BOARD OF TRUSTEES

Richard Katschke, President Cory Lytle, Vice President Lorin Wilkin, Trustee Cory Wadsworth, Trustee Paul Donohue, Trustee



Dane Bradfield General Manager Phone: (775) 728-8200 Fax: (775) 728-4100

P.O. Box 910 Panaca, Nevada 89042

October 07, 2025 NOTICE OF MEETING

A regular meeting of the Board of Trustees will be held at the office of Lincoln County Power District No. 1 at 201 Bullionville Road, Panaca, Nevada at 9:00 a.m. on Monday, October 13th, 2025.

AGENDA

- A. Pledge of Allegiance
- B. Confirmation of Compliance with the Nevada Open Meeting Law Minimum Public Notice requirements.
- C. Public Comment.
- D. Minutes of the meeting held on September 08th, 2025. (For Possible Action)
- E. Presentation of LCRESC by SIXCO. (Discussion)
- F. Estuary Power Presentation on Current & Future projects. (Discussion)
- G. Apache II Solar Purchase Power Agreement. (For Possible Action)
- H. Metered Subsystem Agreement between AEPCO & LCPD. (For Possible Action)
- I. AEPCO LCPD Power System Operation Service Letter Agreement. (For Possible Action)
- J. Purchase Power Adjustment Rate. (For Possible Action)
- K. General Manager's report. (Discussion)
- L. Construction and Maintenance Manager's report. (Discussion)
- M. Engineering and Operations Manager's report. (Discussion)
- N. Administrative Manager's report. (Discussion)
- O. Director's Comments. (Discussion)
- P. Future Agenda Items. (Discussion)
- Q. Public Comment.
- R. Adjournment.

Dane Bradfield, General Manager

The Board, at its discretion, may take any item out of the order listed on the agenda to accommodate the public or the Board. Items may be combined or removed from the agenda at any time. Public comment may be made on issues posted on the agenda and on the discussion of those items. No action will be taken on any items raised during the public comment period.

This Notice has been posted on the date hereof at the following locations: Lincoln County Courthouse, US Post Office at Pioche, Lincoln County Telephone Office in Pioche, the Panaca Market and the US Post Office in Panaca, and the Lincoln County Power District Office in Panaca. Additional supporting materials relating to the agenda have been provided to the Board and may be requested by a member of the public by providing that request to the email address lcpd1@lcpd1.com. A copy of these supporting materials is also available at 201 Bullionville Road, Panaca, Nevada.

AGENDA ITEM D Minutes of meeting held on September 8th, 2025

Draft minutes are attached for review and action.

Lincoln County Power District No. 1 Panaca, Nevada

A regular meeting of the Board of Trustees of the Lincoln County Power District No. 1 (Lincoln County Power) duly held at 201 Bullionville Road, Panaca, Nevada at 9:00 a.m. on September 8, 2025.

Posted notice of the meeting and agenda at the following locations on September 3, 2025, in conformance with the Nevada Open Meeting Law Minimum Public Notice requirements: Lincoln County Courthouse, U.S. Post Office at Pioche, Lincoln County Telephone System Office, Lincoln County Power Office, Panaca Market, and the U.S. Post Office at Panaca.

President Richard Katschke called the meeting to order at 9:00 a.m.

The following were present: President Richard Katschke, Vice President Cory Lytle, Board Members Lorin Wilkin, and Paul Donohue. Staff members present were General Manager Dane Bradfield, Engineering and Operations Manager Kyle Donohue, Construction Manager Dell O'Connor, Office Manager Missy Cheeney, Engineering Technician Justin Holt, and Clerk Louise Carlson.

- <u>A.</u> <u>Pledge of Allegiance:</u> Lorin Wilkin led the pledge of allegiance.
- B. Confirmation of Compliance with the Nevada Open Meeting Law's

