Authority Area interchange agreements, if applicable, and the appropriate measures under such agreements, shall be executed and implemented prior to the Trial Operation Date.

12.5. Synchronization. Consistent with the Parties' mutually acceptable procedures, Interconnection Customer is responsible for the proper synchronization of the PV-DELANEY-SUN VALLEY LINE to the ANPP HVS.

12.6. Reactive Power.

12.6.1. Except as the Parties may otherwise agree, no Party shall be obligated to provide or exchange reactive power with any other Party. Each Party shall cooperate with the other Parties to minimize the unintended flow of reactive power at the Point of Interconnection.

12.6.2. Once Interconnection Customer has synchronized the PV-DELANEY-SUN VALLEY LINE with the ANPP HVS, the Interconnection Customer shall operate and maintain the reactive power equipment associated with PV-DELANEY-SUN VALLEY LINE and the Operating Agent shall operate and maintain the reactive power equipment associated with the JPIF within the ANPP HVS voltage schedule limits. Each Party shall cooperate with the other Party to minimize the unintended flow or reactive power at the Point of Interconnection.

12.6.3. The Operating Agent shall direct the use of all sources of reactive power in an equitable and not unduly discriminatory manner. Operating Agent shall exercise Reasonable Efforts to provide Interconnection Customer with such schedules at least one (1) day in advance, and may make changes to such schedules as necessary to maintain the reliability of the ANPP HVS. The Interconnection Customer shall promptly notify the Operating Agent when the PV-DELANEY-SUN VALLEY LINE reactive power equipment is unavailable.

12.6.4. The Interconnection Customer shall further comply with all applicable Reliability Standards, or any successor standards issued by NERC or WECC, including, without limitation, any new standards relating to reactive power or voltage control that may be issued by NERC or WECC. The Interconnection Customer shall be solely responsible for all compliance information, compliance monitoring and data retention associated with PV-DELANEY-SUN VALLEY LINE and the ICIF, as required by the aforementioned standards.

Any failure by the Interconnection Customer to comply with voltage schedule limits set forth by the Operating Agent and/or the aforementioned standards set forth by NERC or WECC shall be deemed

a default in accordance with Article 23. Any costs or penalties imposed by NERC or WECC upon the Joint Participants resulting from the Interconnection Customer's non-compliance with the voltage schedule limits, or NERC or WECC standards shall be directly passed-through to the Interconnection Customer and the Interconnection Customer's obligations for payment of said costs or penalties shall survive the expiration or termination of this Agreement.

12.7. Outages and Interruptions.

12.7.1. Outage Authority and Coordination. Each Party may in accordance with Good Utility Practice in coordination with the other Party remove from service any of its respective JPIF and ICIF that may impact the other Party's facilities as necessary to perform maintenance or testing or to install or replace equipment. Absent an Emergency Condition, the Party scheduling a removal of such facility(s) from service will use Reasonable Efforts to schedule such removal on a date and time mutually acceptable to the Parties. In all circumstances, any Party planning to remove such facility(s) from service shall use Reasonable Efforts to minimize the effect on the other Party of such removal. Notwithstanding the forgoing, the Operating Agent, in all circumstances, retains ultimate authority to deny any non-Emergency Condition removal from service.

12.7.2. Planned Maintenance Outage Schedules. Planned transmission facility(s) maintenance outages not posted on OASIS shall be coordinated between the Parties and subject to the requirements of confidentiality under Article 28. Interconnection Customer shall submit its planned maintenance outage schedules for the ICIF to the Operating Agent for a minimum of a rolling twenty-four month period. Interconnection Customer shall update its planned maintenance outage schedules as necessary. Operating Agent may request Interconnection Customer to reschedule its maintenance outage as necessary to maintain the reliability of the Transmission System. Except for rescheduling planned maintenance outages required to mitigate an Emergency Condition, Joint Participants shall compensate Interconnection Customer for any additional direct costs that Interconnection Customer incurs as a result of having to reschedule planned maintenance outage(s), including any additional overtime, breaking of maintenance contracts or other costs above and beyond the cost Interconnection Customer would have incurred absent Joint Participants' request to reschedule planned maintenance outage(s). Interconnection Customer will not be eligible to receive compensation if, during the twelve (12) months prior to the date of the scheduled planned maintenance outage(s), Interconnection Customer had modified its schedule of maintenance activities.

12.7.3. Outage Restoration. If an outage on a Party's Interconnection Facility(s) adversely affects the other Party's operations or facilities, the Party that owns or controls the facility that is out of service shall use Reasonable Efforts to promptly restore such facility(s) to a normal operating condition consistent with the nature of the outage. The Party that owns or controls the facility that is out of service shall provide the other Party, to the extent such information is known, information on the nature of the Emergency Condition, an estimated time of restoration, and any corrective actions required. Initial verbal notice shall be followed up as soon as practicable with written notice explaining the nature of the outage.

12.7.4. Interruption of Service. If required by Good Utility Practice to do so, Operating Agent may require Interconnection Customer to interrupt or reduce Interconnection Service under this Agreement if continuance of such service could adversely affect Operating Agent's ability to perform such activities as are necessary to safely and reliably operate and maintain the ANPP HVS. The following provisions shall apply to any interruption or reduction permitted under this Article 12:

12.7.4.1. The interruption or reduction shall continue only for so long as reasonably necessary under Good Utility Practice;

12.7.4.2. Any such interruption or reduction shall be made on an equitable, not unduly discriminatory basis with respect to all transmission and generating facilities directly connected to the ANPP HVS;

12.7.4.3. When the interruption or reduction must be made under circumstances which do not allow for advance notice, Operating Agent shall notify Interconnection Customer by telephone as soon as practicable of the reasons for the curtailment, interruption, or reduction, and, if known, its expected duration. Telephone notification shall be followed by written notification as soon as practicable;

12.7.4.4. Except during the existence of an Emergency Condition, when the interruption or reduction can be scheduled without advance notice, Operating Agent shall notify Interconnection Customer in advance regarding the timing of such scheduling and further notify Interconnection Customer of the expected duration. Operating Agent shall coordinate with Interconnection Customer using Good Utility Practice to schedule the interruption or reduction during periods of least impact to Interconnection Customer and the Joint Participants;

12.7.4.5. The Parties shall cooperate and coordinate with each other to the extent necessary in order to restore PV-DELANEY-SUN

VALLEY LINE, ICIF, JPIF, and the ANPP HVS to their normal operating state, consistent with system conditions and Good Utility Practice.

12.7.5. System Protection and Other Control Requirements.

12.7.5.1. System Protection Facilities. Interconnection Customer shall, at its expense, install, operate and maintain System Protection Facilities as a part of PV-DELANEY-SUN VALLEY LINE and ICIF in accordance with the guidelines and procedures established by the Applicable Laws and Regulations. The Joint Participants shall install, operate and maintain, at Interconnection Customer's expense any System Protection Facilities that may be required on the JPIF or on the Transmission System as a result of the interconnection of PV-DELANEY-SUN VALLEY LINE and ICIF. Joint Participants reserve the right to reasonably establish minimum acceptable settings for any installed System Protection Facilities subject to the design and operating limitations of the PV-DELANEY-SUN VALLEY LINE and ICIF. If the PV-DELANEY-SUN VALLEY LINE and ICIF System Protection Facilities are removed from service or not capable of automatic operation, Interconnection Customer shall immediately notify the Operating Agent.

12.7.5.2. Each Party's protection facilities shall be designed and coordinated with other systems in accordance with Good Utility Practice.

12.7.5.3. Each Party shall be responsible for protection of its facilities consistent with Good Utility Practice.

12.7.5.4. Each Party's protective relay design shall incorporate the necessary test switches to perform the tests required in Article 9.

12.7.5.5. Each Party will test, operate and maintain System Protection Facilities in accordance with Good Utility Practice.

12.7.5.6. Prior to the Trial Operation Date, and again prior to the In-Service Date, each Party or its agent shall perform a complete calibration test and functional trip test of the System Protection Facilities. At intervals suggested by Good Utility Practice and following any apparent malfunction of the System Protection Facilities, each Party shall perform both calibration and functional trip tests of its System Protection Facilities.

- 12.7.6. Requirements for Protection.** In compliance with Good Utility Practice, Interconnection Customer shall provide, install, own, and maintain relays, circuit breakers and all other devices necessary to remove any fault contribution of PV-DELANEY-SUN VALLEY LINE and ICIF to any short circuit occurring on the ANPP HVS not otherwise isolated by the Joint Participants' equipment, such that the removal of the fault contribution shall be coordinated with the protective requirements of the ANPP HVS. Such protective equipment shall include, without limitation, a disconnecting device(s) or switch(s) with load-interrupting capability located between PV-DELANEY-SUN VALLEY LINE and the ANPP HVS at a site selected upon mutual agreement (not to be unreasonably withheld, conditioned or delayed) of the Parties. Operating Agent may disconnect PV-DELANEY-SUN VALLEY LINE if conditions could adversely affect the ANPP HVS.
- 12.7.7. Power Quality.** Neither Party's facilities shall cause excessive voltage flicker nor introduce excessive distortion to the sinusoidal voltage or current waves as defined by electric industry standards.
- 12.8. Switching and Tagging Rules.** Each Party shall provide the other Party a copy of its switching and tagging rules that are applicable to the other Party's activities. Such switching and tagging rules shall be developed on a non-discriminatory basis. The Parties shall comply with applicable switching and tagging rules, as amended from time to time, in obtaining clearances for work or for switching operations on equipment.
- 12.9. Disturbance Analysis Data Exchange.** The Parties will cooperate with one another in the analysis of disturbances to the PV-DELANEY-SUN VALLEY LINE, JPIF, ICIF, or the ANPP HVS by gathering and providing access to any information relating to any disturbance, including information from oscillography, protective relay targets, breaker operations and sequence of events records, and any disturbance information required by Good Utility Practice.
- 12.10. Scheduling and Dispatching.**
- 12.10.1. Procedures.** The Operating Agent maintains, and may amend or develop, from time to time, scheduling and dispatching procedures in accordance with Good Utility Practice and Applicable Requirements, with respect to, among other things, congestion management, transmission losses, scheduling, and dispatching for transactions to be conducted into or out of the Common Bus. The Operator shall have the authority to implement and enforce, and the Interconnection Customer shall comply with, any such procedures.
- 12.10.2. Compliance.** The Interconnection Customer desiring to schedule power and energy into or out of the Common Bus shall first make all necessary arrangements for transmission rights and service for such power and energy and then shall submit, or make arrangements to submit, hourly schedules and any changes thereto to the Operating

Agent's schedulers and/or dispatchers in accordance with the scheduling and dispatching procedures referenced in Article 12.10.1. Notwithstanding the notice requirements of this Agreement, if the Interconnection Customer does not comply with the established scheduling and dispatching procedures, the Operating Agent shall inform the Interconnection Customer and the other Parties of such failure, and shall not be obligated to accept the schedule of the Interconnection Customer who is failing to comply until such scheduling and dispatching procedures have been complied with and requirements have been met.

Article 13. Maintenance.

- 13.1. Joint Participants Obligations.** Joint Participants shall maintain the ANPP HVS and the JPIF in a safe and reliable manner and in accordance with this Agreement.
- 13.2. Interconnection Customer Obligations.** Interconnection Customer shall maintain the PV-DELANEY-SUN VALLEY LINE and the ICIF in a safe and reliable manner and in accordance with this Agreement.
- 13.3. Coordination.** The Parties shall confer regularly to coordinate the planning, scheduling and performance of preventive and corrective maintenance on the PV-DELANEY-SUN VALLEY LINE, ICIF, and the JPIF.
- 13.4. Secondary Systems.** Each Party shall cooperate with the other in the inspection, maintenance, and testing of control or power circuits that operate below 600 volts, AC or DC, including, but not limited to, any hardware, control or protective devices, cables, conductors, electric raceways, secondary equipment panels, transducers, batteries, chargers, and voltage and current transformers that directly affect the operation of a Party's facilities and equipment which may reasonably be expected to impact the other Party. Each Party shall provide advance notice to the other Party before undertaking any work on such circuits, especially on electrical circuits involving circuit breaker trip and close contacts, current transformers, or potential transformers.

Article 14. Performance Obligation.

- 14.1. Interconnection Customer's Interconnection Facilities.** Interconnection Customer shall design, procure, construct, install, own and/or control ICIF as described in Appendix A at Interconnection Customer's its sole expense.
- 14.2. Network Upgrades and Distribution Upgrades.** Joint Participants shall design, procure, construct, install, and own the Network Upgrades and Distribution Upgrades described in Appendix A. The Interconnection Customer shall be responsible for all costs related to Distribution Upgrades. Unless the Joint Participants elect to fund the capital for the Network Upgrades, they shall be solely funded by Interconnection Customer.

