
DRAFT

POWER SALES CONTRACT

BETWEEN

ARIZONA POWER AUTHORITY

AND

[CUSTOMER]

Dated as of _____, _____

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ARIZONA POWER AUTHORITY
Hoover Power Plant Capacity and Energy Sales
And Delivery Contract

This Power Sales Contract (Contract), entered into as of the _____ day of _____, _____, between ARIZONA POWER AUTHORITY, a body corporate and politic of the State of Arizona, (the “Authority) and _____, (the “Customer”)

WITNESSETH:

WHEREAS, the Authority is a body corporate and politic of the State of Arizona created pursuant to Arizona Revised Statutes (“A.R.S.”) Sections 30-101 et seq. (“Title 30”);

WHEREAS, the Authority is authorized by Title 30 to bargain for, take and receive in its own name on behalf of the State of Arizona, electric power developed by the United States of America from the waters of the main stream of the Colorado River and made available to the State of Arizona in its sovereign capacity;

WHEREAS, in 1928, the United States Congress enacted the Boulder Canyon Project Act, authorizing the Secretary of the Interior to construct, operate, and maintain Hoover Dam, including a plant to generate electrical energy from the water discharged from the reservoir;

WHEREAS, the Hoover Power Plant Act of 1984 (Pub. L. No. 98-381, 98 Stat. 1333) (“1984 Hoover Act”) statutorily allocated pools of Hoover Capacity and Hoover Energy to named Contractors, including the Authority, for the period commencing June 1, 1987, through September 30, 2017, and directed the Secretary of Energy to offer a renewal contract to existing Contractors for the amounts specified in “Schedule A”;

WHEREAS, the 1984 Hoover Act authorized the Department of Interior to increase the capacity of existing generating equipment of the Boulder Canyon Project under the Upgrading Program (as hereinafter defined) and certain non-federal purchasers of Boulder Canyon Project capacity and energy, including the Authority, advanced funds to finance the cost of the Upgrading Program;

WHEREAS, the 1984 Hoover Act statutorily allocated the increased capacity and associated energy resulting from the Upgrading Program to the Contractors listed in “Schedule B” for the period commencing June 1, 1987, through September 30, 2017, including the Authority;

WHEREAS, A.R.S. Sections 45-1701 et seq. (“Title 45”) provide for the sale by the Authority of its capacity and energy from the Upgrading Program to purchasers within the State of Arizona, notwithstanding the provisions of Title 30, on such terms and conditions as the Authority deems necessary to effectuate the provisions of Title 45;

WHEREAS, the United States of America, acting through the Western Area Power Administration (“Western”), has been selling Hoover Capacity and Hoover Energy to the Authority pursuant to a contract that terminates on September 30, 2017;

WHEREAS, the Authority, in accordance with contracts that terminate on September 30, 2017, has been selling Hoover Capacity and Hoover Energy to various districts and municipalities in the State of Arizona in accordance with and in the manner required by Titles 30 and 45;

WHEREAS, prior to the effective date of this Contract, the Authority has administered programs that have allowed customers to improve operation and the efficiency and value of Hoover Capacity and Hoover Energy, and the Authority intends to administer similar programs during the term of this Contract, subject to approval by the Authority;

WHEREAS, the Hoover Power Allocation Act of 2011 (Pub. L. No. 112-72, 125 Stat. 777) (“2011 Act”) statutorily allocated Hoover Capacity and Hoover Energy from Schedules A and B to named Contractors, including the Authority, for the period commencing October 1, 2017, through September 30, 2067, and directed the Secretary of Energy to offer contracts for the specified amounts to those named Contractors, including the Authority;

WHEREAS, the 2011 Act also created a new resource pool, referred to as “Schedule D”, which is equal to five percent of the full rated capacity of the Hoover Power Plant, and associated firm energy, for allocation to “new allottees”;

WHEREAS, on December 18, 2014, Western allocated 66.7 percent of Schedule D capacity and associated energy (“Hoover D-1”) to new allottees (79 Fed. Reg. 75544, 75549-75550), and the 2011 Act directed the Authority to offer contracts to non-tribal new allottees located in the State of Arizona for the Hoover D-1 allocations made by Western;

WHEREAS, the 2011 Act statutorily allocated 11.1 percent of Schedule D capacity and associated energy (“Hoover D-2”) to the Authority for further allocation to new allottees in the State of Arizona;

WHEREAS, on July 17, 2015, the Authority adopted the Final Hoover Power Marketing Plan – Post-2017, thereby allocating its Hoover Capacity and Hoover Energy from the Hoover Power Plant for the period commencing October 1, 2017, and continuing through September 30, 2067;

WHEREAS, the Authority will execute a contract with Western for a fifty year period commencing October 1, 2017, and continuing through September 30, 2067, which provides for the purchase by the Authority of Arizona's share of Hoover Capacity and Hoover Energy;

WHEREAS, on September 15, 2015, the Authority adopted Resolution 15-18, Policy on Collection and Distribution of Repayable Advances, specifying the obligations of New Customers and Recapture Customers for payment of Replacement Capital Investments, and the Authority’s procedure for distributing any reimbursed Replacement Capital Investments to Existing Non-Recapture Customers.

WHEREAS, any person or operating unit authorized by Title 30 to enter into a contract with the Authority for the sale and transmission of Hoover Power, and any municipality, district, or public utility authorized by Title 45 may enter into a contract with the Authority for the sale and transmission of capacity and energy from the Upgrading Program;

WHEREAS, in order to provide for the payment of its cost of purchasing Hoover Capacity and Hoover Energy from Western as well as to provide for the payment of its bonds and notes, the Authority has determined to enter into contracts with the entities to whom the Authority has allocated Hoover Capacity and Hoover Energy pursuant to Title 30 and Title 45 and non-tribal entities to whom Western has allocated Hoover D-1 Capacity and Energy pursuant to the 2011 Act and associated federal regulations; and

WHEREAS, the contracts providing for the sale of Hoover Capacity and Hoover Energy, the revenues derived from such contracts and the Authority's contract with Western for such Hoover Capacity and Hoover Energy are to be pledged and assigned by the Authority pursuant to Title 45 as security for the payment of any bonds or notes of the Authority issued or to be issued.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, it is agreed by and between the parties hereto as follows:

SECTION 1. Definitions

Act means Title 30 of the A.R.S. and all laws amendatory thereof or supplemental thereto and Title 45 of the A.R.S. and all laws amendatory thereof or supplemental thereto.

Additional Delivery Location means any delivery location where the Customer receives Hoover Capacity and Hoover Energy transmitted from the Point of Delivery pursuant to a Wheeling Agreement.

Ancillary Services means those generation services that are necessary to support the delivery of capacity and scheduled energy from resources to loads including, but not limited to those provided under the Electric Service Contract as those services are described in the Electric Service Contract, and associated attachments.

Annual Budget means, with respect to a Contract Year, the budget of the Authority prepared by the Authority in accordance with Section 11 hereof for such Contract Year or, in the case of an amended Annual Budget, for the remainder of such Contract Year.

Authority means the Arizona Power Authority, a public body corporate and politic organized and existing under Title 30 of the A.R.S., and the successors and assigns to its duties and functions.

Average Monthly Hoover Capacity Entitlement means the aggregate sum of the Hoover Capacity portion of Customer's Entitlement to be made available at the Point of Delivery, for each month of the then current Contract Year as estimated by the Authority at the start of such Contract Year and irrespective of the Hoover Capacity actually made available or delivered to the Customer for such Contract Year, divided by the number of months in such Contract Year.

Balancing Authority means 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.

Bill Crediting means the process whereby a Host Utility accepts Hoover Energy for the Customer's benefit and through monthly billing provides a credit to the Customer for Hoover Energy received by the Host Utility.

Billing Period means the service period beginning on the first day and extending through the last day of a calendar month.

Bond Counsel means an attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds.

Bond Resolution means the Bond Resolution adopted by the Authority on December 6, 1985 providing for the issuance of Bonds, and all amendments and supplements thereto adopted in accordance with the provisions thereof.

Bonds means **bonds** or other evidences of indebtedness that have been or will be issued by the Authority pursuant to the Bond Resolution to pay any part of the Authority's Bonds, including Additional Bonds, Subordinated Indebtedness and Refunding Bonds, as defined and issued in accordance with the Bond Resolution.

Boulder Canyon Project (BCP) means all works authorized by the Boulder Canyon Project Act, as amended, the 1984 Hoover Act, as amended, and any future additions authorized by Congress or additions undertaken pursuant to the Electric Service Contract, to be constructed and owned by the United States, but exclusive of the main canal and its related appurtenances authorized by the Boulder Canyon Project Act, known as the All-American Canal.

Boulder Canyon Project Act means the Act of Congress approved December 21, 1928 (45 Stat. 1057, 43 U.S.C. § 617), as amended and supplemented.

Bureau means the Bureau of Reclamation of the Department of the Interior of the United States of America and the successors and assigns to its duties and functions.

Capacity and Energy Schedule means the schedule that the Authority and the Customer develops annually showing Hoover Capacity and Hoover Energy to be made available to the Customer in the then current Contract Year at the Point of Delivery, which schedule is based upon Western's Master Schedule, and other operational reports from Western and the Bureau, as such schedules may be revised based on a change in the availability of Hoover Capacity and Hoover Energy, or upon the request of the Customer.

Capacity Rate means the rate that the Authority calculates by dividing the estimated Demand Related Revenue Requirements by the product of the number of months in the Contract Year times the total aggregate sum of the Average Monthly Hoover Capacity Entitlement of all the Customers, as set forth in Section 11(b).

Commission means the Commission of the Authority, or if said Commission shall be abolished, the board, body, commission or agency succeeding to the principal functions thereof or to whom the power and duties granted or imposed by the Bond Resolution shall be given by law.

Conformed Criteria means the Conformed General Consolidated Power Marketing Criteria or Regulations for Boulder City Area Projects, published in the Federal Register Notice 49 FR 35671, dated June 14, 2012.

Contingent Capacity means the Hoover Capacity allocated to the Contractor pursuant to Exhibit A of the ESC.

Contract means this Power Sales Contract.

Contracts means this Power Sales Contract and the other Power Sales Contracts, dated the date hereof, between the Authority and each of the Customers, all relating to Hoover Capacity and Hoover Energy, as the same may be amended from time to time.

Contractor means an entity, including the Authority, that has a fully executed contract with Western for electric service from the Boulder Canyon Project for the fifty-year period commencing October 1, 2017, and continuing through September 30, 2067.

Contract Year means the period from October 1 of any year through September 30 of the subsequent year or such other consecutive 12-month period that the Authority designates as a Contract Year.

Customer means the entity defined as the Customer in the introductory paragraph of this Contract and the successors and assigns to its duties and functions.

Customer's Allocation means the Hoover Capacity and Hoover Energy that the Customer is entitled to receive at the Point of Delivery based on the allocation in the Final Hoover Power Marketing Plan – Post 2017 adopted by the Authority on July 17, 2015, or the Boulder Canyon Project-Post 2017 Resource Pool adopted by Western on December 18, 2014 (79 Fed. Reg. 75544), including associated Ancillary Services and Environmental Attributes. Exhibit B sets forth Customer's Allocation at the Point of Delivery.