 Minimum Public Notice requirements: Dane Bradfield stated that Lincoln County Power had posted the agenda in conformance with the Nevada open meeting law posting requirements.
- <u>C.</u> <u>**Public Comments:**</u> There were no public comments.
- <u>D.</u> <u>Minutes of meeting held on August 11, 2025 (for Possible Action):</u> Cory Lytle made a motion to approve the minutes as written. Cory Wadsworth seconded the motion. The motion passed by unanimous vote.
- E. Election of Nevada Rural Electric Association (NREA) voting delegate and alternate (for Possible Action): Dane Bradfield informed the Board of the upcoming annual NREA meeting with members. Need to nominate and elect a voting delegate and an alternate. There was some discussion about current and previous delegates and alternates. Cory Lytle made a motion to keep Dane Bradfield as voting delegate, and Cory Lytle as alternate. Lorin Wilkin seconded the motion. The motion passed by unanimous vote.
- E. LCPD1 Medium- and Long-Term Investments (for Possible Action): Dane Bradfield presented the available long-term investment rates. Needs the Board to choose amount and term. Reviewed current short-term options, amount liquid, cost of transformer at Tortoise, and mutual aid agreements in case of emergencies. Lorin Wilkin made a motion to invest one million dollars in an eleven-year term. Paul Donohue seconded the motion. The motion passed by unanimous vote.

Lincoln County Power District No. 1 Panaca, Nevada

- <u>G.</u> <u>Presentation on Pole Testing Procedures (Discussion):</u> Justin Holt explained pole testing required by insurance but is a good maintenance tool. He demonstrated the pole tester describing the procedure, and defined the grading system. If a pole fails, a red tag posted on the pole, flagged in the system, and replacement scheduled within one year. Visual inspections with pictures collected and posted also. Crews always do a "thump" test before climbing any pole.
- H. Cyber Security Update (Discussion): Richard Wilson outlined the importance of cyber security. 95% of breach's care caused by employees. Preventing this means limiting access, quarterly training, multi-factor authentication, plus individual computer monitoring. LCPD1 uses Cisco Umbrella for DNS blocker and fire wall, controls who has access whether a customer or presenter. Pure Storage for server backups along with NISC cloud. Meraki Firewall show all users on the network and what they are doing.
- <u>I.</u> <u>Legal Discussion (Closed Session):</u> Cory Wadsworth made a motion to close the session. Cory Lytle seconded the motion. The motion passed by unanimous vote.

Cory Lytle made a motion to open the session. Lorin Wilkin seconded the motion. The motion passed by unanimous vote.

- <u>J.</u> <u>Items Related to Agenda Item I (for Possible Action):</u> No action taken.
- <u>K.</u> <u>General Manager' report (Discussion):</u> Dane Bradfield presented his monthly report to the Board:
- Call response center went live on 8/26. Has worked well so far.
- PPAC typically adjusted in October. Currently looking at possibly a price drop. Working on new calculation using Hoover as part of PPAC costs.
- Parker-Davis Dam allotment offered 28 megawatts with a 20-year contract. Transmission should include no wheeling fees. Ran calculations with AEPCO on expected market prices. Need to consider de-escalating Hoover. This resource could also go down like Hoover. Application is due by 9/18. There was some discussion about how much to contract for, can not sell, can only sell hedge. Dane Bradfield to complete application for 12.5 megawatts.
- Estuary at Coyote Springs (CS) requesting 600 MW solar generation. NV Energy to build 500kv line, LCPD1 will meter. This moved transmission point from Tortoise to CS.
- Next meeting on Columbus Day, wondering if anyone has problem with that.
- Western Electricity Coordinating Council (WECC) and Arizona Electric Power Cooperative (AEPCO) on-site for meeting.
- <u>L.</u> <u>Construction and Maintenance Manager's Report (Discussion):</u> Dell O'Connor discussed the following with the Board:
- Panaca underground project completed.
- LC Courthouse project in progress.
- Installed new services in Elkview and Caliente RV.
- Starting underground at Cathedral Park.
- Ordering material for fire station.
- Caliente outage caused by old splice failure while crew working on line. Line hit bucket

Lincoln County Power District No. 1 Panaca, Nevada

which caused outage lasting about 1 hour. No one injured.

- Meadow Valley outage caused by failed insulator.
- Alan Cole passed Journey Lineman test. Zachary Robbins passed two out of three tests for second year test.

M. Engineering and Operations Manger's Report (Discussion): Kyle

Donohue discussed the following with the Board:

- Planning to replace all breakers in Panaca substation.
- WECC compliance at Estuary regarding transmission.
- Receiving lots of new service estimates.
- Tempuite Mine requested three services.
- <u>N.</u> <u>Administrative Manager's Report (Discussion):</u> Missy Cheeney discussed the following with the Board:
- Balance sheet looks good. Cash flows are positive.
- O. <u>Directors Comments</u>: There was some discussion on Estuary plans changing often, farmer's PPAC concerns and complaining using an Arizona company Arizona Electric Power Cooperative (AEPCO) instead of local.
- <u>P.</u> <u>Future agenda items:</u> Kim with Estuary attending October Board meeting.
- O. Public Comment: None.
- <u>R.</u> <u>Adjournment:</u> Meeting adjourned at 12:00 pm.