Article 15. Payment for Use of ANPP Switchyard Common Facilities.

On or before the In-Service Date, the Interconnection Customer shall make the ANPP Switchyard Common Facilities Use Fee payment to the Operating Agent for the accounts of the prior existing ANPP Switchyard terminations in accordance with the formula set forth in Exhibit 2.

Article 16. Cost Responsibility Ratios.

16.1. Purpose. The ANPP CRR shall be computed as set forth in Exhibit 4 for the purpose of allocating to the Interconnection Customer a portion of the costs set forth in Article 17. The ANPP CRR will be used to initially determine the ANPP Switchyard Common Facilities Use Fee payment pursuant to Article 15.

16.2. Method. The ANPP CRR shall be recomputed by the Operating Agent in accordance with Exhibit 4 to reflect the installation of any additional eligible termination(s) in the ANPP Switchyard, as defined in Exhibit 4, and shall be effective upon the date of firm operation thereof. Upon completion of such re-computation, Operating Agent shall revise Exhibit 4, as soon thereafter as practicable, submit the revised Exhibit 4 for approval pursuant to Article 35.10.

Article 17. Cost Obligations.

17.1. General. Operating Agent shall calculate the construction, reimbursement, Operation and Maintenance Cost, and costs of Capital Improvements, in accordance with standard accounting practice and the applicable provisions of the ANPP HVS governing agreements and shall allocate costs to Interconnection Customer as set forth therein and below.

17.2. Construction and Reimbursement Costs.

17.2.1. Construction. Interconnection Customer has or shall incur the cost of construction of the JPIF, as described in Appendix A in accordance with the breaker-and-a-half connection scheme required by the ANPP HVS.

17.2.2. PV-DELANEY-SUN VALLEY LINE Reimbursement Cost of Installed Line Dead End Facilities. On or before the PV-DELANEY-SUN VALLEY LINE In-Service Date, the Interconnection Customer shall reimburse Southern California Edison ("SCE"), for one half ("1/2") the costs SCE incurred to install one (1) line dead end "A-frame" structure in the ANPP Switchyard Bay 10 alignment. Operating Agent shall tender an invoice for the reimbursement as detailed in Exhibit 3 herein, and upon payment by Interconnection Customer, Operating Agent shall cause such reimbursement to be paid to SCE. Following such reimbursement, such equipment, pursuant to this Agreement, shall be part of the JPIF.

17.3. Operation and Maintenance Costs.

17.3.1. Interconnection Customer shall be responsible for its share of Operation and Maintenance Costs associated with ANPP Switchyard Common

Facilities, as calculated under the ANPP CRR formula set forth in Exhibit 4.

17.3.2. Interconnection Customer shall be responsible for all Operation and Maintenance Costs associated with the JPIF as defined in Appendix A.

17.3.3. Interconnection Customer shall be responsible for all costs associated with owning, operating, maintaining, repairing, and replacing ICIF.

17.4. Capital Improvements Costs: The following shall be allocated to the Interconnection Customer:

17.4.1. Interconnection Customer shall be responsible for its share of costs of Capital Improvements associated with ANPP Switchyard Common Facilities as defined in Exhibit 1, with such share of expenses calculated under the ANPP CRR formula set forth in Exhibit 4.

17.4.2. Interconnection Customer shall be responsible for all costs charged for Capital Improvements to JPIF.

17.4.3. Interconnection Customer shall be responsible for all capital improvement costs associated with the ICIF.

17.5. Mitigation.

17.5.1. Future Requests for Mitigation. In the event that the Interconnection Customer, Operating Agent or any Joint Participant receives from any entity a written request for Mitigation or the costs thereof, or any other written claim that reasonably may result in a request for Mitigation or the costs thereof, the Party receiving the request shall provide prompt notice thereof, in conformance with Article 21, to all of the ANPP Switchyard interconnectors, Operating Agent, Joint Participants and the E&O. The E&O shall review the notice and, acting in good faith, promptly determine preliminarily (i) if the notice involves a request for Mitigation or the costs thereof or a claim that reasonably may result in such a request (in either case, a "**Mitigation Request**"), (ii) which any one or more ANPP Switchyard interconnectors including Interconnection Customer may be responsible for the requested Mitigation in accordance with Good Utility Practice, and (iii) if the notice involves any claim other than a Mitigation Request that may be made against one or more Joint Participants. Upon making such preliminary determination, the E&O shall issue a notice of such preliminary determination to all of the ANPP Switchyard interconnectors, Operating Agent and Joint Participants. If Interconnection Customer is identified in such a notice from the E&O as potentially responsible for satisfying the Mitigation Request, Interconnection Customer shall, alone or jointly with other similarly identified ANPP Switchyard interconnectors, respond to the entity making the Mitigation Request and either contest the Mitigation Request or arrange for completion of, or payment for, the requested Mitigation,

as applicable, keeping the E&O informed of such activities on a reasonable ongoing basis. If such E&O notice also identifies any claim other than a Mitigation Request against one or more Joint Participants, Interconnection Customer shall act jointly in good faith with such affected Joint Participant(s) in responding to the entity making such claim and the Mitigation Request. If subsequent to issuance of the E&O notice, the E&O, based on further study in conformance with Good Utility Practice, determines that it needs to modify the preliminary determination described above, the E&O shall issue a new notice in the same manner as its initial notice, and Interconnection Customer shall respond in the same manner as is required upon receipt of any initial notice. In the event that the affected ANPP Switchyard interconnectors agree to satisfy the Mitigation Request and, as a result, work is required within the Common Bus or the property of any Joint Participant, the Operating Agent or Joint Participant(s), as applicable, shall act in good faith to perform the work in accordance with Good Utility Practice, provided that the Interconnection Customer pays for its share of the costs thereof, as determined by the E&O. The limitations and disclaimers of Article 24 herein notwithstanding, the Interconnection Customer shall defend, indemnify and hold harmless Operator, the Joint Participants, and any other ANPP Switchyard interconnectors which have entered into an interconnection agreement containing a substantially similar indemnification obligation for, from and against the Interconnection Customer's share, as determined by the E&O, of any Mitigation costs paid or incurred by any entity.

17.6. Costs of Insurance.

- 17.6.1.** Interconnection Customer shall be responsible for its share of costs of insurance associated with ANPP Switchyard Common Facilities as defined in Exhibit 1, with such share of expenses calculated under the ANPP CRR formula set forth in Exhibit 4.
- 17.6.2.** Interconnection Customer shall be responsible for all costs charged for insurance to JPIF.
- 17.6.3.** Interconnection Customer shall be responsible for all insurance costs associated the ICIF.

Article 18. Invoice.

- 18.1. General.** Each Party shall submit to the other Party, on a monthly basis, invoices of amounts due for the preceding month. Each invoice shall state the month to which the invoice applies and fully describe the services and equipment provided. The Parties may discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts a Party owes to the other Party under this Agreement, including interest payments or credits, shall be netted so that only the net amount remaining due shall be paid by the owing Party.

- 18.2. Payment.** Invoices shall be rendered to the paying Party at the address specified in Appendix G. The Party receiving the invoice shall pay the invoice within thirty (30) Calendar Days of receipt. All payments shall be made in immediately available funds payable to the other Party, or by wire transfer to a bank named and account designated by the invoicing Party. Payment of invoices by either Party will not constitute a waiver of any rights or claims either Party may have under this Agreement.
- 18.3. Disputes.** In the event of a billing dispute between the Joint Participants and Interconnection Customer, the Joint Participants shall continue to provide Interconnection Service under this Agreement as long as Interconnection Customer: (i) continues to make all payments not in dispute; and (ii) pays to the Joint Participants or into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If Interconnection Customer fails to meet these two requirements for continuation of service, then the Joint Participants may provide notice to Interconnection Customer of a Default pursuant to Article 23. Within thirty (30) Calendar Days after the resolution of the dispute, the Party that owes money to the other Party shall pay the amount due with interest, if applicable and if so, with such interest calculated in accord with the methodology set forth in FERC's regulations at 18 CFR § 35.19a(a)(2)(iii) or other applicable methodology.

Article 19. Emergencies.

- 19.1. Definition.** "Emergency Condition" shall mean a condition or situation: (i) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (ii) that, in the case of the Joint Participants, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the ANPP HVS, the JPIF or the Transmission Systems of others to which the ANPP HVS is directly connected; or (iii) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the ICIF. "Emergency Condition" shall include but not be limited to system restoration and black start situations.
- 19.2. Obligations.** Each Party shall comply with the Emergency Condition procedures of the applicable ISO/RTO, NERC, the Applicable Regional Entity, Applicable Laws and Regulations, and any emergency procedures agreed to by the Joint Operating Committee.
- 19.3. Notice.** Operating Agent shall notify Interconnection Customer promptly when it becomes aware of an Emergency Condition that affects the JPIF, ANPP HVS, or the Transmission System that may reasonably be expected to affect Interconnection Customer's operation of the PV-DELANEY-SUN VALLEY LINE and ICIF. Conversely, Interconnection Customer shall notify Operating Agent promptly when it becomes aware of an Emergency Condition that affects the PV-DELANEY-SUN VALLEY LINE and ICIF that may reasonably be expected to affect the JPIF or the ANPP HVS. To the extent information is known, the notification

shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of PV-DELANEY-SUN VALLEY LINE, ICIF, JPIF, or ANPP HVS, its anticipated duration and the corrective action taken and/or to be taken. The initial notice shall be followed as soon as practicable with written notice.

19.4. Immediate Action. Unless, in Interconnection Customer's reasonable judgment, immediate action is required, Interconnection Customer shall obtain the consent of Operating Agent, such consent to not be unreasonably withheld, prior to performing any manual switching operations at the ICIF or PV-DELANEY-SUN VALLEY LINE in response to an Emergency Condition either declared by Operating Agent or otherwise regarding the ANPP HVS.

19.5. Joint Participants Authority.

19.5.1. General. Operating Agent may take whatever actions or inactions with regard to the JPIF or ANPP HVS it deems necessary during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the JPIF or the ANPP HVS, (iii) limit or prevent damage, and (iv) expedite restoration of service.

Operating Agent shall use Reasonable Efforts to minimize the effect of such actions or inactions on the ICIF. Operating Agent may, on the basis of technical considerations, require the ICIF to mitigate an Emergency Condition by taking actions necessary and limited in scope to remedy the Emergency Condition, including, but not limited to altering the outage schedules of the ICIF.

19.5.2. Reduction and Disconnection. Operating Agent may reduce Interconnection Service or disconnect the ICIF, when such reduction or disconnection is necessary under Good Utility Practice due to Emergency Conditions. These rights are separate and distinct from any right of curtailment of any Joint Participant pursuant to its respective open access transmission tariff. When Operating Agent can schedule the reduction or disconnection in advance, Operating Agent shall notify Interconnection Customer of the reasons, timing and expected duration of the reduction or disconnection. Operating Agent shall coordinate with Interconnection Customer using Good Utility Practice to schedule the reduction or disconnection during periods of least impact to Interconnection Customer and the Joint Participants. Any reduction or disconnection shall continue only for so long as reasonably necessary under Good Utility Practice. The Parties shall cooperate with each other to restore the PV-DELANEY-SUN VALLEY LINE, ICIF, JPIF, and the ANPP HVS to their normal operating state as soon as practicable consistent with Good Utility Practice.

19.6. Interconnection Customer Authority. Consistent with Good Utility Practice and this Agreement, Interconnection Customer may take actions or inactions with regard to the PV-DELANEY-SUN VALLEY LINE and ICIF during an Emergency

Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the PV-DELANEY-SUN VALLEY LINE and ICIF, (iii) limit or prevent damage, and (iv) expedite restoration of service. Interconnection Customer shall use Reasonable Efforts to minimize the effect of such actions or inactions on the ANPP HVS and the JPIF. Operating Agent shall use Reasonable Efforts to assist Interconnection Customer in such actions.

19.7. Limited Liability. Neither Party shall be liable to the other for any action it takes in responding to an Emergency Condition so long as such action is made in good faith and is consistent with Good Utility Practice.

Article 20. Regulatory Requirements and Governing Law.

20.1. Regulatory Requirements. Each Party's obligations under this Agreement shall be subject to its receipt of any required approval or certificate from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, or providing notice to, such Governmental Authorities, and the expiration of any time period associated therewith. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this Agreement shall require any Party to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act, the Public Utility Holding Company Act of 1935, as amended, or the Public Utility Regulatory Policies Act of 1978.

20.2. Governing Law.

20.2.1. The validity, interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the state of Arizona without regard to its conflicts of law principles.

20.2.2. This Agreement is subject to all Applicable Laws and Regulations.

20.2.3. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

Article 21. Notices.