Customer's Entitlement means that portion of the Customer's Allocation that the Customer is entitled to receive at the Point of Delivery for the then current Contract Year, subject to any adjustments as provided in Sections 4 and 5 .

Customers means all parties, other than the Authority, that execute Power Sales Contracts.

Customer Consultation Committee means the committee of Authority staff and Customer representatives described in Section 36 hereof.

Debt Service means, with respect to any period, the aggregate of the amounts required by the Bond Resolution to be paid or deposited during said period into any fund or account created by the Bond Resolution for the sole purpose of paying the principal (including sinking fund installments) of, premium, if any, and interest on all Bonds from time to time outstanding as the same shall become due (whether at the maturity of principal or at the due date of interest or upon redemption or purchase); provided, however, that Debt Service shall not include any amount payable as principal or interest solely by reason of the acceleration of the maturity of Bonds.

Demand Charge means the monthly charge for the Hoover Capacity portion of Customer's Allocation that the Authority calculates by multiplying the Capacity Rate by the Customer's Average Monthly Hoover Capacity Entitlement.

Demand Related Revenue Requirements means all Revenue Requirements determined by the Authority to be Demand Related Revenue Requirements pursuant to Section 11 (b) of this Contract.

Electric Service Contract (ESC) means the Agreement between the Authority and Western, dated _____, Contract No. _____, authorized by the 2011 Act, pursuant to which the Authority purchases Hoover Capacity and Hoover Energy, as the same may be amended or supplemented.

Energy Charge means the monthly charge for the Hoover Energy portion of Customer's Allocation that the Authority calculates by multiplying the Energy Rate by the Customer's Forecasted Monthly Hoover Energy Entitlement.

Energy Planning and Management Program means the "Energy Planning and Management Program; Integrated Resource Planning Approval Criteria" published in the FEDERAL REGISTER on March 30, 2000 (65 Fed. Reg. 16789, et seq.), and any subsequent amendments thereto.

Energy Rate means the rate that the Authority calculates by dividing the estimated Energy Related Revenue Requirements by the total Forecasted Monthly Hoover Energy Entitlement estimated by the Authority to be scheduled and delivered at the Point of Delivery to all Customers during such Contract Year, as modified from time-to-time by the Authority during the Contract Year.

Energy Related Revenue Requirements means all Revenue Requirements determined by the Authority to be Energy Related Revenue Requirements pursuant to Section 11(b) of this Contract.

Environmental Attributes means the environmental characteristics that are attributable to a renewable energy resource, or to renewable energy from such a renewable energy resource, and shall include, but not be limited to, renewable energy or tax credits, offsets and benefits; green tags (regardless of how any present or future law or regulation attributes or allocates such characteristics); credits towards achieving renewable portfolio standard or emissions standards, and any reporting rights associated with any of the foregoing. Where practicable, such Environmental Attributes (such as renewable energy credits) shall be expressed in MWh, with one (1) MWh of Environmental Attributes produced for each one (1) MWh of energy generated by the renewable energy resource.

Existing Non-Recapture Customer means an entity that received an allocation from the Authority for the period June 1, 1987, through September 30, 2017, and as of September 30, 2017, had not had any of its allocation recaptured by the Authority.

Firm Energy means energy obligated from the Hoover Power Plant pursuant to Section 2 of the 2011 Act and the Conformed Criteria.

Forecasted Monthly Hoover Energy Entitlement means the forecasted Hoover Energy portion of Customer's Allocation to be made available at the Point of Delivery, for each month of the then Contract Year as estimated by the Authority at the start of such Contract Year,

taking into account lake levels, outages, and other events that may limit from time-to-time the actual Hoover Capacity and Hoover Energy available to the Customer.

Hoover A Capacity means the Contingent Capacity allocated to the Authority pursuant to Section 105(a)(1)(A) of the Hoover Power Plant Act of 1984, as amended by Section 2(a) of the 2011 Act, and purchased by the Authority pursuant to the Electric Service Contract.

Hoover A Energy means the Firm Energy allocated to the Authority pursuant to Section 105(a)(1)(A) of the Hoover Power Plant Act of 1984, as amended by Section 2(a) of the 2011 Act, and purchased by the Authority pursuant to the Electric Service Contract.

Hoover B Capacity means the Contingent Capacity allocated to the Authority pursuant to Section 105(a)(1)(B) of the Hoover Power Plant Act of 1984, as amended by Section 2(b) of the 2011 Act, and purchased by the Authority pursuant to the Electric Service Contract.

Hoover B Energy means the Firm Energy allocated to the Authority pursuant to Section 105(a)(1)(B) of the Hoover Power Plant Act of 1984, as amended by Section 2(b) of the 2011 Act, and purchased by the Authority pursuant to the Electric Service Contract.

Hoover C Energy means the Energy allocated to the Authority pursuant to Section 105(a)(1)(C) of the Hoover Power Plant Act of 1984, as amended by Section 2(c) of the 2011 Act and purchased by the Authority pursuant to the Electric Service Contract.

Hoover Capacity means Hoover A Capacity, Hoover B Capacity, Hoover D-1 Capacity, and Hoover D-2 Capacity.

Hoover D Capacity means Hoover D-1 Capacity and Hoover D-2 Capacity.

Hoover D-1 Capacity means the Hoover Capacity allocated by Western pursuant to Section 2(d)(2)(C) of the 2011 Act that the Authority has offered to non-tribal new allottees located in the State of Arizona, and purchased pursuant to the Electric Service Contract.

Hoover D-2 Capacity means the Capacity allocated to the Authority pursuant to Section 2(d)(2)(D) of the 2011 Act for allocation to new allottees in the State of Arizona, and purchased pursuant to the Electric Service Contract.

Hoover D Energy means Hoover D-1 Energy and Hoover D-2 Energy.

Hoover D-1 Energy means the Energy allocated by Western pursuant to Section 2(d)(2)(C) of the 2011 Act that the Authority has offered to non-tribal new allottees located in the State of Arizona, and purchased by the Authority pursuant to the Electric Service Contract. .

Hoover D-2 Energy means the Energy allocated to the Authority pursuant to Section 2(d)(2)(D) of the 2011 Act for allocation to new allottees in the State of Arizona, pursuant to the Electric Service Contract.

Hoover Energy means Hoover A Energy, Hoover B Energy, Hoover D-1 Energy, and Hoover D-2 Energy.

Hoover Power Plant means the power plant at Hoover Dam, consisting of the seventeen (17) main generating units, and appurtenant facilities as may be improved, replaced, renovated, or expanded during the term of this Contract.

Hoover Power Plant Act of 1984 means the Act of Congress approved August 17, 1984 (98 Stat. 1333) and amended by the Hoover Power Allocation Act of 2011 (125 Stat. 777), hereinafter “1984 Hoover Act.”

Host Utility means an entity directly connected to the Customer that provides electric utility services and is responsible for the physical delivery of power to the Customer’s meter(s).

Legal Opinion means the document to be prepared by counsel for Customers pursuant to Section 31.

Loaded Synchronized Generation means the quantity of Boulder Canyon Project Synchronized Generation that is supplying Hoover Energy .

Master Schedule means the schedule described in the Electric Service Contract prepared by Western each year setting forth Western’s estimate of power available by months to the Authority from the Boulder Canyon Project for the sixteen- (16) month period beginning on June 1 of any year and extending through September 30 of the next year.

Multi-Species Conservation Program means the Multi-Species Conservation Program as defined in section 9401 of the Omnibus Public Land Management Act of 2009 (Public Law 111-11; 123 Stat. 1327).

Multi-Species Conservation Program Agreement means the Trust Indenture and Joint Payment Agreement dated April 4, 2005, and any supplements or amendments thereto.

Net Repayable Advance means the difference between the amount that New Allottees must pay under Section 6.4.2 of the Restated Agreement and the amount of any Replacement Capital Investments that the Authority is due from Western under Section 6.4.2 of the Restated Agreement, plus the Replacement Capital Investments collected by the Authority from New Customers receiving Hoover A Capacity and Hoover A Energy and Recapture Customers.

New Allottee means Customers not receiving Contingent Capacity and Firm Energy under subparagraphs (A) and (B) of paragraph (1) of 43 U.S.C. section 619a(a), including in the State of Arizona, those Customers that received a Hoover D-2 Capacity and Hoover D-2 Energy allocation from the Authority, and those that received a Hoover D-1 Capacity and Hoover D-1 Energy allocation from Western that contract with the Authority for the power allocated to them by Western.

New Customer means a Customer that received an allocation of Hoover Capacity and Hoover Energy from the Authority under the Final Hoover Power Marketing Plan – Post 2017 adopted by the Authority on July 17, 2015, or from Western under the Boulder Canyon Project-Post 2017 Resource Pool adopted by Western on December 18, 2014 (79 Fed. Reg. 75544), but did not receive a power allocation from the Authority under the “Final Hoover Power Marketing Post-1987” document published by the Authority on June 7, 1985.

Operating Reserves - Spinning means Boulder Canyon Project generation that is synchronized to the system and fully available to respond in accordance with applicable regulatory standards and requirements. Capacity scheduling requirements for Operating Reserves – Spinning are specified in the Authority’s Scheduling and Operating Requirements.

Operating Reserves – Supplemental means Boulder Canyon Project generation capable of being synchronized to the system that is fully available to respond in accordance with applicable regulatory standards and requirements. Capacity scheduling requirements for Operating Reserves – Supplemental are specified in the Authority’s Scheduling and Operating Requirements.

Point of Delivery means the Mead 230kV Bus or any other delivery points set forth in Exhibit A..

Ramping means the change in scheduled delivery of Hoover Capacity and Hoover Energy from one period to another through static schedules or by more frequent changes in schedules through dynamic control.

Recapture Customer means a Customer that received an allocation of Hoover Capacity and Hoover Energy from the Authority under the Final Hoover Power Marketing Plan – Post 2017 adopted by the Authority on July 17, 2015, and received a capacity and energy allocation from the Authority under the “Final Hoover Power Marketing Post-1987” document published on June 7, 1985, but had its allocation under the “Final Hoover Power Marketing Post-1987” document recaptured by the Authority.

Regulation means an Ancillary Service, including ramping up and ramping down, provided dynamically by Western in response to a digital signal from the Authority’s designated Balancing Authority(ies) or other capable entity. This service provides for following the moment-to-moment variations in the demand or supply in a Balancing Authority area and maintaining scheduled interconnection frequency.

Repayable Capital Investments means the portion of the annual value of Replacements calculated pursuant to Section 20.3.2 of the Restated Agreement for the purpose of determining payment obligations and reimbursements due, if any, for Replacements. This is the portion of Replacement Capital Advances as of September 30, 2017, to be recovered through payments from New Customers and Recapture Customers and paid to the Authority, in accordance with Section 20 of the Restated Agreement and any Replacement Capital Advances as of September 30, 2067, to be paid to the Authority.