Richard Katschke, President	_
Attest:	

Dane Bradfield, Secretary

AGENDA ITEM E Presentation of LCRESC by SIXCO

The Board will hear a presentation on the Lincoln County Renewable Energy Complex by Derick Hembd and Bill Vinnicombe of SIXCO. SIXCO is requesting LCPD to apply for a \$20M grant for the construction of a power line to the Crestline site. The grant is from Economic Development Administration and designed to "help communities recover from major disasters and advance recovery and growth, improving economic outcomes." Below is information on the grant as well as a slides that will be shared by SIXCO.





LCPD to LCRESC grid connection

- enabling <u>local</u> economic development at SixCo's industrial complex...and/or

EDA FY25 Grants - "Hoover Dam 2.0"

enabling <u>County-wide</u> cost
 effective/strategic electricity
 generation for LCPD and
 capacity for future
 County-wide

growth



Mission Statement

SIXCO NEVADA INC, a Nevada domestic corporation, is a consortium of innovative companies focused on infrastructure projects that facilitate U.S. bidirectional commerce and trade. The firm creates and manages private- public partnerships (P3's) and collaborations to deploy new and emerging technologies for infrastructure needs and economic development.



The lineage reaches all the way back to the original Six Companies, a world- renowned group that is credited with building the Hoover Dam along with many other projects that stretched over the West.

Leadership

























Lincoln County Renewable Energy & Sustainability Complex (LCRESC)

Pinyon Juniper is a problem...SixCo has the Solution

- Sustainable harvesting of juniper in Partnership with BLM and other state/local entities
- Biomass to Electricity/Biofuel/Biochar at Crestline Facility model for other areas
- Integrated Rail Transportation to Developed Off-take Market site specific
- Center of Excellence with Lincoln County leading efforts in Biomass utilization to various benefits/products throughout the West

















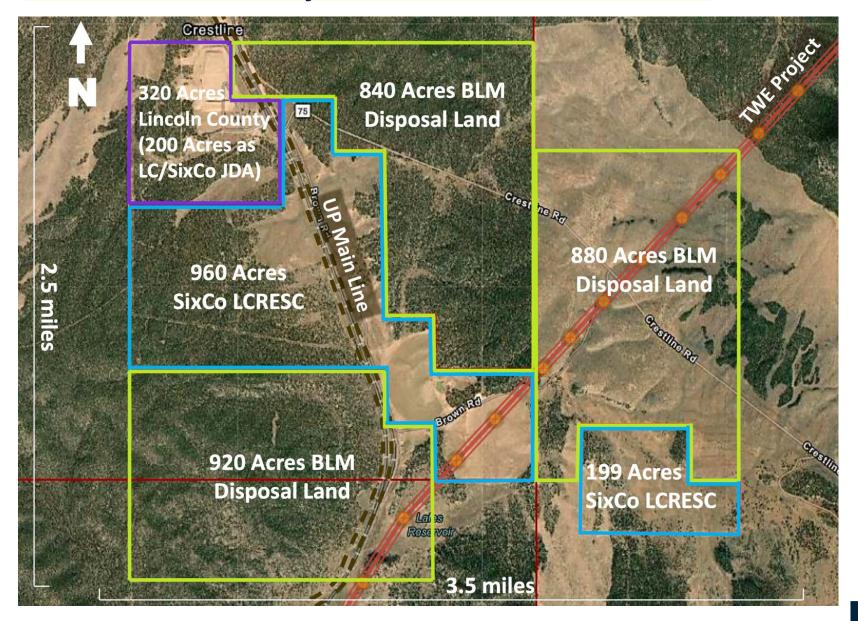








SixCo LCRESC Ecosystem at Crestline, Nevada



























Nevada/Denmark - SixCo/GreenLab - Declaration of Understanding





























SDCL is SixCo's Build/Own/Operate/Funding Partner for LCRESC Infrastructure



























SDCL is SixCo's Build/Own/Operate/Funding Partner for LCRESC Infrastructure

























SDCL is SixCo's Build/Own/Operate/Funding Partner for LCRESC Infrastructure

Why we are different

SDCL Energy & Infrastructure **Solutions has:**



Executed **\$221M** in projects and achieved a 40% reduction in carbon emissions since 2017.