21.1. General. Unless otherwise provided in this Agreement, any notice, demand or request required or permitted to be given by either Party to the other and any instrument required or permitted to be tendered or delivered by either Party in writing to the other shall be effective when delivered and may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with postage prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out in Appendix G, Addresses for Delivery of Notices and Billings.

Either Party may change the notice information in this Agreement by giving five (5) Business Days written notice prior to the effective date of the change.

21.2. **Billings and Payments.** Billings and payments shall be sent to the addresses set out in Appendix G.

21.3. **Alternative Forms of Notice.** Any notice or request required or permitted to be given by a Party to the other and not required by this Agreement to be given in writing may be so given by telephone, facsimile or email to the telephone numbers and email addresses set out in Appendix G.

21.4. **Operations and Maintenance Notice.** Each Party shall notify the other Party in writing of the identity of the person(s) that it designates as the point(s) of contact with respect to the implementation of Articles 12 and 13.

Article 22. Force Majeure.

22.1. Force Majeure.

22.1.1. Economic hardship is not considered a Force Majeure event.

22.1.2. Neither Party shall be considered to be in Default with respect to any obligation hereunder, (including obligations under Article 5), other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this Article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

Article 23. Default.

23.1. Default

23.1.1. **General.** No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this Agreement or the result of an act of omission of the other Party. Upon a Breach, the non-breaching Party shall give written notice of such Breach to the breaching Party. Except as provided in Article 23.1.2, the breaching Party shall have thirty (30) Calendar Days from receipt of the Default notice within which to cure such Breach; provided however, if such Breach is not capable of cure within thirty (30) Calendar Days, the breaching Party shall commence such cure within thirty (30) Calendar Days after notice and continuously and diligently

complete such cure within ninety (90) Calendar Days from receipt of the Default notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.

- 23.1.2. Right to Terminate.** If a Breach is not cured as provided in this Article, or if a Breach is not capable of being cured within the period provided for herein, the non-breaching Party shall have the right to declare a Default and terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the breaching Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this Article will survive termination of this Agreement.

Article 24. Indemnity, Consequential Damages and Insurance.

24.1. Indemnity. The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inactions relating to its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

24.1.1. Indemnified Party. If an indemnified Party is entitled to indemnification under this Article 24 as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 24.1, to assume the defense of such claim, such indemnified Party may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

24.1.2. Indemnifying Party. If an indemnifying Party is obligated to indemnify and hold any indemnified Party harmless under this Article 24, the amount owing to the indemnified Party shall be the amount of such indemnified Party's actual Loss, net of any insurance or other recovery.

24.1.3. Indemnity Procedures. Promptly after receipt by an indemnified Party of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Article 24.1 may apply, the indemnified Party shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

The indemnifying Party shall have the right to assume the defense thereof with counsel designated by such indemnifying Party and

reasonably satisfactory to the indemnified Party. If the defendants in any such action include one or more indemnified Parties and the indemnifying Party and if the indemnified Party reasonably concludes that there may be legal defenses available to it and/or other indemnified Parties which are different from or additional to those available to the indemnifying Party, the indemnified Party shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an indemnified Party or indemnified Parties having such differing or additional legal defenses.

The indemnified Party shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the indemnifying Party. Notwithstanding the foregoing, the indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the indemnified Party and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the indemnified Party, or there exists a conflict or adversity of interest between the indemnified Party and the Indemnifying Party, in such event the indemnifying Party shall pay the reasonable expenses of the indemnified Party, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the indemnified Party, which shall not be unreasonably withheld, conditioned or delayed.

24.2. Consequential Damages. In no event shall either Party be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

24.3. Insurance. Each of the Operating Agent, on behalf of the Joint Participants, and the Interconnection Customer shall, at its own expense, maintain in force throughout the period of this Agreement, and until released by the other Party, the following minimum insurance coverage:

24.3.1. Employers' Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of the state in which the Point of Interconnection is located.

- 24.3.2.** Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of One Million Dollars (\$1,000,000) per occurrence/One Million Dollars (\$1,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.
- 24.3.3.** Commercial Automobile Liability Insurance for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage.
- 24.3.4.** Excess Commercial General Liability Insurance over and above the Employers' Liability Commercial General Liability and Commercial Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty Million Dollars (\$20,000,000) per occurrence/Twenty Million Dollars (\$20,000,000) aggregate.
- 24.3.5.** The Commercial General Liability Insurance, Commercial Automobile Insurance and Excess Commercial General Liability Insurance policies shall name the other party, its parent, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("**Other Party Group**") as additional insured.
- 24.3.6.** All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this Agreement against the Other Party Group and provide thirty (30) Calendar Days advance written notice to the Other Party Group prior to cancellation or any material change in coverage or condition.
- 24.3.7.** The Commercial General Liability Insurance, Commercial Automobile Liability Insurance and Excess Commercial General Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.
- 24.3.8.** The Commercial General Liability Insurance, Commercial Automobile Liability Insurance and Excess Commercial General Liability Insurance

policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this Agreement, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.

24.3.9. The requirements contained herein as to the types and limits of all insurance to be maintained by the parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this Agreement.

24.3.10. Within ten (10) days following execution of this Agreement, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) days thereafter, each of the Operating Agent, on behalf of the Joint Participants, and the Interconnection Customer shall provide certification of all insurance required in this Agreement, executed by each insurer or by an authorized representative of each insurer.

24.3.11. Notwithstanding the foregoing, each of the Operating Agent, on behalf of the Joint Participants, and the Interconnection Customer may self-insure to meet the minimum insurance requirements of Articles 24.3.2 through 24.3.8 to the extent it maintains a self-insurance program; provided that, as applicable, such Party's senior secured debt is rated at investment grade or better by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 24.3.2 through 24.3.8. For any period of time that a Party's senior secured debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 24.3.2 through 24.3.8. In the event that Operating Agent, on behalf of the Joint Participants, or Interconnection Customer is permitted to self-insure pursuant to this Article, it shall notify the other Party that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Articles 24.3 through 24.3.8.

24.3.12. The Operating Agent, on behalf of the Joint Participants, and Interconnection Customer agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this Agreement.

Article 25. Assignment.

25.1. Assignment. This Agreement may be assigned by either Party only with the written consent of the other; provided that, to the extent allowed by law, either Party may assign this Agreement without the consent of the other Party to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party

under this Agreement; and provided further that Interconnection Customer shall have the right to assign this Agreement, without the consent of the Joint Participants, for collateral security purposes to aid in providing financing for the ICIF and PV-DELANEY-SUN VALLEY LINE, provided that Interconnection Customer will promptly notify the Joint Participants of any such assignment. Any financing arrangement entered into by Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured Party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the Joint Participants of the date and particulars of any such exercise of assignment right(s), including providing the Joint Participants with proof that it meets the requirements of Article 24.3. Any attempted assignment that violates this Article is void and ineffective. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

Article 26. Severability.

26.1. Severability. If any provision in this Agreement is finally determined to be invalid, void or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this Agreement.

Article 27. Comparability.

27.1. Comparability. The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

Article 28. Confidentiality.

28.1. Confidentiality. Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by either of the Parties to the other prior to the execution of this Agreement.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by either Party, the other Party shall provide in writing, the basis for asserting that the information referred to in this Article 28 warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

28.1.1. Term. During the term of this Agreement, and for a period of three (3) years after the expiration or termination of this Agreement, except as

otherwise provided in this Article 28, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

- 28.1.2. Scope.** Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this Agreement; or (6) is required, in accordance with Article 28.1.7, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this Agreement. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.
- 28.1.3. Release of Confidential Information.** Neither Party shall release or disclose Confidential Information to any other person, except to its Affiliates (limited by the standards of conduct requirements), subcontractors, employees, consultants, or to parties who may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with this Agreement, unless such person has first been advised of the confidentiality provisions of this Article 28 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article 28.
- 28.1.4. Rights.** Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Party of Confidential Information shall not be deemed a waiver by either Party or any other person or entity of the right to protect the Confidential Information from public disclosure.
- 28.1.5. No Warranties.** By providing Confidential Information, neither Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or

Confidential Information to the other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.

28.1.6. Standard of Care. Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party under this Agreement or its regulatory requirements.

28.1.7. Order of Disclosure. If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires either Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of this Agreement. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

28.1.8. Termination of Agreement. Upon termination of this Agreement for any reason, each Party shall, within ten (10) Calendar Days of receipt of a written request from the other Party, use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the other Party) or return to the other Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party.

28.1.9. Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's Breach of its obligations under this Article 28. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article 28, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Article 28, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article 28.

28.1.10. Disclosure under Operation of Law. Any information that a Party claims is competitively sensitive, commercial or financial information ("**Confidential Information**") shall not be disclosed by the other Party to any person not employed or retained by the other Party, except to the extent disclosure is (i) required by a Governmental Authority; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this Agreement or as a transmission service provider or a Balancing Area Authority including disclosing the Confidential Information to an RTO or ISO or to a regional or national reliability organization or planning group. The Party asserting confidentiality shall notify the other Party in writing of the information it claims is confidential. Prior to any disclosures of the other Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a Breach of this provision).

Operating Agent shall, at Interconnection Customer's election, destroy, in a confidential manner, or return the Confidential Information provided at the time such Confidential Information is no longer needed.

Article 29. Environmental Releases.

29.1. Remediation. The Operating Agent and Interconnection Customer shall notify one another, first orally and then in writing, of the release of any Hazardous Substances, any asbestos or lead abatement activities, or any type of remediation activities related to the PV-DELANEY-SUN VALLEY LINE, ICIF, JPIF or ANPP HVS, each of which may reasonably be expected to affect the other Party. The notifying Party shall: (i) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than twenty-four hours after such Party becomes aware of the occurrence; and (ii) promptly furnish to the other Party copies of any publicly available reports filed with any Governmental Authorities addressing such events.

Article 30. Information Access and Audit Rights.

30.1. Information Access. Each Party (the "**disclosing Party**") shall make available to the other Party information that is in the possession of the disclosing Party and is necessary in order for the other Party to: (i) verify the costs incurred by the disclosing Party for which the other Party is responsible under this Agreement; and

(ii) carry out its obligations and responsibilities under this Agreement. The Parties shall not use such information for purposes other than those set forth in this Article 30.1 and to enforce their rights under this Agreement.

30.2. Reporting of Non-Force Majeure Events. Each Party (the "notifying Party") shall notify the other Party when the notifying Party becomes aware of its inability to comply with the provisions of this Agreement for a reason other than a Force Majeure event. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information provided under this Article shall not entitle the Party receiving such notification to allege a cause for anticipatory breach of this Agreement.

30.3. Audit Rights. Subject to the requirements of confidentiality under Article 28, each Party shall have the right, during normal business hours, and upon prior reasonable notice to the other Party, to audit at its own expense the other Party's accounts and records pertaining to either Party's performance or either Party's satisfaction of obligations under this Agreement. Such audit rights shall include audits of the other Party's costs, calculation of invoiced amounts, the Joint Participants' efforts to allocate responsibility for the provision of reactive support to the Transmission System, the Joint Participants' efforts to allocate responsibility for interruption or reduction of capacity on the Transmission System, and each Party's actions in an Emergency Condition. Any audit authorized by this Article shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to each Party's performance and satisfaction of obligations under this Agreement. Each Party shall keep such accounts and records for a period equivalent to the audit rights periods described in Article 30.4.

30.4. Audit Rights Periods.

30.4.1. Audit Rights Period for Construction-Related Accounts and Records. Accounts and records related to the design, engineering, procurement, and construction of JPIF and Network Upgrades shall be subject to audit for a period of twenty-four months following the Joint Participants' issuance of a final invoice in accordance with Article 18.

30.4.2. Audit Rights Period for All Other Accounts and Records. Accounts and records related to either Party's performance or satisfaction of all obligations under this Agreement other than those described in Article 30.4.1 shall be subject to audit as follows: (i) for an audit relating to cost obligations, the applicable audit rights period shall be twenty-four months after the auditing Party's receipt of an invoice giving rise to such cost obligations; and (ii) for an audit relating to all other obligations, the applicable audit rights period shall be twenty-four months after the event for which the audit is sought.

30.5. Audit Results. If an audit by a Party determines that an overpayment or an underpayment has occurred, a notice of such overpayment or underpayment shall be given to the other Party together with those records from the audit which support such determination.

Article 31. Subcontractors.

31.1. General. Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

31.2. Responsibility of Principal. The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Joint Participants be liable for the actions or inactions of Interconnection Customer or its subcontractors. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

31.3. No Limitation by Insurance. The obligations under this Article 31 will not be limited in any way by any limitation of subcontractor's insurance.

Article 32. Disputes.

32.1. Submission. In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this Agreement or its performance, such Party (the "**disputing Party**") shall provide the other Party with written notice of the dispute or claim ("**Notice of Dispute**"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this Agreement.