Replacements has the meaning set forth in Section 20.3.1 of the Restated Agreement.

Reserves means Operating Reserves – Spinning and Operating Reserves – Supplemental.

Restated Agreement means the Amended and Restated Implementation Agreement No. 95-PA0-10616, including all exhibits and attachments thereto.

Revenue Requirements means all costs and expenses paid or incurred or to be paid or incurred by the Authority in connection with the acquisition and delivery of Hoover Capacity and Hoover Energy at the Point of Delivery including, without limitation, the following items of cost:

- (1) payments of Debt Service and payments that the Authority is required to make into the Debt Service Account in the Debt Service Fund or the

Subordinated Indebtedness Fund under the terms of the Bond Resolution to pay Debt Service;

(2) amounts required under the Bond Resolution to be paid or deposited into any fund or account established by the Bond Resolution (other than the Debt Service Account or the Subordinated Indebtedness Fund referred to in clause (1) above), including, but not limited to, any amounts required to be paid or deposited by reason of the transfer of moneys from the Debt Service Reserve Account in the Debt Service Fund to the Debt Service Account in the Debt Service Fund, and any amounts required to be paid into the Monthly Payment Reserve Account;

(3) additional amounts that must be collected by the Authority in order to meet the requirement of any rate covenant with respect to coverage of Debt Service on Bonds contained in the Bond Resolution or which the Authority deems advisable in the marketing of its Bonds or the management of its financial operations;

(4) amounts, if any, that the Authority is required to pay pursuant to the Electric Service Contract, including, without limitation, and to the extent the same is required to be a Revenue Requirement, the cost of Hoover C Energy to the extent such cost is not otherwise recovered by the Authority from the sale of Hoover C Energy;

(5) amounts, if any, that the Authority is required to pay pursuant to the Restated Agreement, including, but not limited to, Replacement Capital Investments, Working Capital requirements, and operating reserves;

(6) amounts attributable to the Authority's respective contribution to the cost of the Multi-Species Conservation Program, in accordance with the 2011 Act, the Multi-Species Conservation Program Agreement, and this Contract.

(7) operating expenses and costs of the Authority (including administrative and general expenses and taxes or payments in lieu thereof) relating to the acquisition and delivery of Hoover Capacity and Hoover Energy at the Point of Delivery not included in the costs specified in the other items of this definition;

(8) costs of letters of credit, lines of credit, insurance and any other means of providing credit enhancement or credit support in connection with the issuance, sale and marketing of Bonds;

(9) costs incurred in connection with interest rate exchanges, futures contracts or other financing arrangements permitted under the Bond Resolution;

(10) an additional amount, if needed, not to exceed 3% of the Revenue Requirements, to be utilized by the Authority for power development activities; provided, however, if any such activities are developed into revenue producing power arrangements then the net revenue, if any, from such

revenue producing power arrangements shall be credited against Revenue Requirements in such amounts and in such Contract Years as shall be determined by the Authority; and

(11) amounts, if any, derived by the Authority from the sale of Hoover C Energy, over its costs thereof, shall be credited against Revenue Requirements.

Scheduling Entity means one or more entities designated by the Authority to coordinate scheduling of Hoover Capacity and Hoover Energy deliveries to Authority Customers. Pursuant to the ESC, the Authority will execute a separate agreement with the entity or entities that will act as the Authority's Scheduling Entity.

Scheduling and Operating Requirements (SOR) means the operating arrangements and scheduling and accounting procedures to be used to schedule Hoover Capacity and deliver Hoover Energy under this Contract. The SOR are intended to implement the terms of this Contract, but not to modify or amend it and are, therefore, subordinate to this Contract.

Synchronized Generation means Hoover Capacity available from any of the Hoover Power Plant generating units synchronized to the electric power system.

Transitional Items means financial obligations of the BCP funded by the 2011 Act Schedule A and Schedule B Contractors prior to October 1, 2017, which have not been expensed as of that date. Transitional Items also include sequestered funds, which are unavailable to spend as of October 1, 2017.

Unloaded Synchronized Generation means the difference between Hoover scheduled Synchronized Generation and Loaded Synchronized Generation.

Upgrading Program means the program authorized by Section 101 (a) of the 1984 Hoover Act for increasing the generating Capacity of the original Hoover power plant.

Tribal Entity means Customers that are federally recognized Indian Tribes including an entity, enterprise, or authority of a federally recognized Indian Tribe that is formed by such tribe to lawfully use the Customer's Allocation.

Western means the Western Area Power Administration, an agency of the Department of Energy of the United States of America, and the successors and assigns to its duties and functions.

Wheeling Agreement means any transmission agreement executed by the Authority for the specific benefit of the Customer for the transmission of Hoover Capacity and Hoover Energy hereunder from the Point of Delivery to any Additional Delivery Location(s), as the agreement may be amended, supplemented or substituted.

Working Capital means funds required to perform capital work on Boulder Canyon Project facilities as specified in the Restated Agreement. These are funds advanced by the Authority to meet BCP cash flow needs and may be adjusted through the Annual Revenue Requirement pursuant to the Restated Agreement.

SECTION 2. Term of Contract

(a) This Contract shall become effective on October 1, 2017 and shall remain in effect until midnight, Mountain Standard Time, September 30, 2067, unless terminated in accordance with the provisions of this Contract.

(b) The date of initial service hereunder shall be October 1, 2017; provided, that for Customers allocated Hoover D Capacity and Hoover D Energy, this Contract shall not go into effect if the Customer does not make the required transmission and/or delivery arrangements prior to October 1, 2016.

(c) The Authority may terminate this Contract on and after September 30, 2037, upon five years' prior written notice to the Customer; provided, however, that the Authority shall only exercise this right to the extent consistent with federal and state law.

(d) If a Customer's Allocation is reallocated, this Contract shall terminate on the effective date of the reallocation as provided in written notice from the Authority.

SECTION 3. Sale and Purchase of Hoover Capacity and Hoover Energy

(a) During the term of this Contract, the Authority agrees to sell to Customer the Customer's Allocation of Hoover Capacity and Hoover Energy, as set forth in Exhibit B, adjusted in accordance with Section 4 and Section 5 hereof at the Point of Delivery.

(b) The Customer agrees to purchase such Hoover Capacity and Hoover Energy at the rates and charges set forth in Section 11 of this Contract, and in accordance with this Contract. The Customer's obligation to make the payments pursuant to Section 11 of this Contract shall be payable irrespective of whether any Hoover Capacity and Hoover Energy is received from, or delivered by, the Authority hereunder, and, except as provided in Section 7, such payments shall not be subject to any reduction, whether by offset, counterclaim or otherwise, and shall not be conditioned upon the performance by the Authority under this Contract or any other agreement or instrument.

SECTION 4. Hoover Capacity Available to the Customer

(a) Subject to the availability of Hoover Capacity, the Authority will make the Hoover Energy portion of Customer's Allocation available to the Customer at the Point of Delivery in amounts that the Customer may from time to time schedule in accordance with Section 5, at a rate of delivery up to the Customer's Allocation of Hoover Capacity.

(b) Reductions in Hoover A Capacity, Hoover B Capacity, or Hoover D Capacity respectively, to be made available to the Authority pursuant to the Electric Service Contract, may occur, among other reasons, as a result of forced, scheduled or maintenance outages, river operations or reservoir drawdowns, or as a result of testing of the generators by order of the Secretary of Interior. Any such reduction in Hoover Capacity will be prorated in proportion to the ratio that Customer's Allocation bears to the sum of all Customer's Allocations of Hoover Capacity as set forth in Attachment 1.

SECTION 5. Hoover Energy Available to the Customer

(a) The Authority will make the Hoover Energy portion of the Customer's Allocation available to the Customer each month of the Contract Year in the amounts set forth in a Capacity and Energy Schedule developed annually by the Authority in accordance with Section 5(c). Delivery in any Billing Period shall not exceed the amount of Hoover Energy to be made available to the Customer for such month as set forth in the Capacity and Energy Schedule, unless approved by the Authority.

(b) Reductions in Hoover A Energy, Hoover B Energy, or Hoover D Energy respectively, to be made available to the Authority pursuant to the Electric Service Contract, may occur as a result of forced, scheduled or maintenance outages, river operations or reservoir drawdowns, or as a result of testing of the generators by order of the Secretary of Interior. Any reduction in Hoover Energy made available to the Authority will be prorated in proportion to the ratio of the Customer's Allocation of Hoover Energy to the total Hoover Energy available, as set forth in Attachment 1. If necessary, from time-to-time, the Authority will furnish the Customer a revised Capacity and Energy Schedule that reflects any increase or decrease in Hoover Energy.

(c) At least forty-five (45) days prior to the start of each Contract Year, the Authority will advise the Customer in writing of the amount of Hoover Capacity and Hoover Energy estimated by the Authority to be available for delivery to the Customer during the Contract Year. This estimate will be based upon Western's Master Schedule, and other operational reports from Western and the Bureau for the months in such Contract Year. Within thirty (30) days following receipt of such information, the Customer shall submit in writing a preliminary schedule by month for delivery of the Hoover Energy, which preliminary schedule will be approved, or modified if necessary, by the Authority after consultation with the Customer. Based upon the approved schedule, the Authority will furnish the Customer with a final Capacity and Energy Schedule that will be effective during the Contract Year. If Western revises its Master Schedule or Western or the Bureau revise any other operational reports during such Contract Year, the Authority will consult with the Customer and the Authority's Scheduling Entity regarding potential revisions to the Capacity and Energy Schedule for the remaining months of the Contract Year.

(d) The Customer may, at any time during a Contract Year, request that the Authority revise the amount of Hoover Energy that the Customer is scheduled to receive during any month or months of such Contract Year; provided that no such scheduling revision shall decrease the amount of Hoover Energy any other Customer is scheduled to receive without the consent of such other Customer(s). The Authority shall have the right to accept or deny such requests in its sole discretion.

(e) The Customer shall have the right to use its pro-rata share of available Ancillary Services. The Customer's Balancing Authority may acquire such Ancillary Services through the use of a dynamic signal. To exercise this right, the Customer must notify the Authority of its intent to use these Ancillary Services and must participate in the establishment of a dynamic signal between its Balancing Authority and Western. Any agreement between the Customer and its Balancing Authority or the Customer and Western related to use of Ancillary Services or establishment of a dynamic signal will be subject to review and approval by the Authority.

(f) If the Customer does not elect to use its pro-rata share of Ancillary Services, then the Authority will use its best efforts to market any portion of the Customer's share of Ancillary Services and dynamic signal that the Customer elects not to use. Any such sale of Ancillary Services and dynamic signal shall be pursuant to a separate agreement among the Authority, the relevant Balancing Authority, and the relevant Customers. The Authority may allocate the Customer's portion of Ancillary Services and dynamic signal to a Balancing Authority other than the Customer's Balancing Authority.

(g) If it is necessary for a new dynamic signal to be established with a Balancing Authority in order that the Customer can use the Ancillary Services granted under this Contract, then the Customer will be responsible for paying any and all costs for establishment and use of the new dynamic signal. If more than one Customer is involved in establishing a new dynamic signal, the cost for any such signal shall be distributed pro rata to the participating Customers.

(h) The Customer's Balancing Authority, through use of a dynamic signal, shall have the right to schedule Loaded Synchronized Generation and Unloaded Synchronized Generation, the sum of which shall not exceed the portion of the Customer's Entitlement of Hoover Capacity that is available. The Balancing Authority shall have the right to use previously scheduled Synchronized Generation from zero (0) to full Synchronized Generation and the reverse. With the use of these Ancillary Services and associated energy losses, the Hoover Energy portion of Customer's Entitlement may be reduced in the next Billing Period, or as soon thereafter as possible, to the extent and at the time that Western reduces the Authority's Available Energy.

(i) The Customer shall have the right to schedule Hoover Capacity and Hoover Energy on a static basis, but in doing so, will not have access to Regulation or Operating Reserves – Spinning, but will have access to Operating Reserves – Supplemental and Ramping needed to manage schedule changes.

(j) The Final Hoover Power Marketing Plan – Post 2017 established distribution priorities for any Hoover C Energy made available to the Authority under the Electric Service Contract. Consistent with these distribution priorities, the Authority may offer to sell Hoover C Energy to the Customer if and when it becomes available to the Authority. No Customer shall be obligated to accept Hoover C Energy. Any Hoover C Energy accepted by the Customer shall be included in the Capacity and Energy Schedule. The amount of Hoover C Energy to be made available to the Customer shall not exceed the amount set forth in the schedule, and any reduction shall be prorated among the Customers in the Authority's priority classification(s) that have accepted available Hoover C Energy. If the Authority offers to sell Hoover C Energy, and if the Customer agrees to purchase such Hoover C Energy, the Authority agrees to, if requested by the Customer, coordinate delivery of such Hoover C Energy to the Customer at the Point of Delivery or any Additional Delivery Location(s) in accordance with the applicable provisions of any Wheeling Agreement(s).

SECTION 6. Purchases of Capacity and Energy

(a) Pursuant to prior written agreements between the Customer and the Authority, and as allowed by law, the Authority will offer to purchase capacity up to the Hoover Capacity portion of Customer's Allocation, and will offer to purchase energy at an hourly rate up to one-

hundred (100) percent of the capacity factor of Customer's Allocation. The Customer will pay in advance of any such purchases by the Authority.

(b) The Customer, through the Authority's Scheduling Entity, may be required by the Authority to schedule a minimum rate of delivery of energy when the Authority purchases energy pursuant to Section 6(a). The amount of energy to be scheduled at such minimum rate of delivery in connection with the Authority's purchases shall be the product of the overall minimum rate of delivery for all Authority purchases multiplied by a fraction where the numerator is the amount of Authority purchases for the Customer and the denominator is the aggregate amount of Authority purchases for all participating Customers.

SECTION 7. Tender or Relinquishment of Hoover Capacity and Hoover Energy

In the event a Customer is unable to use all or a portion of Customer's Entitlement, the Customer may tender or relinquish ("lay off") that capacity or energy for resale by the Authority pursuant to A.A.C. § R12-14-401(B) and any Scheduling and Operating Requirements developed by the Authority. The Authority will use its best efforts to sell the Customer's tendered or relinquished Hoover Capacity or Hoover Energy and will apply the net proceeds from the sale towards the Customer's payment obligations under this Contract. The Customer tendering or relinquishing Hoover Capacity or Hoover Energy will still be obligated to pay for any and all Hoover Capacity and Hoover Energy making up the balance of that Customer's Entitlement. No tender or relinquishment of Hoover Capacity or Hoover Energy shall relieve the Customer of its obligations under this Contract.

SECTION 8. Programs to Maximize the Value of Hoover Capacity and Hoover Energy

Consistent with the Authority's regulations, and with the Authority's prior written approval, the Customer may participate in programs designed to maximize the value of Customer's Allocation, including, but not limited to:

(a) Power pooling agreements that provide for the Customer to aggregate or commingle the Customer's Hoover Capacity and Hoover Energy with other Customers. (A.A.C. §§ R12-14-401(A); R12-14-101(13).)

(b) Banking of electric energy and exchange of banked energy with another Customer. (A.A.C. § R12-14-401(K); R12-14-101(2); R12-14-401(K).)

(c) With respect to any of these programs, the Authority may request that the Customer file copies of all relevant agreements with the Authority. (A.A.C. § R12-14-501.)

SECTION 9. Environmental Attributes Available to the Customer

Customer shall have the right to use its pro rata share of any Environmental Attributes associated with the Customer's Allocation that are available to the Authority pursuant to the Electric Service Contract or otherwise. If the Customer does not elect to use its pro rata share of Environmental Attributes, then the Authority will use its best efforts to market or create value, to the extent allowed by the Electric Service Contract, for any portion of the Customer's share of Environmental Attributes that the Customer elects not to use. Any sale of Environmental

Attributes shall be pursuant to a separate agreement among the Authority, the relevant Balancing Authority, and the relevant Customers.

SECTION 10. Transmission of Hoover Capacity and Hoover Energy

(a) Pursuant to the Electric Service Contract, Western will deliver Hoover Capacity and Hoover Energy to the Authority at the Point of Delivery. The Authority will deliver the Customer's Entitlement at the Point of Delivery and the Customer, except as provided for in Section 10(b), must arrange for transmission service to transmit its Hoover Capacity and Hoover Energy from the Point of Delivery to any Additional Delivery Location(s). Upon request of the Customer, the Authority will help coordinate transmission arrangements to ensure that its Hoover Capacity and Hoover Energy will be delivered from the Point of Delivery to the Customer or to the Customer's Hoover Capacity and Hoover Energy transmission provider.

(b) If the Customer is unable to independently procure transmission service to transmit the Customer's Entitlement from the Point of Delivery to any Additional Delivery Location(s), then upon request of the Customer, the Authority will use its best efforts to procure transmission service for the Customer by executing a Wheeling Agreement; provided, however, that the Customer agrees to pay all costs associated with transmission of Hoover Capacity and Hoover Energy for the Customer from the Point of Delivery to the Customer's Additional Delivery Location(s) under any Wheeling Agreement(s). The Customer further agrees that it will adhere to any transmission service specifications set forth in any Wheeling Agreement(s) and will adhere to applicable limitations and requirements of a Host Utility's Bill Crediting program, if applicable.

SECTION 11. Annual Budget and Determination of Demand and Energy Charge

(a) The Authority shall prepare, or cause to be prepared, and deliver to each Customer a proposed Annual Budget at least sixty (60) days prior to the beginning of each Contract Year. The proposed Annual Budget shall itemize for such Contract Year the Authority's estimates of all Revenue Requirements and all revenues and other funds available to the Authority for the payment of such Revenue Requirements as well as the estimated amount of Hoover Capacity and Hoover Energy that formed the basis of such revenue estimates. In preparing the Annual Budget, the Authority, to the extent it incurs costs or expenses that relate to non-Hoover capacity and energy functions to be payable from Revenue Requirements, shall delineate such costs and expenses. At any time up to the forty-fifth (45th) day prior to the beginning of the Contract Year, the Customer may submit any comments with respect to the Annual Budget. After consideration of any comments of the Customers, the Commission, not less than thirty (30) days prior to the beginning of such Contract Year, shall adopt an Annual Budget for such Contract Year and shall cause copies of such Annual Budget to be delivered to each Customer. Notwithstanding the foregoing, the Annual Budget for the first Contract Year shall be prepared, considered, adopted and delivered in the manner that the Authority shall deem most practicable under the circumstances.

(b) The Authority will establish and maintain rates under this Contract and the other Contracts that will provide revenues that are sufficient to meet the estimated Revenue Requirements of the Authority. The capacity charges and the energy charges paid by the

Authority to Western for Hoover Capacity and Hoover Energy under the Electric Service Contract shall be assigned to the Demand Related Revenue Requirements and Energy Related Revenue Requirements, respectively. The balance of the Authority's Revenue Requirements shall be assigned to Demand Related Revenue Requirements and Energy Related Revenue Requirements in the same percentage proportion that Western assigns costs to capacity and energy charges in the Electric Service Contract. The Authority shall determine the Capacity Rate for each Billing Period by dividing the estimated Demand Related Revenue Requirements by the product of the number of months in such Contract Year times the total aggregate sum of the Average Monthly Hoover Capacity Entitlement of all the Customers. The Authority shall determine the Energy Rate by dividing the estimated Energy Related Revenue Requirements by the total aggregate amount of Hoover Energy estimated by the Authority to be scheduled and delivered to all Customers during such Contract Year.

(c) If, at any time after the adoption of the Annual Budget, the Authority estimates that the Revenue Requirements or revenues to be furnished for the Contract Year or any part thereof for which such Annual Budget applies will be greater or less than the Revenue Requirements or revenues set forth in the Annual Budget, then the Authority may prepare an amended Annual Budget and revise the Capacity Rate and Energy Rate in accordance with such amended Annual Budget. Any amended Annual Budget shall be adopted by the Commission, but with reasonable notice to, and opportunity for comments from, the Customers and thereafter transmitted to each Customer and shall supersede the Annual Budget or any amended Annual Budget previously provided.

(d) In the event that a budget for the ensuing Contract Year has not been adopted on or before the first day of the Contract Year, the total amount budgeted for the preceding Contract Year shall be the total amount of the temporary budget for such purposes for the ensuing Contract Year. The temporary budget shall be effective only until such time as a permanent budget has been finally adopted and approved by the Commission as provided herein.

(e) The Customer shall pay the Authority for Hoover Capacity and Hoover Energy at the rates established by the Authority, as the same may be revised from Contract Year to Contract Year and from time to time within a Contract Year in accordance with the provisions of this Contract and any amendment to the Annual Budget.

(f) The Customer shall pay the sum of (i) the Demand Charge (ii) the Energy Charge, and (iii) any charge for Hoover C Energy made available and accepted by the Customer, as adjusted for any credits specified in this Section 11(f). Amounts, if any, derived by the Authority from the sale of the Customer's share of Environmental Attributes, Ancillary Services, or the dynamic signal to one or more Balancing Authorities, shall be used by the Authority to reduce the Customer's Demand Charge, Energy Charge, and Hoover C Energy charge in proportion to the Customer's pro-rata share of the Environmental Attributes, Ancillary Services, or the dynamic signal that is sold.

(g) On or before the 3rd day of each month beginning with the second month of the first Contract Year, the Authority shall render to the Customer a monthly statement showing, in each case with respect to the preceding month, (i) the amount of the Demand Charge, the Energy Charge, and any charge for Hoover C Energy payable by the Customer for such month; and (ii) the amount, if any, determined in accordance with this Section 11 to be credited to or paid by the Customer with respect to any adjustment for actual Demand Related Revenue Requirements and

Energy Related Revenue Requirements; and such Customer shall pay the total of such amounts at the times specified in paragraph (h) of this Section 11.