32.2. External Arbitration Procedures. Any arbitration initiated under this Agreement shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen

shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("**Arbitration Rules**") and any applicable FERC regulations; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Article 32, the terms of this Article 32 shall prevail.

32.3. Arbitration Decisions. Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, JPIF and ICIF, or Network Upgrades of any Joint Participant so obligated by FERC.

32.4. Costs. Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

Article 33. Representations, Warranties, and Covenants.

33.1. General. Each Party makes the following representations, warranties and covenants:

33.1.1. Good Standing. Such Party is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable; that it is qualified to do business in the state or states in which the PV-DELANEY-SUN VALLEY LINE, ICIF, JPIF, ANPP HVS, and Network Upgrades owned by such Party, as applicable, are located; and that it has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this Agreement and carry out the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement.

33.1.2. Authority. Such Party has the right, power and authority to enter into this Agreement, to become a Party hereto and to perform its obligations hereunder. This Agreement is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

33.1.3. No Conflict. The execution, delivery and performance of this Agreement does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of such Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.

33.1.4. Consent and Approval. Such Party has sought or obtained, or, in accordance with this Agreement will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this Agreement, and it will provide to any Governmental Authority notice of any actions under this Agreement that are required by Applicable Laws and Regulations.

Article 34. Joint Operating Committee.

34.1. Joint Operating Committee. The Joint Participants shall constitute a Joint Operating Committee to coordinate operating and technical considerations of Interconnection Service. Upon execution of this Agreement, the Interconnection Customer and the Joint Participants shall each appoint one representative and one alternate to the Joint Operating Committee. The Interconnection Customer shall notify the Joint Participants of its appointment in writing. Such appointments may be changed at any time by similar notice. The Joint Operating Committee shall meet as necessary, but not less than once each calendar year, to carry out the duties set forth herein. The Joint Operating Committee shall hold a meeting at the request of either Party, at a time and place agreed upon by the representatives. The Joint Operating Committee shall perform all of its duties consistent with the provisions of this Agreement. Each Party shall cooperate in providing to the Joint Operating Committee all information required in the performance of the Joint Operating Committee's duties. All decisions and agreements, if any, made by the Joint Operating Committee, shall be evidenced in writing. The duties of the Joint Operating Committee shall include the following:

34.1.1. Establish data requirements and operating record requirements.

34.1.2. Review the requirements, standards, and procedures for data acquisition equipment, protective equipment, and any other equipment or software.

- 34.1.3. Annually review the one (1) year forecast of maintenance and planned outage schedules of the Joint Participants' and Interconnection Customer's facilities at the Point of Interconnection.
- 34.1.4. Coordinate the scheduling of maintenance and planned outages on the PV-DELANEY-SUN VALLEY LINE, ICIF, JPIF, ANPP HVS, Network Upgrades and other facilities that impact the normal operation of the interconnection of the PV-DELANEY-SUN VALLEY LINE to the ANPP HVS.
- 34.1.5. Ensure that information is being provided by each Party regarding equipment availability.
- 34.1.6. Perform such other duties as may be conferred upon it by mutual agreement of the Parties.

Article 35. Miscellaneous.

- 35.1. **Binding Effect.** This Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.
- 35.2. **Conflicts.** In the event of a conflict between the body of this Agreement and any attachments, appendices or exhibits hereto, the terms and provisions of the body of this Agreement shall prevail and be deemed the final intent of the Parties.
- 35.3. **Rules of Interpretation.** This Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated there under; (5) unless expressly stated otherwise, reference to any Article, Appendix, or Exhibit means such Article of this Agreement or such Appendix or Exhibit to this Agreement, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

- 35.4. Entire Agreement.** This Agreement, including all Appendices and Exhibits attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.
- 35.5. No Third Party Beneficiaries.** This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.
- 35.6. Waiver.** The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.
- Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or Default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of Interconnection Customer's legal rights to obtain an interconnection from the Joint Participants. Any waiver of this Agreement shall, if requested, be provided in writing.
- 35.7. Headings.** The descriptive headings of the various Articles of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.
- 35.8. Multiple Counterparts.** This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.
- 35.9. Amendment.** The Parties may by mutual agreement amend this Agreement by a written instrument duly executed by the Parties.
- 35.10. Modification by the Parties.** The Parties may by mutual agreement modify Appendices and Exhibits to this Agreement by a written instrument duly executed by the Parties. Such modifications shall become effective and a part of this Agreement upon satisfaction of all Applicable Laws and Regulations.
- 35.11. Reservation of Rights.** Each of the Joint Participants shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations there under, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to

section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations there under; provided that each Party shall have the right to protest any such filing and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations there under, except to the extent that the Parties otherwise mutually agree as provided herein.

35.12. No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

IN WITNESS WHEREOF, the Parties have executed this Agreement in duplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

///

///

INTERCONNECTION CUSTOMER:

Arizona Public Service Company

By: 

Title: DIRECTOR, ENGINEERING

Date: 6/15/16

Central Arizona Water Conservation District

By: _____

Title: _____

Date: _____

JOINT PARTICIPANTS:

Arizona Public Service Company

By: _____

Title: _____

Date: _____

IN WITNESS WHEREOF, the Parties have executed this Agreement in duplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

III

III

INTERCONNECTION CUSTOMER:

Arizona Public Service Company

By: _____

Title: _____

Date: _____

Central Arizona Water Conservation District

By: *Lebe*

Title: *General Manager*

Date: *6-6-2016*

JOINT PARTICIPANTS:

Arizona Public Service Company

By: _____

Title: _____

Date: _____

El Paso Electric Company

By: Jose Mungu

Title: Assistant VP

APPROVED AS TO FORM
OFFICE OF THE GENERAL COUNSEL LM

Date: May 26, 2016

Department of Water and Power of the City of Los Angeles

By: DAVID H. WRIGHT
General Manager

APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY

Date: _____

And: BARBARA E. MOSCHOS
Board Secretary

SEP 27 2017
BY Syndi Driscoll
SYNDI DRISCOLL
DEPUTY CITY ATTORNEY

Public Service Company of New Mexico

By: _____

Title: _____

Date: _____

IN WITNESS WHEREOF, the Parties have executed this Agreement in duplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

III

III

INTERCONNECTION CUSTOMER:

Arizona Public Service Company

By: _____

Title: _____

Date: _____

Central Arizona Water Conservation District

By: _____

Title: _____

Date: _____

JOINT PARTICIPANTS:

Arizona Public Service Company

By: _____

Title: DIRECTOR, ENGINEERING

Date: 6/15/16

El Paso Electric Company

By: _____

Title: _____

Date: _____

Department of Water and Power of the City of Los Angeles

By: _____

Title: _____

Date: _____

APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY

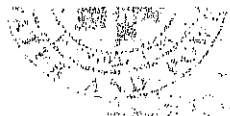
SEP 27 2017
BY Syndi Driscoll
SYNDI DRISCOLL
DEPUTY CITY ATTORNEY

Public Service Company of New Mexico

By: Jeff McHenry

Title: Director, Energy/ISS Planning (Contract)

Date: MAY 27, 2016



Brickley Daniel A (Dan)

From: Rostker Margaret A
Sent: Thursday, May 12, 2016 3:24 PM
To: Brickley Daniel A (Dan)
Subject: LADWP Approval of Delaney 500kV Transmission Line into Palo Verde w/APS as I/C

From: Driscoll, Syndi [mailto:Syndi.Driscoll@ladwp.com]
Sent: Thursday, May 12, 2016 2:41 PM
To: Rostker Margaret A <Margaret.Rostker@srpnet.com>
Cc: Lukjanić, Jan <Jan.Lukjanec@ladwp.com>; Annicchiarico, Gloria <Gloria.Annicchiarico@ladwp.com>; Lieberman, Mark <Mark.Lieberman@ladwp.com>
Subject: Approval of Delaney 500kV Transmission Line into Palo Verde w/APS as I/C

SRP EXTERNAL WARNING: THINK BEFORE TAKING ANY ACTION WITH UNEXPECTED EMAILS. REPORT ANYTHING SUSPICIOUS.

As per Jan Lukjaneic, LADWP is approving the IA for Delaney with the addition of the minor foobnote.

Thanks,

Syndi Driscoll



Deputy City Attorney
Los Angeles Department of Water and Power
111 North Hope Street, Room 340
Los Angeles, CA 91002
Syndi.Driscoll@LADWP.com
(213) 367-4363

-----Confidentiality Notice-----
This electronic message transmission contains information from the Los Angeles Department of Water and Power, which may be confidential. If you are not the intended recipient, be aware that any disclosure, copying, distribution or use of the content of this information is prohibited. If you have received this communication in error, please notify us immediately by e-mail and delete the original message and any attachment without reading or saving in any manner.

Salt River Project Agricultural Improvement and Power District

By: *[Signature]*

Title: Senior Director, Power Delivery

Date: 8/24/16
Southern California Public Power Authority

By: _____

Title: _____

Date: _____
Southern California Edison Company

By: _____

Title: _____

Date: _____

Salt River Project Agricultural Improvement and Power District

By: _____

Title: _____

Date: _____

Southern California Public Power Authority

By: *J. Mason*

Title: *President*

Date: *7-21-14*

Southern California Edison Company

By: _____

Title: _____

Date: _____

Salt River Project Agricultural Improvement and Power District

By: _____

Title: _____

Date: _____

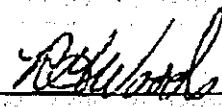
Southern California Public Power Authority

By: _____

Title: _____

Date: _____

Southern California Edison Company

By: 

Title: **Managing Director, T&D Asset Management and Operations Support**

Date: 8/24/16

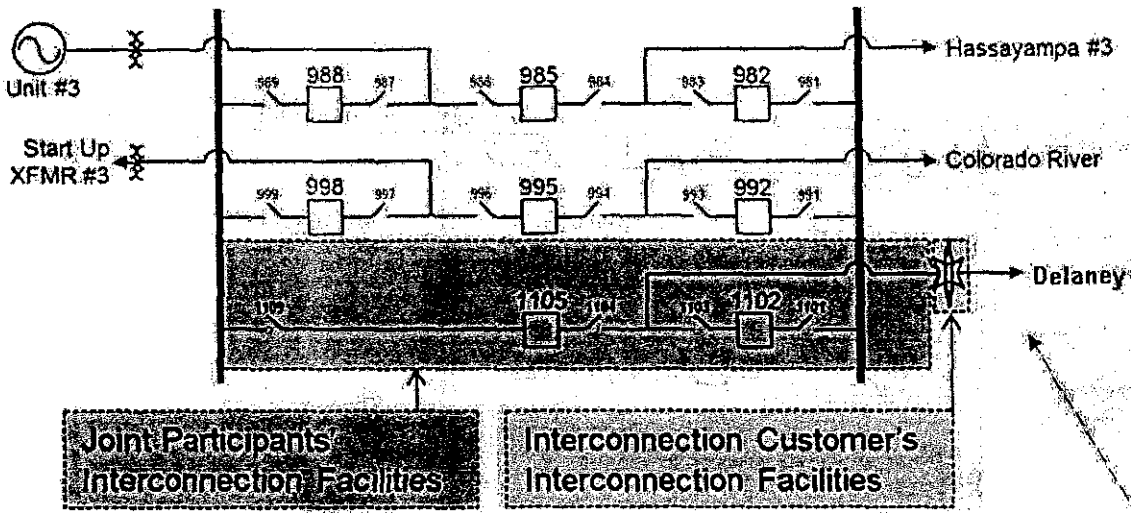
Appendix A

Interconnection Customer's Interconnection Facilities, Joint Participants' Interconnection Facilities, Network Upgrades and Distribution Upgrades

- A.1 Interconnection Customer's Interconnection Facilities ("ICIF"):
 - A.1.1 The first dead end structure, which must be a self-supporting "non-guyed" dead-end structure, located outside the fence of the ANPP SWITCHYARD connected to the PV-DELANEY-SUN VALLEY LINE as shown in Figure 1.
 - A.1.2 Jumper assembly, insulators and dead-end hardware connected to the PV-DELANEY-SUN VALLEY LINE conductor emanating from the Delaney substation and attached to the dead-end structure as shown in Figure 1.
- B.1 Joint Participants' Interconnection Facilities ("JPIF"), as shown in Figure 1:
 - B.1.1 Two (2) 500kV power circuit breakers (PL1102 and PL1105).
 - B.1.2 Four (4) 500kV disconnect switches (PL1101, PL1103, PL1104, and PL1109).
 - B.1.3 Conductor and associated hardware up to but not including the first tower outside the fence of the ANPP Switchyard.
 - B.1.4 Breaker protective equipment, metering, remote terminal unit(s), control and monitoring, communications and control and power cables.
- C.1 Network Upgrades – NONE.
- D.1 Distribution Upgrades – NONE.