(h) Monthly payments required to be paid to the Authority pursuant to this Section 11 shall be due and payable to the Authority at the address of the Authority set forth in Section 33 of this Contract or the account of the Authority via wire transmission, on or before the later of (i) the 15th day after the date of such monthly statement or (ii) the 15th day after the date such statement is mailed or electronically mailed, as indicated by the postmark date or electronic mail date stamp; provided, that, if said 15th day is a Saturday, Sunday or a day on which banks in the State of Arizona are authorized to be closed, the next following day on which banks in the State of Arizona are authorized to be open shall be the day that such payment is due.

(i) If payment in full is not actually received by the Authority on or before the close of business on the due date of such payment as provided in paragraph (h) of this Section 11, the Authority shall charge the Customer an initial late payment charge equal to two percent (2%) of the unpaid amount. Each day after the due date of such payment as provided in paragraph (h) of this Section 11, a charge of five hundredths percent (0.05%) of the principal sum unpaid shall be added until the amount due, including the two percent (2%) initial late payment charge, is paid in full. Payments received will first be applied to the charges for late payment assessed on the principal and then to payment of the principal. Remittances received by mail or wire transmission will be accepted without assessment of such charges if the postmark or date stamp indicates that the payment was mailed or wired on or before the due date of such payment as provided in paragraph (h) of this Section 11.

(j) In the event of any dispute as to any portion of any monthly statement, the Customer shall nevertheless pay the full amount of the disputed charges when due and shall give written notice of the dispute to the Authority by the date such payment is due or within ten (10) business days after the Customer first obtains knowledge of the principal fact on which the dispute is based, whichever is later. Such notice shall identify the disputed bill, state the amount in dispute and set forth a full statement of the grounds on which such dispute is based. No adjustment shall be considered or made for disputed charges unless notice is given as aforesaid. The Authority shall give consideration to such dispute and shall advise the Customer in writing with regard to its position relative thereto within thirty (30) calendar days following receipt of such written notice. Upon final determination (whether by agreement, arbitration, adjudication or otherwise) of the correct amount, any difference between such correct amount and such full amount, including interest on any overpayment at the London Inter Bank Offered Rate during the period of the overpayment, shall be properly reflected in the statement next submitted to the Customer after such determination.

(k) Credits required to be made against Revenue Requirements pursuant to the provisions of this Section 11 or as provided in the definition of Revenue Requirements in Section 1 of this Contract will be made in the then current Contract Year or the next succeeding Contract Year, as determined by the Authority.

(l) As soon as possible, after the end of each Contract Year, the Authority will submit to the Customer a detailed statement of the actual aggregate Demand Related Revenue Requirements and Energy Related Revenue Requirements for such Contract Year and any adjustment thereof or credit thereto pursuant to this Section 11, and the Customer's share of each, and all other amounts, if any, payable by or credited to the Customer pursuant to this Contract

for all of the months of such Contract Year, and adjustments of such aggregate Demand Related Revenue Requirements and Energy Related Revenue Requirements, if any, for any prior Contract Year and any adjustment thereof or credit thereto pursuant to this Section 11 allocable to the Customer, based on such detailed statement. If, on the basis of the statement submitted as provided in this paragraph, the actual aggregate Demand Related Revenue Requirements and Energy Related Revenue Requirements for such Contract Year and any adjustment thereof or credit thereto pursuant to this Section 11 allocable to the Customer and other amounts payable for such Contract Year exceed the estimate thereof on the basis of which the Customer has been billed or are less than the estimate thereof on the basis of which such Customer has been billed or if the Customer's Entitlement is different than that which formed the basis of the Capacity Rate and the Energy Rate for such Contract Year, the amount of the deficiency or excess shall be added or credited, as the case may be, to the Customer's monthly statement during the current Contract Year in a manner deemed equitable by the Authority. If the Customer is not entitled to receive any Hoover Capacity and Hoover Energy in the next Contract Year, the Authority shall pay to the Customer any credit due the Customer and the Customer shall pay to the Authority any amounts owing the Authority all as determined by such detailed statement of the actual aggregate Demand Related Revenue Requirements and Energy Related Revenue Requirements, or Customer's Entitlement.

SECTION 12. Scheduling and Operating Requirements

The Authority will establish scheduling and operating requirements that may from time-to-time change when Customers, Host Utilities, Balancing Authorities, NERC, WECC, or other entities modify or add new operating rules and standards. These scheduling and operating requirements will be documented in Attachment 2 to this Contract. Issues such as use of a dynamic signal, scheduling and use of Ancillary Services, scheduling of minimum quantities of Hoover Capacity and Hoover Energy, the purchase of energy pursuant to Section 6(a), management and operation of an exchange program, and requirements for new construction and maintenance of the electric system will be covered by Attachment 2.

SECTION 13. Covenants of the Customer

(a) The Customer agrees to maintain rates, fees and charges for the sale or use of Hoover Capacity and Hoover Energy purchased hereunder, as allowed by the appropriate regulatory authority, if any, which, together with other available funds, shall provide to the Customer revenues sufficient to meet its obligations to the Authority under this Contract and the obligations of the Customer, if any, which are equal to or superior to its obligations under this Contract. Nothing herein shall be deemed to require the Customer to satisfy its obligations under this Contract from any source which would result in a violation of any statutory or constitutional provisions.

(b) Except as noted in Section 7 and this Section 13(b), the Customer shall not sell, transfer, exchange or otherwise dispose of any of the Hoover Capacity and Hoover Energy made available to the Customer hereunder other than for resale to its customers in the Customer's service area or its own use, unless such sale, transfer, exchange or other disposition is specifically approved by the Authority. Such approval shall be in the sole discretion of the Authority and not unreasonably withheld. Subject to the Authority's approval with input from its Scheduling Entity and Balancing Authority, the Customer may participate in arrangements listed

in Section 7 that allow the Customer to ultimately receive the benefit of the Customer's Allocation.

(c) The Customer shall not sell or otherwise dispose of all or substantially all of its business or utilities operations from which it derives revenues to satisfy its obligations to the Authority under this Contract except on ninety (90) days prior written notice to the Authority and, in any event, shall not so sell or otherwise dispose of the same unless all of the following conditions are met: (i) the Customer shall assign this Contract and its rights and interest hereunder to the purchaser of its business or utilities operations and such purchaser shall assume all obligations of the Customer under this Contract; (ii) if and to the extent necessary to reflect such assignment and assumption, the Authority and such purchaser shall enter into an agreement supplemental to this Contract to clarify the terms on which Hoover Capacity and Hoover Energy is to be sold hereunder by the Authority to such purchaser; (iii) the Authority shall by resolution determine (which determination shall not be unreasonably withheld) that such sale or other disposition will not adversely affect the value of this Contract as security for the payment of Bonds and; (iv) the Authority receives an opinion of Bond Counsel that such sale or other disposition will not adversely affect the exemption of interest on Bonds from federal income taxation. For the purposes of this Section 13(c), sale or other disposition of substantially all of its business operations shall mean a sale or other disposition by the Customer which adversely affects Customer's ability to continue to make its payments under this Contract.

(d) On and after the date of this Contract, the Customer shall not, without written consent of the Authority, lease all or substantially all of its business or utility operations from which it derives revenues to satisfy its obligations under this Contract. The Authority will give its written consent to such lease upon being furnished with an opinion of Bond Counsel to the effect that such lease will not adversely affect the exemption of Bonds from federal income taxation.

(e) The Customer will, in accordance with normal accepted utility practice, operate its utility system, its business, or the properties of its business operations from which it derives revenues to satisfy its obligations to the Authority under this Contract.

(f) If the Customer owns and operates its own power system, then the Customer shall construct, operate, and maintain its power system in a manner that meets or exceeds generally accepted industry standards.

SECTION 14. Property Rights

If the Customer provides electric utility service or the Customer and the Authority operate or maintain joint electric facilities and properties, then the following installation and maintenance obligations apply:

(a) All lines, substations and other electrical facilities (except metering equipment installed by or for the Authority) located on the Customer's side of the Point of Delivery shall be furnished, installed and maintained or caused to be furnished, installed or maintained by the Customer or Host Utility unless otherwise provided by agreement between the parties or unless maintained by third parties.

(b) All meters and other facilities furnished by the Authority shall be and remain the property of the Authority and the right to remove, replace or repair such meters and other

facilities is expressly reserved. The Customer shall exercise due care to protect such property on the Customer's premises and in the event of loss or damage to such property caused by Customer's negligence, the Customer shall be liable for any damage to said property; similarly, the Authority shall exercise due care to protect the Customer's property on the Authority's premises and in the event of loss or damage to the Customer's property caused by Authority's negligence, the Authority shall be liable for any damage to Customer's property.

SECTION 15. Uncontrollable Force

Neither the Authority nor the Customer shall be considered to be in default in respect to any obligation hereunder, other than the obligation of the Customer to pay for the Hoover Capacity and Hoover Energy during any Billing Period as provided in Section 11(f) of this Contract, if prevented from fulfilling such obligations by reason of an uncontrollable force. The term "uncontrollable force" means any cause beyond the control of the party affected, including but not restricted to, failure of or threat of failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, restraint by court order or public authority and action or nonaction by, or failure to obtain the necessary authorizations or approvals from, any governmental agency or authority, which by exercise of due diligence such party could not reasonably have been expected to avoid and which by exercise of due diligence it shall be unable to overcome. Nothing contained herein shall be construed to require a party to settle any strike or labor dispute in which it may be involved. Either party rendered unable to fulfill any of its obligations under the contract by reason of an uncontrollable force shall give prompt written notice of such fact to the other party and shall exercise due diligence to remove such inability with all reasonable dispatch.

SECTION 16. Contingency Planning

If any of the "Capacity Loss below 1000MW" or "Force Majeure" events set forth in Section 10.1 of the Restated Agreement occur, the Authority will assess the overall severity of the event on the Customer and may take the following actions:

- (a) promptly notify the Customer of such event and convene a meeting of affected Customers to discuss the Authority's response to such event; and
- (b) make a good faith effort to mitigate any adverse impact of such event on the Customer.

SECTION 17. Cooperation

If it becomes necessary by reason of any emergency or extraordinary condition for either the Authority or the Customer to request the other party to furnish personnel, materials, tools, or equipment for the accomplishment of its obligations hereunder, the party so requested shall cooperate with the requesting party and render such assistance as the party so requested may determine to be available. The party making such request, upon receipt of properly itemized bills from the other party, shall promptly reimburse the other party for all costs properly and reasonably incurred by it in providing such assistance. Such costs shall include an amount for administrative and general expenses and such costs are to be determined on the basis of current charges or rates used in its own operations by the party rendering the assistance.

SECTION 18. Assignment

(a) This Contract shall inure to the benefit of and shall be binding upon the respective successors and assigns of the parties to this Contract; provided, however, that, except for the assignment by the Authority authorized by clause (b) of this Section 18 and except for any assignment in connection with the sale, lease or other disposition of all or substantially all of the Customer's business or utilities operations as provided in Section 13(c) or 13(d) hereof, neither this Contract nor any interest herein shall be transferred or assigned by either party hereto except with the consent in writing of the other party hereto, which consent shall not be unreasonably withheld. No assignment or transfer of this Contract shall relieve the parties of any obligation hereunder. Any assignment or transfer of this Contract must not violate Section 9.2 of the Electric Service Contract concerning resale of Hoover Capacity and Hoover Energy.

(b) The Customer acknowledges and agrees that the Authority may assign and pledge to any trustee or similar fiduciary designated in the Bond Resolution all of, or any interest in, its right, title, and interest in and to all payments to be made to the Authority under the provisions of this Contract as security for the payment of the principal (including sinking fund installments) of, premium, if any, and interest on any Bonds and may deliver possession of this Contract to such trustee in connection therewith, and, upon such assignment, pledge and delivery, the Authority may grant to such trustee any rights and remedies herein provided to the Authority and thereupon any reference herein to the Authority shall be deemed, with the necessary changes in detail, to include such trustee which shall be a third party beneficiary of the covenants and agreements of the Customer herein contained.

SECTION 19. Records and Accounts

(a) The Authority agrees to maintain accurate records and supporting documentation relating to Hoover Capacity and Hoover Energy, Revenue Requirements, Demand Related Revenue Requirements and Energy Related Revenue Requirements, separate and distinct from its other records and accounts. Such records and supporting documentation shall be retained for at least three years after the close of the Contract Year. Upon written request and reasonable notice, the Authority agrees to provide to the Customer's auditors or audit representative such records and supporting documentation for its review and inspection. Any exceptions noted in this review will be forwarded to the Authority for its review and response. The Authority agrees to respond within thirty (30) days of receipt and any agreed exception will be adjusted to the period such exception first occurred.

(b) The Customer agrees to maintain accurate records and supporting documentation relating to the conduct of its business or utility operations which provide the source of payment of the Customer's obligations under this Contract and upon written request and reasonable notice agrees to permit the Authority's auditors or audit representative to inspect such records or documentation. The Customer shall maintain such records and documentation for at least three years after the close of the Customer's fiscal year.

(c) The Customer agrees to supply to the Authority upon request a copy, if any, of the annual audit of the Customer certified by a firm of certified public accountants.

SECTION 20. Information

The Authority and the Customer will promptly furnish to each other such information as may be reasonably requested from time to time in order to carry out more effectively the intent and purpose of this Contract. In addition, the Customer further agrees to furnish at its own expense such information and documents, including financial statements, legal opinions and engineering reports, as the Authority may reasonably request in connection with the offering and sale of Bonds by the Authority or as may be required by the federal securities laws, including in particular Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934, as amended. Any Legal Opinion delivered in substantially the form required by Section 31 of this Contract by the Authority or the Customer, as the case may be, shall be deemed in compliance with this Section 20.

SECTION 21. Bonds

Any Bonds that the Authority sells and issues in accordance with the provisions of the Bond Resolution to acquire and construct projects contemplated by the Bond Resolution and any other projects, works or facilities associated with the sale and delivery of Hoover Capacity and Hoover Energy to the Customer, shall be secured by the pledge made pursuant to the provisions of Section 18(b) of this Contract of the payments required to be made by the Customer under this Contract, as such payments may be increased and extended by reason of the issuance of such Bonds. Any such Bonds issued in accordance with the provisions of this Section 21 and secured by the pledge of such payments may, unless otherwise determined by the Authority, rank equally as to the security afforded by the provisions of this Contract with all Bonds theretofore issued pursuant to and secured in accordance with the provisions of the Bond Resolution.

SECTION 22. New Customer and Recapture Customer Obligations

(a) If the Customer is either a New Customer or Recapture Customer, as defined by this Contract, the Customer agrees to pay a share of the Repayable Capital Investments to the Authority as provided in this Section 22. The Authority will calculate the Customer's share according to the formula in Section 20.5.2 of the Restated Agreement using Western's actual Repayable Capital Investments amount as of September 30, 2017. The Authority will divide the Customer's share by the number of years that Western determines to collect Repayable Capital Investments, which period shall be no longer than five years commencing October 1, 2017. The Authority will divide the Customer's annual payment obligation by twelve months, and will bill monthly in arrears over the collection period starting at the end of the first month of the collection period commencing October 1, 2017.

(b) The Authority will timely issue the New Customer or Recapture Customer a statement for collection of Repayable Capital Investments under this Section 22 on the same schedule that the Authority renders the statement required under paragraph (g) of Section 11. The Customer shall pay the Authority monthly for its share of the Repayable Capital Investments in the same manner and on the same schedule that the Customer is required to submit payments under paragraph (h) of Section 11. If payment in full is not actually received by the Authority on or before the close of business on the due date of such payment, as provided in paragraph (h) of Section 11, the Authority shall charge the customer late payment charges in the same manner and at the same rate(s) as set forth in paragraph (i) of Section 11. Any dispute as to any portion of

any Repayable Capital Investments statement shall be handled consistent with the dispute resolution process set forth in paragraph (j) of Section 11.

(c) Consistent with Authority Resolution No. 15-18, within a reasonable time after close of the Authority's fiscal year on September 30, 2018, and each year thereafter, the Authority will directly distribute any Net Repayable Advance to each Existing Non-Recapture Customer in an amount equal to one-half times the Net Repayable Advance multiplied by the ratio of the amount of the Customer's post-1987 capacity allocation to the Authority's total post-1987 capacity allocation plus one-half times the Net Repayable Advance multiplied by the ratio of the amount of the Customer's post-1987 energy allocation to the Authority's total post-1987 energy allocation.

(c) If the Customer is either a New Customer or Recapture Customer, as defined by this Contract, the Customer agrees to pay a pro rata share of the Transitional Items billed to the Authority by Reclamation pursuant to the Restated Agreement. Each New Customer and Recapture Customer's share of Transitional Items shall be calculated by multiplying the total amount that Reclamation bills the Authority for Transitional Items by the ratio of the New Customer or Recapture Customer's Hoover Capacity and Energy compared to all Hoover Capacity and Hoover Energy held by New Customers and Recapture Customers. Any Transitional Items amount that Reclamation returns to the Authority will be distributed pro rata to Existing Non-Recapture Customers in an amount equal to one-half times the amount of the Transitional Items multiplied by the ratio of the amount of the Customer's post-1987 capacity allocation to the Authority's total post-1987 capacity allocation plus one-half times the amount of the Transitional Items multiplied by the ratio of the amount of the Customer's post-1987 energy allocation to the Authority's total post-1987 energy allocation.

SECTION 23. Default by the Customer

The following shall constitute a default under this Contract:

(a) Failure of the Customer to make to the Authority when due any of the payments for which provision is made in this Contract.

(b) Failure of the Customer to perform any other obligation under this Contract for a period of sixty (60) days following receipt of written notice from the Authority to the Customer of such failure; provided, however, the Customer shall not be deemed in default under this subsection (b) if the Customer, after receipt of such notice, is proceeding with reasonable diligence to cure such failure.

SECTION 24. Remedies of the Authority

In the event of any default referred to in Section 23 of this Contract, the Authority shall have, in addition to any other rights or remedies it may have under law, the following rights and remedies:

(a) the Authority may bring any suit, action, or proceedings in law or in equity, including any special action for specific performance, as may be necessary and appropriate in the sole discretion of the Authority to enforce against the Customer any covenant, agreement or obligation for which provision is made in this Contract;

(b) the Authority may, at any time upon fifteen (15) days written notice to the Customer, cease and discontinue delivering or making available for delivery Hoover Capacity and Hoover Energy to the Customer so long as such default shall continue; provided, however, that any such cessation and discontinuance shall not relieve the Customer of any obligation under this Contract, including the obligation to pay amounts due on and prior to the date of such cessation and discontinuance and provided further that if the Authority has not terminated this Contract pursuant to subsection (c) below and if the Customer pays all amounts due hereunder, including all late payments, or performs all other obligations to be performed under this Contract then the Authority shall reinstate delivery of Hoover Capacity and Hoover Energy to the Customer; and

(c) whether or not the Authority shall have ceased and discontinued delivering or making available for delivery Hoover Capacity and Hoover Energy pursuant to clause (b) above, if an event of default described in Section 23 shall continue for sixty (60) days, the Authority may at any time thereafter while such default shall be continuing, upon written notice to the Customer, terminate this Contract: provided, however, that any such termination shall not relieve the Customer of the obligation to pay any amounts required to be paid under this Contract with respect to any amounts due on and prior to such date of such termination or the date the delivery of Hoover Capacity and Hoover Energy was discontinued pursuant to subsection (b) above if such date of discontinuance was earlier than the date of termination.

SECTION 25. Default by the Authority

In the event of any default by the Authority under any covenant, agreement or obligation of this Contract, the Customer's remedy for such default shall be limited to injunction, special action, action for specific performance or any other available equitable remedy designed to enforce any covenant, obligation or agreement of the Authority hereunder as may be necessary or appropriate.

SECTION 26. Abandonment of Remedy

In case any proceeding taken on account of any default shall have been discontinued or abandoned for any reason, the parties to such proceeding shall, unless such parties agree otherwise, be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Authority and the Customer shall continue as though no such proceeding had been taken.

SECTION 27. Waivers

Any waiver at any time by either the Authority or the Customer of its rights with respect to any default of the other party hereto, or with respect to any other matter arising in connection with this Contract, shall not constitute a waiver with respect to any subsequent default, right or matter.

SECTION 28. Recapture of Hoover Capacity and Hoover Energy

If for any reason all or a portion of Customer's Allocation has exceeded the electric load of the Customer for a period of three (3) consecutive Contract Years, or the Customer has tendered or relinquished ("laid off") all or a portion of Customer's Entitlement for a period of three (3) consecutive years, the Authority may recapture, in accordance with this Section 28, all

or a portion of Customer's Allocation. The Authority shall give the Customer at least sixty (60) days notice of a hearing relating to a determination to effect recapture pursuant to this Section 28. At such hearing, the Authority shall determine if the Customer's Allocation can be reasonably expected to exceed in whole or in part the Customer's load in the future. The Authority will also consider the Customer's participation in any temporary resource management program that may have affected or will affect the Customer's load. At the hearing, the Customer shall be given the opportunity to show cause why Customer's allocation should not be reduced. Any portion of Customer's Allocation, or all of Customer's Allocation, as the case may be, the Authority determines to be excess shall be recaptured by the Authority. Any such recapture shall be effective sixty (60) days following written notice to the Customer of the Authority's determination to recapture. Any such recapture of Hoover Capacity and Hoover Energy shall result in a reduction of the Customer's Allocation to the extent of the recapture.