Appendix A

Interconnection Customer's Interconnection Facilities, Joint Participants' Interconnection Facilities, Network Upgrades and Distribution Upgrades



Joint Participants

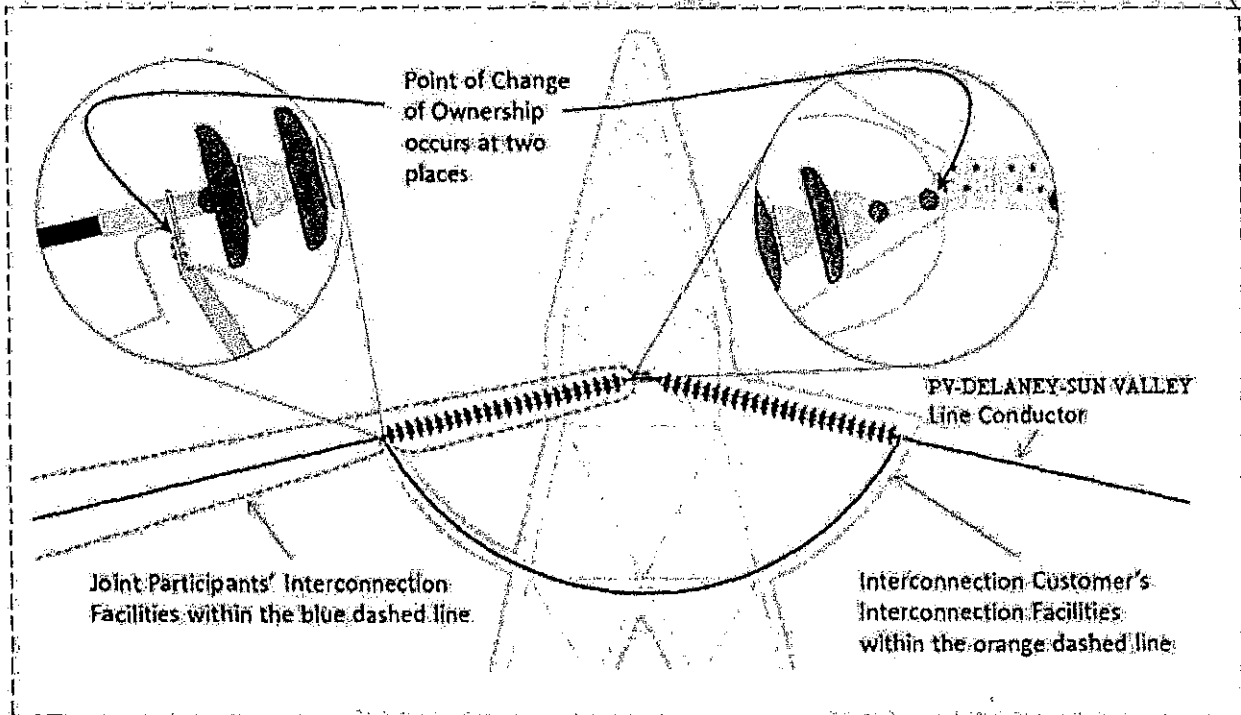


Figure 1 - ICIF, JPIF and Detail of PCO

Appendix A

Interconnection Customer's Interconnection Facilities, Joint Participants' Interconnection Facilities, Network Upgrades and Distribution Upgrades

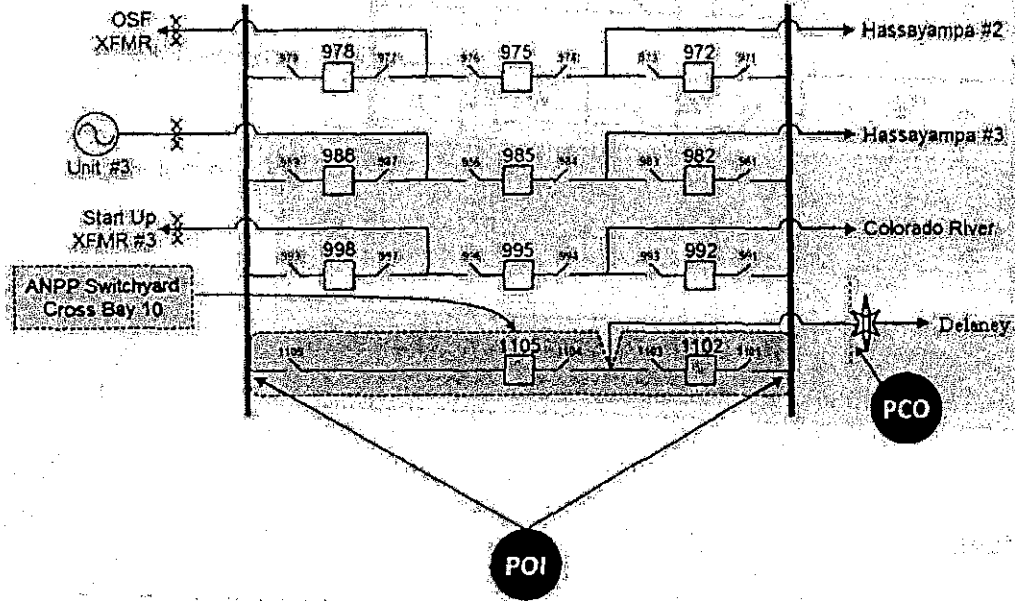


Figure 2—PCO, POI and ANPP Switchyard Cross Bay 10

Appendix B

Milestones

- A.1 Trial Operation Date to be agreed to by the Parties upon completion of Appendix E.
- A.2 Interconnection Customer submits initial specifications for ICIF and PV-DELANEY-SUN VALLEY LINE to the Operating Agent at least one hundred eighty (180) Calendar Days prior to the Trial Operating Date (Article 6.2.1).
 - A.2.1 Operating Agent shall review and comment within (30) Calendar Days of receipt of initial specifications.
- A.3 Interconnection Customer submits final specifications for ICIF and PV-DELANEY-SUN VALLEY LINE to the Operating Agent at least ninety (90) Calendar Days prior to the Trial Operating Date (Article 6.2.1).
 - A.3.1 Operating Agent shall review and comment within (30) Calendar Days of receipt of final specifications.
- A.4 Operating Agent shall submit specific information regarding the electrical characteristics of their respective facilities to the Interconnection Customer at least one hundred eighty (180) Calendar Days prior to the Trial Operating Date (Articles 6.5).
- A.5 Interconnection Customer shall submit updated specific information regarding the electrical characteristics of their respective facilities to the Operating Agent at least one hundred eighty (180) Calendar Days prior to the Trial Operating Date (Article 6.6).
- B.1 In-Service Date to be agreed to by the Parties upon completion of Appendix F.
- B.2 Interconnection Customer shall deliver to the Operating Agent records of installed equipment ("as-built") drawing, information and documents for the ICIF and PV-DELANEY-SUN VALLEY LINE within one hundred twenty (120) Calendar Days after the In-Service Date (Article 6.8).
- B.3 On or before the In-service Date, the Interconnection Customer shall make the ANPP Switchyard Common Facilities Use Fee payment to the Operating Agent (Article 15.).
- C.1 Allocation of the responsibilities of the Operating Agent and Interconnection Customer to obtain the necessary permits, licenses and authorizations (Article 6.3)
 - C.1.1 Not Applicable.

Appendix C

Interconnection Customer's Interconnecting Transmission Facility

[The following text is extremely faint and largely illegible. It appears to be a list of items or a detailed description of a transmission facility, possibly including technical specifications, project details, and regulatory references. The text is organized into several paragraphs and possibly a list of items.]

Palo Verde – Delaney – Sun Valley

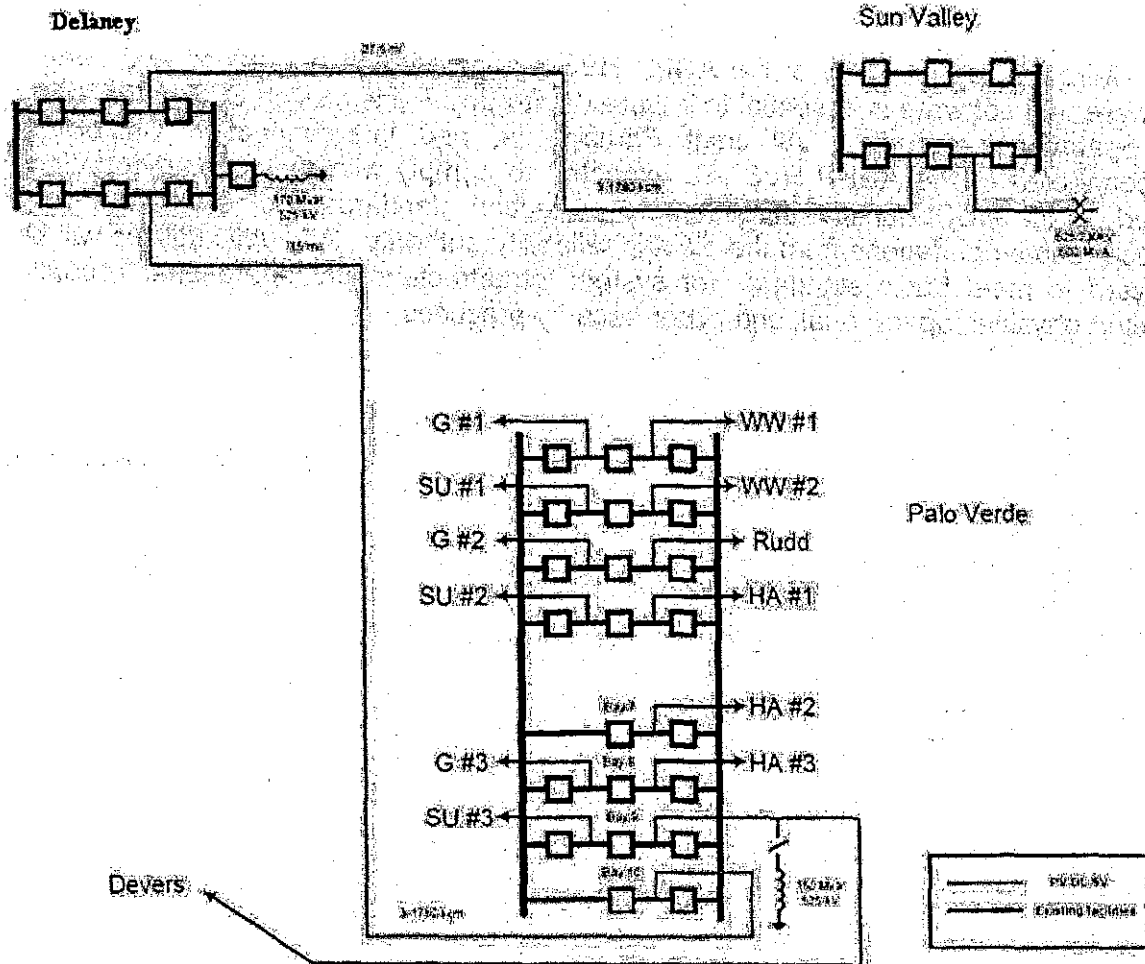


Figure 3 - Palo Verde - Delaney - Sun Valley Project as described in the System Impact Study dated May 6, 2011

Appendix D

Security Arrangement Details

Infrastructure security of the ANPP HVS equipment and operations and control hardware and software is essential to ensure day-to-day Transmission System reliability and operational security. All Joint Participants, and Interconnection Customers interconnected to the ANPP HVS are expected to comply with the recommendations offered by the NERC critical infrastructure protection standards and, eventually, best practice recommendations from the electric reliability authority. All public utilities will be expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

Appendix E

Acknowledgment of Trial Operation Date

This Acknowledgement of Trial Operation Date is a part of the Arizona Nuclear Power Project High Voltage Switchyard Interconnection Agreement ("Agreement") between the Joint Participants and Interconnection Customer.

On May 20, 2016 Arizona Public Service Company has completed construction of PV-DELANEY-SUN VALLEY LINE and ICIF.

On May 20, 2016 Salt River Project as Operating Agent has completed construction of the JPIF.

The Parties mutually agree that Trial Operation of PV-DELANEY-SUN VALLEY LINE, JPIF and ICIF shall commence on May 20, 2016 and acknowledge this date as the Trial Operation Date as referenced in the Agreement.

Required Signatures:

Operating Agent:

Interconnection Customer:

Salt River Project Agricultural Improvement and Power District

Arizona Public Service Company

By: Steven C. Cobb

By: _____

Name: Steven C. Cobb

Name: _____

Title: Director, Trans E Gen Ops

Date: _____

Central Arizona Water Conservation District

By: _____

Name: _____

Date: _____

Appendix E

Acknowledgment of Trial Operation Date

This Acknowledgement of Trial Operation Date is a part of the Arizona Nuclear Power Project High Voltage Switchyard Interconnection Agreement ("Agreement") between the Joint Participants and Interconnection Customer.