SECTION 29. Effects of Recapture or Reduced Allocation of Hoover Capacity or Hoover Energy

(a) Except as provided in Section 6 of this Contract and subject to the obligations of the Customer to purchase and pay for any recaptured or laid off Hoover Capacity or Hoover Energy pursuant to this Contract, in the event that the Customer's Allocation of Hoover Capacity or Hoover Energy is recaptured or forfeited in whole or in part or is reduced in part or reduced to zero pursuant to the provisions of this Contract, the rights and obligations of the Customer under this Contract, including, but not limited to, its right to receive Hoover Capacity and Hoover Energy and its obligation to pay for Hoover Capacity and Hoover Energy, shall be reduced in proportion to such recapture, forfeiture or reduction, as the case may be.

(b) If Customer's Allocation of Hoover Capacity and Hoover Energy is recaptured in whole or reduced to zero, this Contract shall not terminate; provided, however, subject to Section 23 of this Contract, the Customer shall have the right, upon written notice to the Authority, to terminate this Contract, and upon such termination the Customer shall no longer have any rights or obligations under this Contract.

SECTION 30. Power Purchase Certificate

The Authority shall not be required to sell any Hoover A Capacity and Hoover A Energy to the Customer unless the Customer holds a power purchase certificate issued by the Authority pursuant to Article 3, Title 30 of the Arizona Revised Statutes. The Customer must maintain the certificate and comply with its requirements in order to continue purchasing Hoover A Capacity and Hoover A Energy from the Authority. The Customer's certificate will be updated and revised if necessary effective October 1, 2017, and shall be reviewed and updated, if necessary, at least every five (5) years.

SECTION 31. Opinion as to Validity

Upon the execution of this Contract, the Customer shall furnish the Authority with an opinion by an attorney or firm of attorneys to the effect that (bracketed language indicates provisions which will vary among Customers):

(a) The Customer is a [municipal] corporation [or organization] [or political subdivision] duly created and validly existing pursuant to the Constitution and statutes of the State of Arizona [or a federally recognized Indian tribe located within the State of Arizona].

(b) The Customer has full legal right and authority to enter into this Contract and to carry out its obligations hereunder.

(c) The resolution, authorizing or causing the execution and delivery of the Contract has been duly and lawfully adopted at a meeting duly called and held at which a quorum was present and acting throughout and such meeting was called pursuant to [necessary public notice] [its by-laws].

(d) The governing body of the Customer duly approved this Contract and its execution and delivery on behalf of the Customer or otherwise provided for its approval and execution; this Contract has been duly authorized, executed and delivered by the Customer; and, assuming that the Authority has all the requisite power and authority to execute and deliver, and has duly authorized, executed and delivered, this Contract, this Contract constitutes the legal, valid and binding obligation of the Customer in accordance with its terms subject, however, to the effect of, and to restrictions and limitations imposed by or resulting from, bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, and general principles of equity. No opinion need be rendered as to the availability of any particular remedy.

(e) The execution and delivery of this Contract by the Customer, the performance by the Customer of its obligations hereunder and the consummation of the transactions contemplated herein do not and will not contravene any existing law or any existing order, injunction, judgment, decree, rule or regulation of any court or administrative agency having jurisdiction over the Customer or its property or result in a breach or violation of any of the terms and provisions of, or constitute a default under, any existing bond resolution, indenture, mortgage, deed of trust or other agreement to which the Customer is a party or by which it or its property is bound.

(f) [Other than the issuance of a power purchase certificate by the Authority or approval of transmission arrangements by the Authority] all approvals, consents or authorizations of, or registrations or filings with, any governmental or public agency, authority or person required on the part of the Customer in connection with the execution, delivery and performance of this Contract have been obtained or made.

(g) To the knowledge of such attorney or firm of attorneys after due inquiry, there is no litigation or other proceedings pending or threatened in any court or other tribunal of competent jurisdiction (either State or Federal) questioning the creation, organization or existence of the Customer or the validity, legality or enforceability of this Contract.

SECTION 32. Relationship to and Compliance with Other Instruments

(a) It is recognized by the parties hereto that, in undertaking, or causing to be undertaken, the financing of any Bonds, the Authority must comply with the requirements of the Bond Resolution and the Electric Service Contract and it is therefore agreed that this Contract is made subject to their terms and provisions.

(b) This Contract is made upon the express condition and with the express covenant that all rights under this Contract shall be subject to and controlled by the Colorado River Compact approved by Section 13(a) of the Boulder Canyon Project Act.

SECTION 33. Notices

(a) Any notice, demand or request provided for in this Contract, or served, given or made in connection with this Contract, other than payments required by Section 11 or Section 22, shall be in writing and shall be deemed properly served, given, or made if delivered in person or sent by United States mail or other qualified and recognized delivery service, postage prepaid, to the persons specified below:

ARIZONA POWER AUTHORITY
c/o Executive Director
1810 West Adams Street,
Phoenix, Arizona 85007

[Drafting Note: Insert Customer's Name and Address]

(b) A party may at any time, by written notice, change the designation or the address of the person to whom notices are to be sent.

SECTION 34. Severability

In the event that any of the terms, covenants or conditions of this Contract, or the application of any such term, covenant or condition, shall be held invalid or illegal by any court having jurisdiction, it is the intention of each of the parties hereto that such illegal or invalid provision or portion thereof shall not affect any other provision hereof, but this Contract shall be construed and enforced as if such illegal or invalid provision had not been contained herein unless it is finally determined by a court of last resort that such provisions or portion thereof are not separable from all other provisions of this Contract, in which event, this Contract shall terminate.

SECTION 35. Energy Planning and Management Program

The Customer shall, or the Customer shall cause its Host Utility to develop or maintain and implement an Integrated Resource Plan, Small Customer Plan or other acceptable plan in accordance with the provisions of the "Energy Planning and Management Program; Integrated Resource Planning Approval Criteria" published in the FEDERAL REGISTER on March 30, 2000 (65 Fed. Reg. 16789, et seq.), and any subsequent amendments thereto, as codified at 10 C.F.R. §§ 905.1-905.40. Any failure by the Customer to maintain such standards shall not be deemed a breach of this Contract; provided, however, that if Western determines that any plan or report prepared by the Customer that the Authority relies on to satisfy its obligations under the Criteria is deemed inadequate, the Customer agrees to take any corrective action necessary and pay any penalties imposed by Western for failing to take adequate corrective action.

SECTION 36. Customer Consultation Committee and Participation

(a) The Authority shall establish a Customer Consultation Committee, which shall be made up of Authority staff and representatives of any Customer wishing to participate. The purpose of the Customer Consultation Committee is to provide a mechanism to inform the Customer Consultation Committee members of issues under discussion among two or more of the Authority, Western, the Bureau and other entities contracting directly with Western, relating

to the Electric Service Contract, the Restated Agreement or otherwise related to the Boulder Canyon Project.

(b) The Authority shall promptly make all materials relevant to such matters in the Authority's possession available to the Customer Consultation Committee.

(c) The Customer Consultation Committee shall meet to inform the Customer Consultation Committee members of the issues under discussion, solicit input from the Customer Consultation Committee members regarding the Authority's position on such issues, and to inform the Customer Consultation Committee members of the Authority's position on such issues.

(d) The Customer members of the Customer Consultation Committee, with input from the Authority, may select up to three (3) persons to attend, with the Authority, any meeting among the Authority and Western, Reclamation or other entities contracting directly with Western relating to the above-described issues. The Authority shall allow such attendance. In the event the Customer members are unable to agree on the Customer attendees, the Authority shall select the Customer attendees.

SECTION 37. Table of Contents and Section Headings

The Table of Contents and section headings appear only as a matter of convenience and shall not be considered a part of this Contract.

SECTION 38. Amendment

Except as provided for expressly herein, neither this Contract nor any terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing executed by each party to this Contract; provided, however, that a party may waive any right or claim through a waiver signed solely by the waiving party.

SECTION 39. Applicable Law

This Contract shall be governed by, construed and enforced in accordance with the laws of the State of Arizona subject to any limitation on the Customer's limited waiver of sovereign immunity as set forth in Section 45.

SECTION 40. Recitals and Exhibits

The recitals and the exhibits to this Contract are incorporated herein by this reference and made a part hereof for all purposes.

SECTION 41. Entire Agreement

This Contract, together with the attached Exhibits A and B constitute the entire understanding between the Parties with respect to the subject matter contained herein and supersedes any prior understandings, negotiations, or agreements, whether written or oral, respecting the subject matter; provided however, that by mutual agreement, the Parties may revise Exhibits A and B without the necessity of revising the entire Agreement.

SECTION 42. Execution in Counterpart

This Contract may be executed in any number of counterparts and, upon execution and delivery by each Party, the executed and delivered counterparts together shall have the same force and effect as an original instrument as if all Parties had signed the same instrument.

SECTION 43. Conflict of Interest

This Contract is subject to cancellation pursuant to A.R.S. section 38-511.

SECTION 44. Arbitration in Superior Court

As required by A.R.S. Section 12-1518, the Authority and the Customer agree to make use of arbitration in disputes that are subject to mandatory arbitration pursuant to A.R.S. Section 12-133.

SECTION 45. Dispute Resolution With Tribal Entities

If Customer is a Tribal Entity, as defined in this Contract, Customer agrees to a limited waiver of sovereign immunity solely as to arbitration of and litigation in federal district court for enforcement of the Contract by the Authority related to Customer’s obligations under this Contract. Aside from this limited waiver, nothing in this Contract, or in any current or future attachments, exhibits, or amendments, is intended to be or shall be construed as a waiver of such Customer’s sovereign immunity. The Parties understand and agree that neither this Contract nor any underlying law or procedure abrogates or waives Customer’s sovereign immunity from suit in any state or federal court or confers jurisdiction on any such court.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed by their proper officers, respectively, being thereunto duly authorized, and their respective corporate seals, if any, to be hereto affixed, as of the day, month and year first above written.

ARIZONA POWER AUTHORITY

Chairman

Attest:

Secretary

[Insert Name of Customer]

Attest:

Secretary

EXHIBIT A

DELIVERY CONDITIONS

1. This Exhibit A, under and as part of this Contract, shall become effective October 1, 2017, and shall remain in effect until superseded by another Exhibit A; as approved by the Authority and the Customer; provided that this Exhibit A or any superseding Exhibit A shall be terminated upon expiration of this Contract
2. **POINT OF DELIVERY:** The Authority shall make Hoover Capacity and Energy available to the Customer at the Mead 230kV Bus.

**ARIZONA POWER AUTHORITY
HOOVER CAPACITY AND
HOOVER ENERGY ALLOCATION**

1. **Capacity Allocation:** Hoover Capacity portion of Customer's Allocation in Kilowatts (kW) at the Point of Delivery:

Hoover A Capacity (kW)	Hoover B Capacity (kW)	Hoover D Capacity (kW)	Total Capacity (kW)

2. **Energy Allocation:** Hoover Energy in kilowatt hours (kWh) to be delivered or made available for delivery at the Point of Delivery:

Hoover A Energy (kWh)	Hoover B Energy (kWh)	Hoover D Energy (kWh)	Total Energy (kWh)

ARIZONA POWER AUTHORITY
TOTAL SCHEDULES A, B, D1 AND D2

Amounts At Generation

Entity	Existing APA		Existing APA		Post-2017		Post-2017		Post-2017		Post-2017	
	A Contract Amounts	B Contract Amounts	A Contract Amounts	B Contract Amounts	Schedule A Allocations	Schedule B Allocations	Schedule D2 Allocations	Schedule D1 Allocations	Schedule A Allocations	Schedule B Allocations	Schedule D2 Allocations	Schedule D1 Allocations
	KW	kWh	KW	kWh	KW	kWh	KW	kWh	KW	kWh	KW	kWh
Aguila Irrigation District	2,450	8,389,000	3,840	4,327,000	2,449	7,874,115	3,878	4,113,711	-	-	-	-
Aha Macav Power Service	-	-	-	-	-	-	-	-	332	724,371	-	-
Ak-Chin Tribe	-	-	-	-	-	-	102	108,200	-	-	-	-
Avra Valley I.D.D.	630	2,168,000	-	-	630	2,025,599	-	-	-	-	-	-
Avra Water Co-op, Inc.	-	-	-	-	-	-	-	-	100	218,184	-	-
Buckeye Water Conservation & D.D.	2,980	10,201,000	-	-	2,979	9,578,190	-	-	-	-	-	-
CAWCD	-	-	161,600	182,235,000	-	-	161,600	171,422,311	-	-	-	-
Chandler Heights Citrus I.D.	930	3,164,000	-	-	930	2,990,170	-	-	-	-	-	-
City of Avondale	-	-	-	-	-	-	-	-	547	1,193,468	-	-
City of Buckeye	-	-	-	-	-	-	-	-	670	1,461,834	-	-
City of Chandler Municipal Util. Dept.	-	-	-	-	-	-	-	-	-	-	676	1,475,854
City of Flagstaff	-	-	-	-	-	-	-	-	172	375,277	201	438,826
City of Glendale	-	-	-	-	-	-	-	-	-	-	426	930,050
City of Globe	-	-	-	-	-	-	-	-	113	246,548	115	251,070
City of Maricopa	-	-	-	-	-	-	-	-	164	357,822	-	-

ARIZONA POWER AUTHORITY
TOTAL SCHEDULES A, B, D1 AND D2

Amounts At Generation

Entity	Existing APA		Existing APA		Post-2017		Post-2017		Post-2017		Post-2017	
	A Contract Amounts	B Contract Amounts	kW	kWh	Schedule A Allocations	Schedule B Allocations	Schedule C Allocations	Schedule D Allocations	Schedule E Allocations	Schedule F Allocations	Schedule G Allocations	Schedule H Allocations
	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh
City of Mesa	-	-	-	-	1,487	1,587,990	-	-	-	-	-	-
City of Peoria	-	-	-	-	-	-	-	-	691	1,508,602	-	-
City of Phoenix	-	-	-	-	-	-	-	-	3,000	6,548,646	-	-
City of Safford	-	-	2,080	2,345,000	2,101	2,228,702	-	-	-	-	-	-
City of Scottsdale	-	-	-	-	-	-	-	-	2,366	5,165,487	-	-
City of Sedona	-	-	-	-	-	-	111	242,184	-	-	-	-
City of Sierra Vista	-	-	-	-	-	-	204	445,096	-	-	-	-
City of Tempe Public Works Dept.	-	-	-	-	-	-	-	-	241	526,155	-	-
City of Tucson Water Dept.	-	-	-	-	-	-	-	-	1,248	2,724,653	-	-
City of Williams	-	-	-	-	-	-	825	1,800,020	-	-	-	-
City of Yuma	-	-	-	-	-	-	996	2,173,114	-	-	-	-
Cortaro-Marana Irrigation District	6,440	22,003,000	-	-	6,439	20,702,909	-	-	-	-	-	-
Duncan Valley Electric Cooperative	-	-	-	-	-	-	700	1,527,269	-	-	-	-
Electrical District No. 2 Pinal	19,450	66,473,000	-	-	19,445	62,520,276	-	-	-	-	-	-
Electrical District No. 3 Pinal	15,900	54,351,000	-	-	15,896	51,109,401	-	-	-	-	-	-

ARIZONA POWER AUTHORITY
TOTAL SCHEDULES A, B, D1 AND D2

Entity	Existing APA		Existing APA		Post-2017		Post-2017		Post-2017		Post-2017		Post-2017	
	A Contract Amounts	B Contract Amounts	A Contract Amounts	B Contract Amounts	Schedule A Allocations	Schedule B Allocations	Schedule C Allocations	Schedule D Allocations	Schedule E Allocations	Schedule F Allocations	Schedule G Allocations	Schedule H Allocations	Schedule I Allocations	Schedule J Allocations
	<u>KW</u>	<u>kWh</u>	<u>KW</u>	<u>kWh</u>	<u>KW</u>	<u>kWh</u>	<u>KW</u>	<u>kWh</u>	<u>KW</u>	<u>kWh</u>	<u>KW</u>	<u>kWh</u>	<u>KW</u>	<u>kWh</u>
Electrical District No. 4 Pinal	19,450	66,473,000	-	-	19,445	62,520,276	-	-	-	-	-	-	-	-
Electrical District No. 5 Pinal	14,770	50,476,000	-	-	14,767	47,479,399	-	-	-	-	-	-	-	-
Electrical District No. 6 Pinal	8,360	28,579,000	-	-	8,358	26,872,947	-	-	-	-	-	-	-	-
Electrical District No. 7 Maricopa	10,500	35,902,000	-	-	10,498	33,753,554	-	-	-	-	-	-	-	-
Electrical District No. 8 Maricopa	13,390	45,749,000	10,810	12,185,000	13,387	43,042,373	10,917	11,580,553	-	-	-	-	-	-
Franklin Irrigation District	-	-	-	-	303	974,217	-	-	-	-	-	-	-	-
Gila Valley Irrigation District	-	-	-	-	910	2,925,865	-	-	-	-	-	-	-	-
Graham County Electric Cooperative	-	-	-	-	-	-	-	-	1,000	2,181,842	312	681,163	-	-
Grover's Hill Irrigation District	-	-	-	-	100	321,524	-	-	-	-	-	-	-	-
Harquahala Valley Power District	2,490	8,495,000	-	-	2,490	8,005,939	-	-	-	-	-	-	-	-
Hohokam I.D.D.	-	-	-	-	100	321,524	-	-	-	-	-	-	-	-
Hualapai Tribe	-	-	-	-	-	-	-	-	100	218,184	-	-	-	-
Hyder Valley I.W.D.D.	-	-	-	-	100	321,524	-	-	-	-	-	-	-	-
Maricopa County M.W.C.D.	8,840	30,215,000	-	-	8,838	28,416,261	-	-	-	-	-	-	-	-
Markham I.W.C.D.	-	-	-	-	100	321,524	-	-	-	-	-	-	-	-

Amounts At Generation

ARIZONA POWER AUTHORITY
TOTAL SCHEDULES A, B, D1 AND D2

Amounts At Generation

Entity	Existing APA		Existing APA		Post-2017		Post-2017		Post-2017		Post-2017	
	A Contract Amounts	B Contract Amounts	kWh	kWh	Schedule A Allocations	Schedule B Allocations	Schedule D2 Allocations	Schedule D1 Allocations	Schedule A Allocations	Schedule B Allocations	Schedule D2 Allocations	Schedule D1 Allocations
	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh
McMullen Valley W.C.D.D.	3,800	12,974,000	5,290	5,970,000	3,800	12,217,899	5,342	5,666,695	-	-	-	-
Metropolitan D.W.I.D.	-	-	-	-	-	-	-	-	-	-	-	390,796
Mohave Electric Cooperative	-	-	-	-	-	-	-	-	1,000	2,181,842	1,145	2,499,781
Mohave Valley I.D.D.	-	-	-	-	390	1,253,942	-	-	-	-	-	-
Navopache Electric Cooperative	-	-	-	-	-	-	-	-	1,000	2,181,842	888	1,938,695
Northern Arizona I.D.P.P.	-	-	-	-	-	-	-	-	-	-	246	537,071
Ocotillo W.C.D.	2,390	8,175,000	-	-	2,115	6,800,225	-	-	-	-	-	-
Page Utility Enterprises	-	-	1,040	1,173,000	-	-	1,050	1,113,821	-	-	-	-
Queen Creek I.D.	1,770	6,043,000	-	-	1,770	5,690,969	-	-	-	-	-	-
Roosevelt I.D.	3,220	11,020,000	-	-	3,219	10,349,847	-	-	-	-	-	-
Roosevelt W.C.D.	6,760	23,106,000	-	-	6,759	21,731,784	-	-	-	-	-	-
Salt River Project	38,790	132,589,000	-	-	38,782	124,693,307	-	-	-	-	-	-
San Tan I.D.	520	1,777,000	-	-	520	1,671,923	-	-	-	-	-	-
Silverbell I.D.D.	710	2,417,000	-	-	710	2,282,818	-	-	-	-	-	-
Silvercreek I.D.	-	-	-	-	100	321,524	-	-	-	-	-	-

ARIZONA POWER AUTHORITY
TOTAL SCHEDULES A, B, D1 AND D2

Amounts At Generation

Entity	Existing APA		Existing APA		Post-2017		Post-2017		Post-2017		Post-2017	
	A Contract Amounts	B Contract Amounts	A Contract Amounts	B Contract Amounts	Schedule A Allocations	Schedule B Allocations	Schedule D2 Allocations	Schedule D1 Allocations				
	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh
St. David I.D.	-	-	-	-	81	260,434	-	-	-	-	-	-
Saffur Springs Vly. Elect. Cooperative	-	-	-	-	-	-	1,000	2,181,842	2,731	5,962,361	-	-
Tonopah I.D.	1,550	5,297,000	-	-	1,549	4,880,402	-	-	-	-	-	-
Town Of Fredonia	-	-	-	-	-	-	100	218,184	-	-	-	-
Town of Gilbert	-	-	-	-	-	-	1,000	2,181,842	-	-	-	-
Town of Oro Valley	-	-	-	-	-	-	203	442,914	-	-	-	-
Town of Payson	-	-	-	-	-	-	173	377,459	119	259,803	-	-
Town of Thatcher	-	-	1,050	1,185,000	-	1,060	1,124,429	-	-	-	-	-
Town of Wickenburg	-	-	2,290	2,560,000	-	2,313	2,453,588	-	-	-	-	-
Trico Electric Cooperative	-	-	-	-	-	-	1,000	2,181,842	3,000	6,549,646	-	-
Wellton-Mohawk I.D.D.	2,910	9,953,000	-	-	2,910	9,356,339	-	-	-	-	-	-
TOTAL	189,000	645,989,000	188,000	212,000,000	190,869	613,689,000	189,860	201,400,000	11,510	25,113,000	17,584	38,389,659

Attachment 2

Scheduling and Operating Requirements

[Drafting Note: APA Staff will prepare.]