On [Insert Date] Arizona Public Service Company has completed construction of PV-DELANEY-SUN VALLEY LINE and ICIF.

On [Insert Date] Salt River Project as Operating Agent has completed construction of the JPIF.

The Parties mutually agree that Trial Operation of PV-DELANEY-SUN VALLEY LINE, JPIF and ICIF shall commence on [Insert Date] and acknowledge this date as the Trial Operation Date as referenced in the Agreement.

Required Signatures:

Operating Agent:

Interconnection Customer:

Salt River Project Agricultural Improvement and Power District

Arizona Public Service Company

By: _____

By:

Name: _____

Name: BRIAN W. COLE

Title: _____

Date: 6/15/16

Central Arizona Water Conservation District

By: _____

Name: _____

Date: _____

Appendix E

Acknowledgment of Trial Operation Date

This Acknowledgement of Trial Operation Date is a part of the Arizona Nuclear Power Project High Voltage Switchyard Interconnection Agreement ("Agreement") between the Joint Participants and Interconnection Customer.

On [Insert Date] Arizona Public Service Company has completed construction of PV-DELANEY-SUN VALLEY LINE and ICIF.

On [Insert Date] Salt River Project as Operating Agent has completed construction of the JPIF.

The Parties mutually agree that Trial Operation of PV-DELANEY-SUN VALLEY LINE, JPIF and ICIF shall commence on [Insert Date] and acknowledge this date as the Trial Operation Date as referenced in the Agreement.

Required Signatures:

Operating Agent:

Salt River Project Agricultural Improvement and Power District

By: _____

Name: _____

Title: _____

Interconnection Customer:

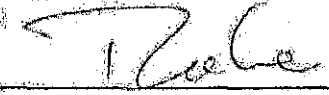
Arizona Public Service Company

By: _____

Name: _____

Date: _____

Central Arizona Water Conservation District

By:  _____

Name: Theodore Cooke

Date: 6-6-2016

Appendix F

Acknowledgment of In-Service Date

This Acknowledgement of In-Service Date is a part of the Arizona Nuclear Power Project High Voltage Switchyard Interconnection Agreement ("Agreement") between the Joint Participants and Interconnection Customer.

On May 20, 2016 Arizona Public Service Company has completed the Trial Operation and demonstrated the reliable use and operation of PV-DELANEY-SUN VALLEY LINE and ICIF.

On May 20, 2016 Salt River Project as Operating Agent has completed the Trial Operation and demonstrated the reliable use and operation of JPIF.

The Parties mutually agree that the In-Service Date of PV-DELANEY-SUN VALLEY LINE, JPIF and ICIF is May 20, 2016.

Required Signatures:

Operating Agent:

Interconnection Customer:

Salt River Project Agricultural Improvement and Power District

Arizona Public Service Company

By: Steven C. Cobb

By: _____

Name: Steven C. Cobb

Name: _____

Title: Director, Trans & Gen Ops

Date: _____

Central Arizona Water Conservation District

By: _____

Name: _____

Date: _____

Appendix F

Acknowledgment of In-Service Date

This Acknowledgement of In-Service Date is a part of the Arizona Nuclear Power Project High Voltage Switchyard Interconnection Agreement ("Agreement") between the Joint Participants and Interconnection Customer.

On [Date] Arizona Public Service Company has completed the Trial Operation and demonstrated the reliable use and operation of PV-DELANEY-SUN VALLEY LINE and ICIF.

On [Date] Salt River Project as Operating Agent has completed the Trial Operation and demonstrated the reliable use and operation of JPIF.

The Parties mutually agree that the In-Service Date of PV-DELANEY-SUN VALLEY LINE, JPIF and ICIF is [Date plus one day].

Required Signatures:

Operating Agent:

Interconnection Customer:

Salt River Project Agricultural Improvement and Power District

Arizona Public Service Company

By: _____

By: Brian W. Cole

Name: _____

Name: BRIAN W. COLE

Title: _____

Date: 6/15/14

Central Arizona Water Conservation District

By: _____

Name: _____

Date: _____

Appendix F

Acknowledgment of In-Service Date

This Acknowledgement of In-Service Date is a part of the Arizona Nuclear Power Project High Voltage Switchyard Interconnection Agreement ("Agreement") between the Joint Participants and Interconnection Customer.

On [Date] Arizona Public Service Company has completed the Trial Operation and demonstrated the reliable use and operation of PV-DELANEY-SUN VALLEY LINE and ICIF.

On [Date] Salt River Project as Operating Agent has completed the Trial Operation and demonstrated the reliable use and operation of JPIF.

The Parties mutually agree that the In-Service Date of PV-DELANEY-SUN VALLEY LINE, JPIF and ICIF is [Date plus one day].

Required Signatures:

Operating Agent:

Interconnection Customer:

Salt River Project Agricultural Improvement and Power District

Arizona Public Service Company

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Date: _____

Central Arizona Water Conservation District
By: [Signature]

Name: Theodore Cooke

Date: 6-6-2016

Appendix G

Addresses for Delivery of Notices and Billings

Notices:

Interconnection Customer

Arizona Public Service Co.
Attention: Manager, Transmission Operations
P.O. Box 53933, MS 3262
Phoenix, AZ 85072

Central Arizona Water Conservation District
c/o General Manager
P.O. Box 43020
Phoenix, AZ 85080-3020

Copy to

Central Arizona Water Conservation District
c/o Power Programs Manager
P.O. Box 43020
Phoenix, AZ 85080-3020

Joint Participants

Arizona Public Service Company
Attn: Secretary
Mail Station 9046
P.O. Box 53999
Phoenix, AZ 85072-3999

El Paso Electric Company
Attn: Secretary
P.O. Box 982
El Paso, Texas 79960-0982

Department of Water and Power of the City of Los Angeles
c/o Assistant General Manager - Power Services
P.O. Box 111, Room 1522
Los Angeles, California 90051-0100

c/o Los Angeles City Attorney Office
Contracts Section
P.O. Box 111, Room 340
Los Angeles, California 90051-0100

Appendix G

Addresses for Delivery of Notices and Billings:

Public Service Company of New Mexico

Attn: Secretary
Alvarado Square
Albuquerque, New Mexico 87158

Salt River Project Agricultural Improvement and Power District

Attn: Director, Transmission Planning Strategy & Development
Mail Station POB100
P.O. Box 52025
Phoenix, AZ 85072-2025

Southern California Public Power Authority

c/o Executive Director
1160 Nicole Court
Glendora, CA 91740

Southern California Edison Company

Attn: Secretary
P.O. Box 800
Rosemead, California 91770

Billings and Payments:

Interconnection Customer

Arizona Public Service Co.
Attention: Manager, Transmission Operations
P.O. Box 53933, MS 3262
Phoenix, AZ 85072

Central Arizona Water Conservation District

c/o Power Programs Manager
P.O. Box 43020
Phoenix, AZ 85080-3020

Copy to

Central Arizona Water Conservation District

c/o Analyst, Sr. Power Resource, Operations & Maintenance
P.O. Box 43020
Phoenix, AZ 85080-3020

Appendix G

Addresses for Delivery of Notices and Billings:

Joint Participants

Arizona Public Service Company

Attn: Director, Transmission Operations & Maintenance

Mail Station 3240

P.O. Box 53933

Phoenix, AZ 85072

PH: (602) 371-5757

El Paso Electric Company

Attn: Secretary

P.O. Box 982

El Paso, Texas 79960-0982

Department of Water and Power of the City of Los Angeles

c/o Assistant General Manager - Power Services

P.O. Box 111, Room 1522

Los Angeles, California 90051-0100

c/o Los Angeles City Attorney Office

Contracts Section

P.O. Box 111, Room 340

Los Angeles, California 90051-0100

Public Service Company of New Mexico

Attn: Secretary

Alvarado Square

Albuquerque, New Mexico 87158

Salt River Project Agricultural Improvement and Power District

Attn: Director, Transmission Planning Strategy & Development

Mail Station POB100

P.O. Box 52025

Phoenix, AZ 85072-2025

Southern California Public Power Authority

c/o Executive Director

1160 Nicole Court

Glendora, CA 91740

Southern California Edison Company

Attn: Secretary

P.O. Box 800

Rosemead, California 91770

Appendix G

Addresses for Delivery of Notices and Billings

Alternative Forms of Delivery of Notices (telephone, facsimile or email):

Interconnection Customer:

Arizona Public Service, Co
Attn: Director, Transmission Operations & Maintenance
Mail Station 3240
P.O. Box 53933
Phoenix, AZ 85072
Ph: (602) 371-5757

Central Arizona Water Conservation District

c/o Power Programs Manager
P.O. Box 43020
Phoenix, AZ 85080-3020

Copy to:

Central Arizona Water Conservation District

c/o Analyst, Sr. Power Resource, Operations & Maintenance
P.O. Box 43020
Phoenix, AZ 85080-3020

Joint Participants

Arizona Public Service Company

Attn: Director, Transmission Operations & Maintenance
Mail Station 3240
P.O. Box 53933
Phoenix, AZ 85072
PH: (602) 371-5757

El Paso Electric Company

Attn: Secretary
P.O. Box 982
El Paso, Texas 79960-0982

Department of Water and Power of the City of Los Angeles

c/o Assistant General Manager - Power Services
P.O. Box 111, Room 1522
Los Angeles, California 90051-0100

c/o Los Angeles City Attorney Office

Contracts Section
P.O. Box 111, Room 340
Los Angeles, California 90051-0100

Appendix G

Addresses for Delivery of Notices and Billings:

Public Service Company of New Mexico

Attn: Secretary
Alvarado Square
Albuquerque, New Mexico 87158

Salt River Project Agricultural Improvement and Power District

Attn: Manager, Transmission Participation & Interconnection Projects
Mail Station POB100
P.O. Box 52025
Phoenix, AZ 85072-2025
PH: 602-236-2847
FAX: 602-236-3896
EMAIL: SRPInterconnections@srpnet.com

Southern California Public Power Authority

c/o Executive Director
1160 Nicole Court
Glendora, CA 91740

Southern California Edison Company

Attn: Secretary
P.O. Box 800
Rosemead, California 91770

Appendix G

Addresses for Delivery of Notices and Billings

Operations and Maintenance Notices:

Interconnection Customer:

Arizona Public Service, Co.
Attn: Director, Transmission Operations & Maintenance
Mail Station 3240
P.O. Box 53933
Phoenix, AZ 85072
PH: (602) 371-5757

Central Arizona Water Conservation District
c/o Power Programs Manager
P.O. Box 43020
Phoenix, AZ 85080-3020

Copy to

Central Arizona Water Conservation District
c/o Analyst, Sr. Power Resource, Operations & Maintenance
P.O. Box 43020
Phoenix, AZ 85080-3020

Appendix H

Operations and Maintenance Costs

- A. Operation and Maintenance Costs shall consist of any expense, fee, loss, liability, charge, debit or other cost of any kind paid, incurred or suffered by Operating Agent in the course of or as a result of performing any Operating Work. Such costs shall include, but not be limited to the following:
- a. All costs and expenses for operation and maintenance of all facilities pursuant to this agreement including any repairs, replacements and capital improvements as deemed necessary by the Operating Agent.
 - b. All of the Operating Agent's internal costs of labor, services and studies performed as a part of Operating Work.
 - c. Payroll and other expenses of the Operating Agent's employees performing Operating Work, including without limitation properly allocated labor loading charges, such as department overhead, time-off allowance, payroll taxes, worker's compensation insurance, retirement and death benefits and other employee benefits.
 - d. An allowance for the Operating Agent's administrative and general expenses associated with Operating Work.
 - e. All costs for components of Operating Work, including without limitation overhead costs associated with Operating Work including properly allocated department, materials and transportation overheads as set forth in the FERC Electric Uniform System of Accounts.
 - f. All costs of outside consultants and attorneys incurred by the Operating Agent with respect to the Operating Work.
 - g. All costs of apparatus, including rental charges, and energy utilized for Operating Work.
 - h. All costs of insurance for Operating Work, including premiums paid, and all costs of enforcing or attempting to enforce applicable insurance policies, payment and performance bonds, contracts and warranties.
 - i. All federal, state, local taxes and payments in lieu of taxes payable for any period of operation during the term of this Agreement, except any tax assessed directly against an individual Party unless such tax was assessed on behalf of any and all Parties for Operating Work.
 - j. All costs of relocating existing facilities including without limitation demolition and reconstruction, acquisition of lands and permits, and any upgrades or modifications required by Law or otherwise caused by Operating Work.
 - k. Any other cost of Operating Work otherwise required by this Agreement.

Exhibit 1

ANPP Switchyard Common Facilities

1. ANPP Switchyard Common Facilities.

Interconnection Customer is responsible for its pro-rata share of capital, operations and maintenance expenses of the ANPP Switchyard Common Facilities. The ANPP Switchyard Common Facilities are the mutual structures, devices, and systems inclusive to all interconnectors interconnecting to the ANPP Switchyard. The ANPP Switchyard Common Facilities consist of, but are not limited to, the following:

a.	Site Preparation Fencing	\$ 949,073
b.	Yard Lighting	20,386
c.	Yard Grounding	116,542
d.	Cable trench	259,000
e.	Auxiliary Power Equipment & Cables	261,939
f.	Control house Building	486,188
g.	Control House Equipment	159,443
h.	Main Bus	468,136
i.	Maintenance Facility	588,986
j.	Engineering, Inspection & Testing	377,678
k.	Capital Improvements	<u>2,631,470</u>

Total **6,318,841**

Exhibit 1

ANPP Switchyard Common Facilities

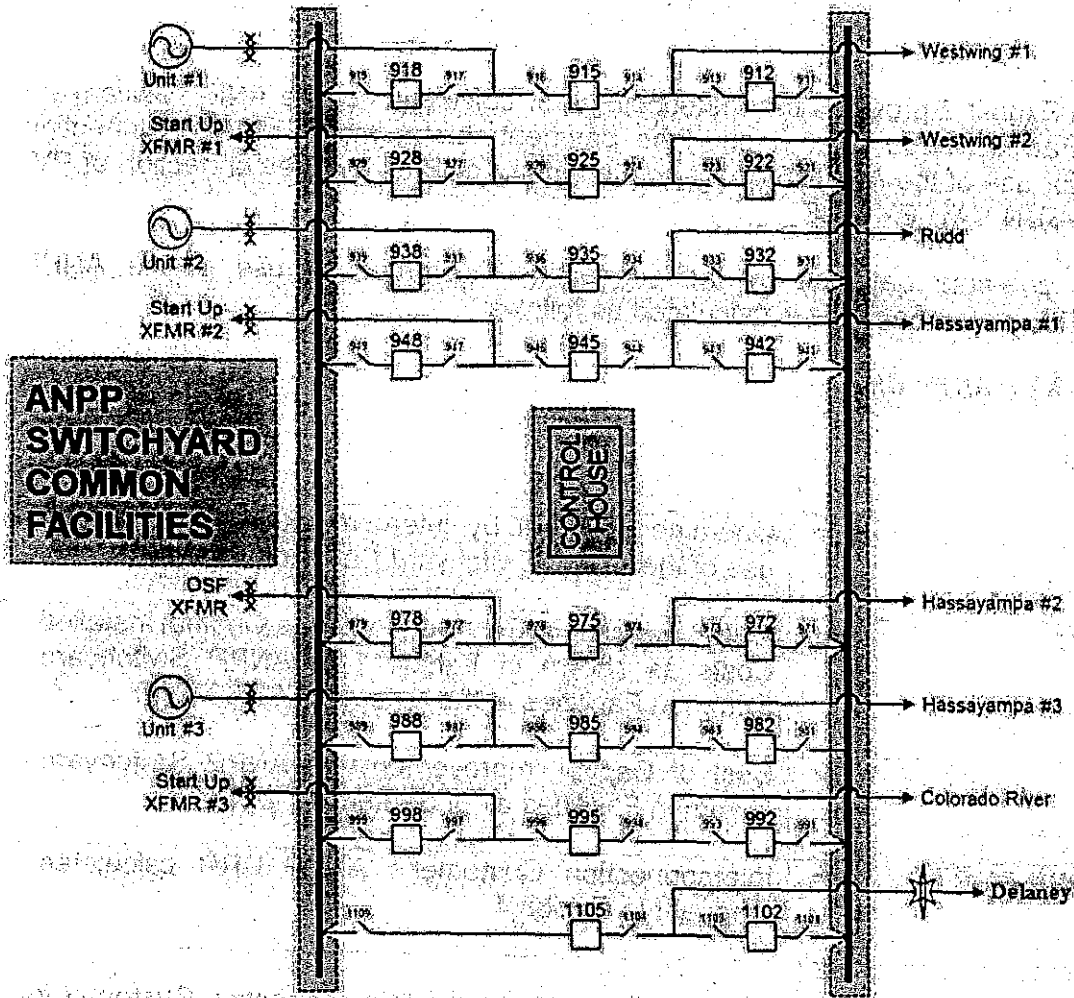


Figure 4 - ANPP Switchyard Common Facilities after interconnection of PV-DELANEY-SUN VALLEY LINE

Exhibit 2

ANPP Switchyard Common Facilities Use Fee

This Exhibit 2 provides the methodology for calculation of the ANPP Switchyard Common Facilities Use Fee, a one-time payment, to be made by Interconnection Customer for use of the ANPP Switchyard Common Facilities for interconnection of PV-DELANEY-SUN VALLEY LINE.

The one-time payment by Interconnection Customer for use of the ANPP Switchyard Common Facilities is calculated as follows:

$$P = (OIC + X) \times ANPP\ CRR$$

Where:

P	=	One-time payment by Interconnection Customer for use of the ANPP Switchyard Common Facilities.
OIC	=	ANPP Switchyard Common Facilities Original Installed Costs as shown in Exhibit 1 of ANPP Switchyard Common Facilities in the amount of \$3,687,371
X	=	Cost of Capital Improvements of ANPP Switchyard Common Facilities as of September 2015
ANPP CRR	=	Interconnection Customer's ANPP CRR calculated pursuant to Exhibit 4.

Therefore, the one-time payment to be made by the Interconnection Customer for interconnection of PV-DELANEY-SUN VALLEY LINE is:

$$P = (\$3,687,371 + \$2,631,470) \times 6.67\% = \$421,467$$

Exhibit 3

Reimbursement Cost of LDE "A" Structure and LDE Beam

SCE interconnected to Bay 9 East position of the ANPP Switchyard. As part of that interconnection, it was necessary for Southern California Edison (SCE) to build two (2) line dead end ("LDE") "A" frame structures and one (1) associated LDE beam within the ANPP Switchyard fence. To ensure proper spacing within the ANPP switchyard, the LDE "A" frame structures and associated LDE beam for SCE's bay 9 termination were constructed in the bay 10 alignment as describe in Figure 5 below.

As a result of the Interconnection of PV-DELANEY-SUN VALLEY LINE into bay 10 of the ANPP Switchyard, the Interconnection Customer added an LDE "A" frame structure and associated LDE beam to SCE's existing LDE structure. The newly added "A" frame and LDE beam are located in the bay 11 alignment. The Interconnection Customer is responsible for reimbursing SCE for one half ($1/2$) the material cost of one LDE "A" frame as shown in Figure 6 below, in the amount of \$23,000.

Figure 5 - LDE "A" structures and LDE beam constructed for and paid for by SCE

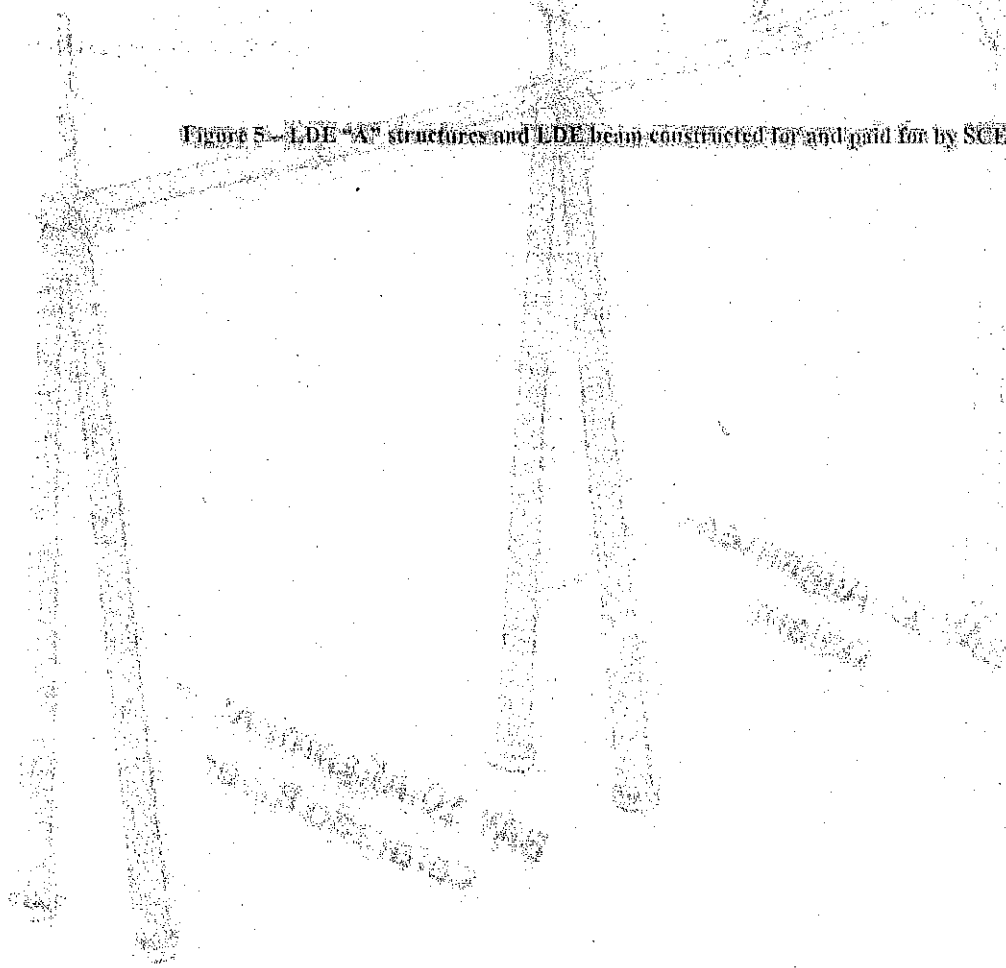


Exhibit 3

Reimbursement Cost of LDE "A" Structure and LDE Beam

LDE "A" frame structure and LDE Beam
paid for 100% by Interconnection
Customer

Interconnection Customer responsible
for reimbursing SCE for 1/2 the material
costs of this LDE "A" frame structure

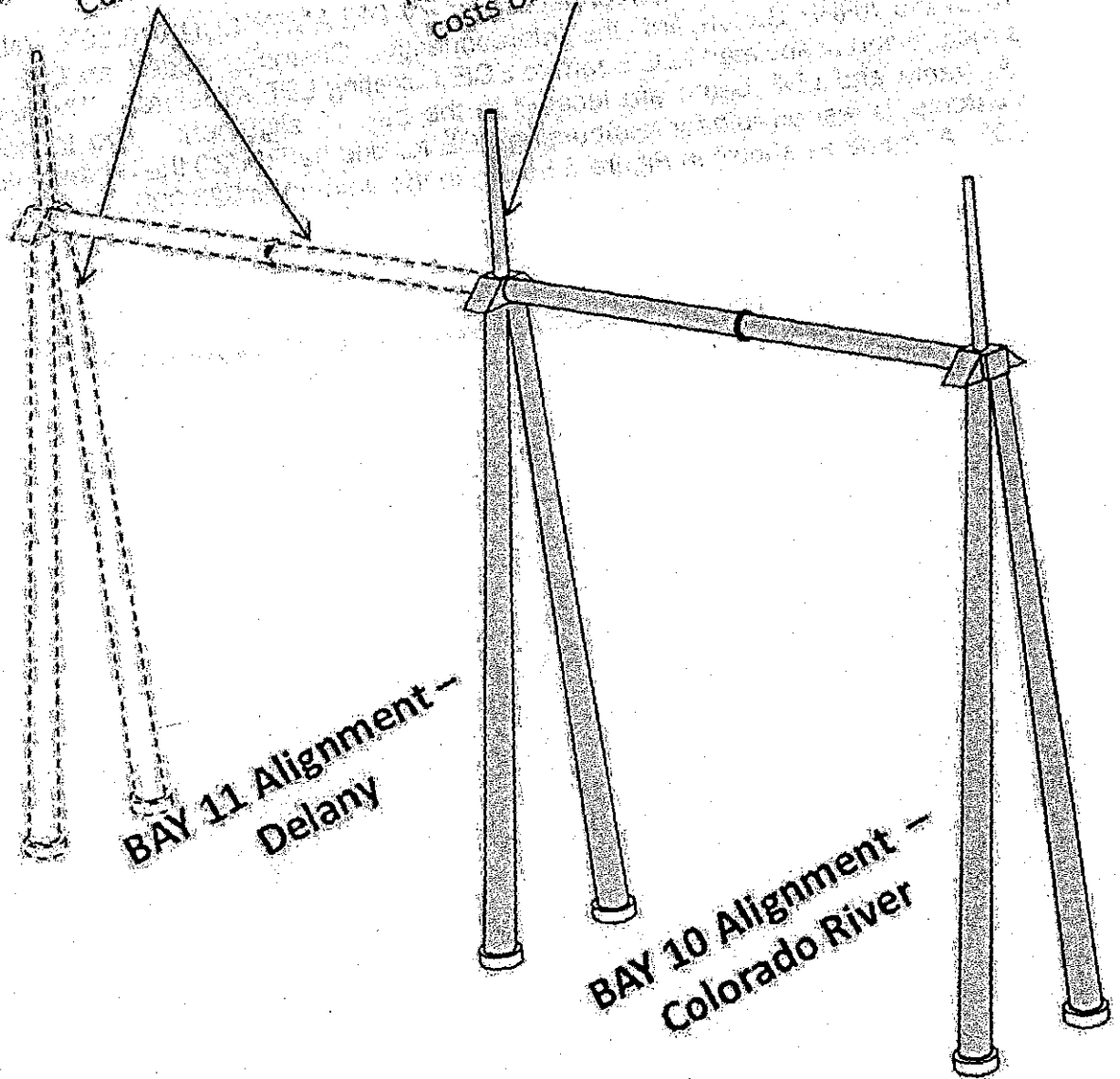


Figure 6 - LDE "A" structure for which Interconnection Customer is responsible for reimbursing 1/2 the material costs

Exhibit 4

ANPP Switchyard Cost Responsibility Ratio

This Exhibit 4 provides the computation of the ANPP Switchyard Cost Responsibility Ratio ("ANPP CRR"):

$$\text{ANPP CRR} = \frac{C}{C+D}$$

Where:

C = Total number of existing and new terminations in the ANPP Switchyard allocated to the Interconnection Customer

D = Current total number of terminations in the ANPP Switchyard excluding:

- Any existing termination at ANPP Switchyard allocated to Interconnection Customer

The Interconnection Customer's ANPP CRR for PV-DELANEY-SUN VALLEY LINE is calculated as follows:

C = 1 (The termination for the PV-DELANEY-SUN VALLEY LINE at the ANPP Switchyard that is allocated to the Interconnection Customer)

D = 14 (ANPP Participants (7), Rudd Line Participants (1), ANPP Valley Transmission Participants (3), Palo Verde North Gila Line participants (1), Southern California Edison (1), and Hassayampa String Bus Tie-Line #2 (1))

Therefore, the Interconnection Customer's ANPP CRR for PV-DELANEY-SUN VALLEY LINE is:

$\text{ANPP CRR} = \frac{1}{1+14} = \frac{1}{15} = 6.67\%$
--

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
20160629238 08/31/2016 10:10
ELECTRONIC RECORDING

SALT RIVER PROJECT
Land Department/PAB360
P O. Box 52025
Phoenix, Arizona 85072-2025

201657324-9-1-1--
leonardil

**MEMORANDUM OF EASEMENT
(ANPP SWITCHYARD)**

Maricopa County

Agt. DH

**DO NOT REMOVE
THIS PAGE IS PART OF THE ORIGINAL
DOCUMENT**

Exhibit 5

MEMORANDUM OF EASEMENT

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Salt River Project,
Nina Mullins, Senior Director Land
and Papago Park Center, Inc
PAB348
P.O. Box 52025
Phoenix, AZ 85072-2025

Space above this line reserved for County Recorder's use

MEMORANDUM OF EASEMENT

(ANPP SWITCHYARD)

THIS MEMORANDUM OF EASEMENT (the "Memorandum") is made as of the ^{29th} day of AUGUST, 2016, by Salt River Project Agricultural Improvement and Power District, an agricultural improvement district organized and existing under the laws of the State of Arizona (the "Grantor") and Arizona Public Service Company and Central Arizona Water Conservation District (the "Grantees");

Notice is hereby given that Grantor has granted a non-exclusive easement (the "Easement") to Grantee on, over and across the real property which is legally described in Exhibit A to Exhibit 5 attached hereto and incorporated herein by this reference for the purpose of locating a Transmission Facility and Interconnection Customer Interconnection Facilities, all in accordance with and pursuant to that certain ANPP HVS Interconnection Agreement among Arizona Public Service Company, the City of Los Angeles by and through the Department of Water and Power, El Paso Electric Company, Public Service of New Mexico, Salt River Project Agricultural Improvement and Power District, Southern California Public Power Authority, Southern California Edison Company and Arizona Public Service Company (the "Agreement"). The Easement shall expire automatically and without further act of any party upon termination of the Agreement. The purposes and other terms and conditions of or pertaining to such Easement are set forth in such Agreement. Capitalized terms used herein shall have the same meaning as provided in the Agreement. In the event of any conflict or inconsistency between the provisions of this Memorandum and those of the Agreement, the terms and provisions of the Agreement shall prevail.

This Memorandum may be executed in any number of counterparts with the same effect as if the parties had signed the same document. All counterparts shall be construed together and constitute one document.

Exhibit 5

MEMORANDUM OF EASEMENT

IN WITNESS WHEREOF, the parties executed this instrument as of the day and year set forth above

GRANTOR:

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

an agricultural improvement district organized and existing
under the laws of the State of Arizona

By J.D. Coffey

Name John D. Coffey

Title Senior Director, Power Delivery

GRANTEE:

Arizona Public Service Company

By _____

Name _____

Title _____

Central Arizona Water Conservation District

By _____

Name _____

Title _____

Exhibit 5

MEMORANDUM OF EASEMENT

ACKNOWLEDGMENTS

State of Arizona)
County of Maricopa)

On August 25, 2016 before me, Alecia K. Gibbons, Notary Public,
personally John Cossins appeared
on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument

I certify under PENALTY OF PERJURY under the laws of the State of Arizona that the
foregoing paragraph is true and correct

WITNESS my hand and official seal

Signature: Alecia K. Gibbons (Seal)

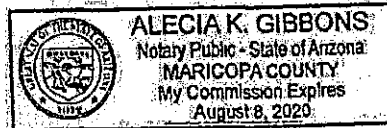


Exhibit 5

MEMORANDUM OF EASEMENT

IN WITNESS WHEREOF, the parties executed this instrument as of the day and year set forth above.

GRANTOR:

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**
an agricultural improvement district organized and existing
under the laws of the State of Arizona

By: _____

Name: _____

Title: _____

GRANTEE:

Arizona Public Service Company

By: [Signature]

Name: BRIAN W. CALE

Title: DIRECTOR, ENGINEERING

Central Arizona Water Conservation District

By: _____

Name: _____

Title: _____

Exhibit 5

MEMORANDUM OF EASEMENT

ACKNOWLEDGMENTS

State of Arizona)
County of Maricopa)

On June 15, 2014 before me, Kimberly A Parks Notary
Public, Brian W. Cole personally, appeared

, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument

I certify under PENALTY OF PERJURY under the laws of the State of Arizona that the foregoing paragraph is true and correct

WITNESS my hand and official seal

Signature: Kimberly A. Parks (Seal)

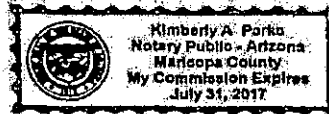


Exhibit 5

MEMORANDUM OF EASEMENT

IN WITNESS WHEREOF, the parties executed this instrument as of the day and year set forth above

GRANTOR:

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**
an agricultural improvement district organized and existing
under the laws of the State of Arizona

By _____

Name _____

Title _____

GRANTEE:

Arizona Public Service Company

By _____

Name _____

Title _____

Central Arizona Water Conservation District

By Theodore Cooke

Name Theodore Cooke

Title General Mgr.

Exhibit 5

MEMORANDUM OF EASEMENT

ACKNOWLEDGMENTS

State of ARIZONA
County of Maricopa

On June 6, 2016 before me, SUSAN M. URSO, Notary Public,
personally THEODORE COOKE appeared
on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument

I certify under PENALTY OF PERJURY under the laws of the State of ARIZONA that the
foregoing paragraph is true and correct

WITNESS my hand and official seal

Signature Susan M. Urso (Seal)

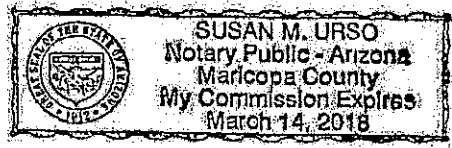


Exhibit A to Exhibit 5

Legal Description of the Real Property for Which the Easement is Granted

The Southwest Quarter of the Southwest Quarter of the Southwest Quarter of Section 35, the South Half of Section 34, Township 1 North, Range 6 West, the west Half of the West Half of the West Half of Section 2, Township 1 South, Range 6 West, the East Half of the Southeast Quarter of Section 3, Township 1 South, Range 6 West, the Northeast Quarter and the West Half of the Southeast Quarter of Section 10, Township 1 South, Range 6 West, all of the Gila and Salt River Base and Meridian.

JLS 8-30-16



Exhibit 6

ANPP Switchyard Interconnection Facilities

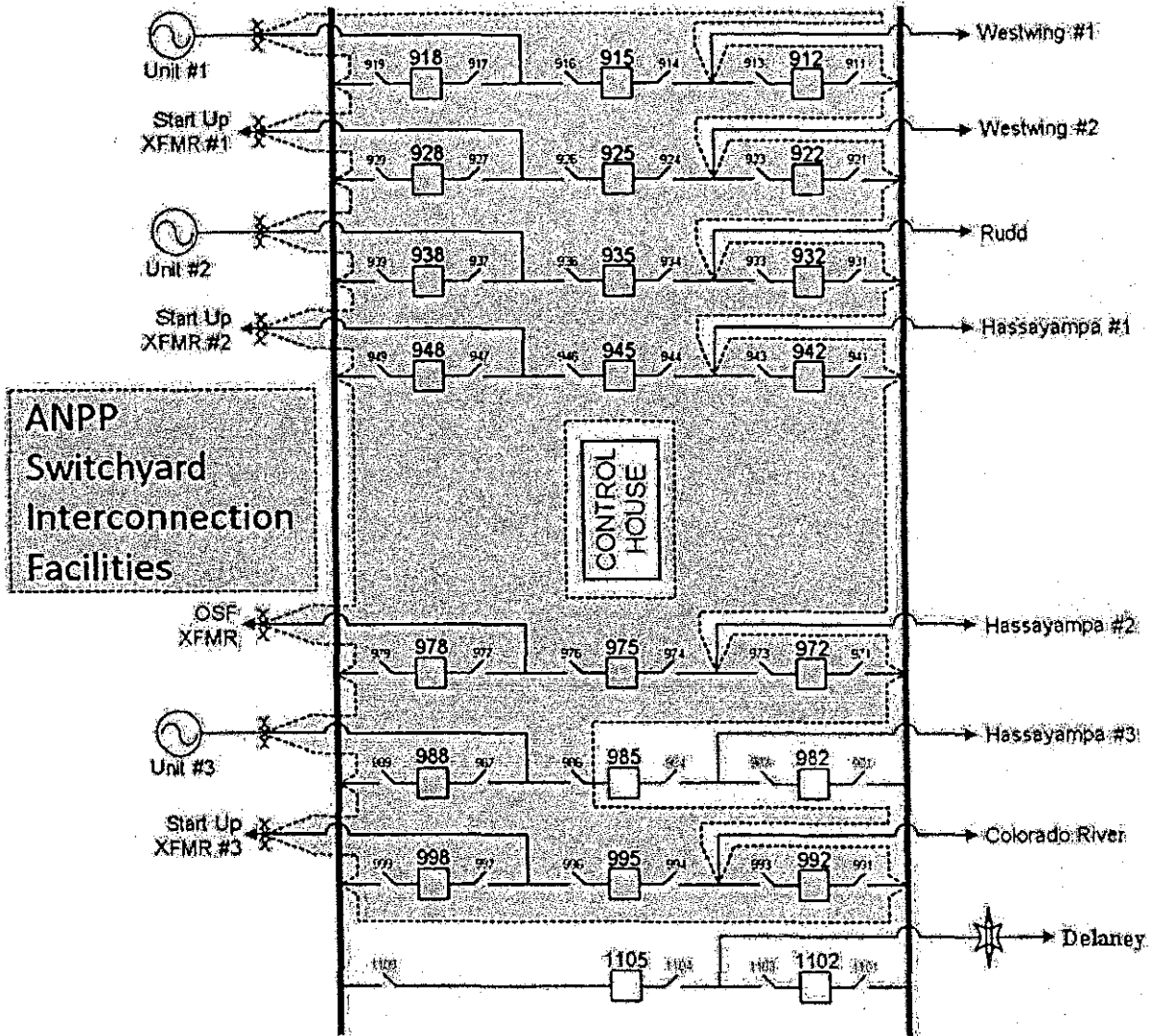


Figure 7 - ANPP Switchyard Interconnection Facilities