Obtained \$27M in grant funding.





Executed **decarbonisation** and **modernisation** plans



Access to equity capital from ownership & investors



Leverages the entire SDCL portfolio to **provide efficient** energy solutions, including new technologies.



Streamlined and nimble approval process



















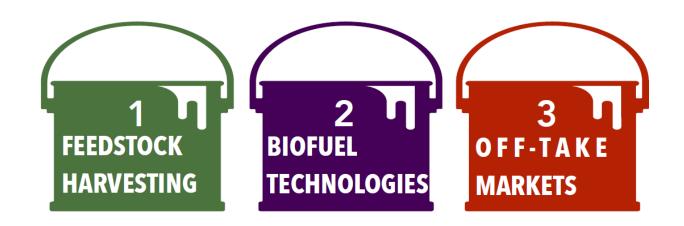








Multi-phase/Multi-year Implementation Required for Balance



SixCo has developed a multi-phase/multi-year implementation plan to incrementally develop each of the above "buckets" in a rational and sustainable manner for partners and customers

NOTE: the optimal biofuel feedstock is juniper, not pinyon pine

















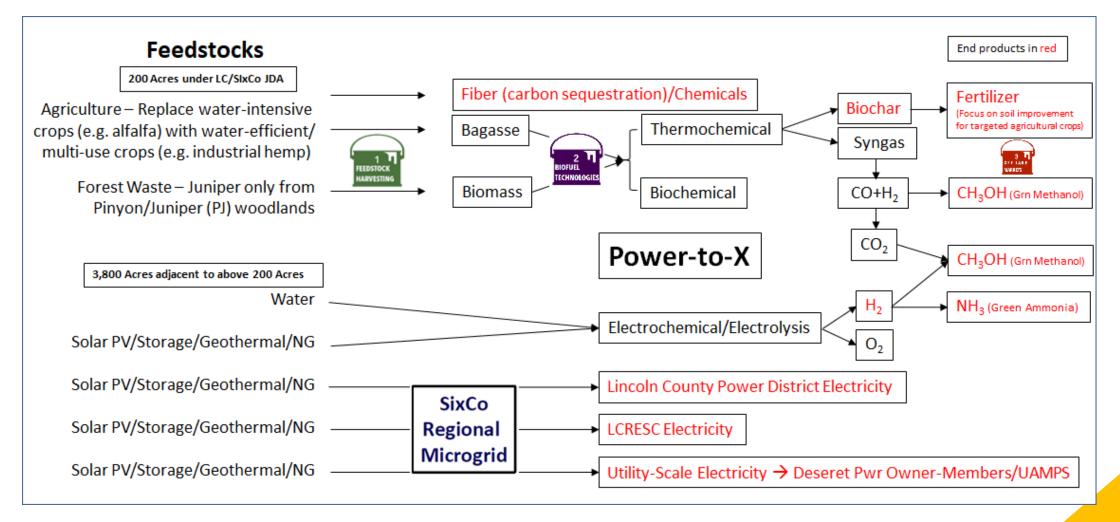






LCRESC Circular Ecosystem – September 2023+

Agriculture to Fertilizer to Agriculture

























LCRESC – Modularity Growth will require Electricity Supply Flexibility from LCPD



Juniper (only) Biomass Feedstock to Biofuels

- electricity-based pyrolysis (non-incineration)
- single module uses 20K tons/year = 2,000 acres treated
- 470kW constant electricity demand/module
- additional modules anticipated



Waste Feedstock to transportation fuels

- electricity-based pyrolysis (non-incineration)
- single module uses 11K tons/year
- 250kW constant electricity demand/module
- additional modules anticipated

Constant annual demand for 1 module each is 720kW or 5.76 million kWh (8,000hrs/yr) This demand level is expected within 12-18 months plus future growth



























Supply/Generation

- Existing Power Grid **XX MW**
- PJ Pyrolysis syngas for electricity @ 10MW / module (biochar and carbon credits)
- Natural Gas fired Combined Heat/Power
- Solar PV XXX MW @ 10 MW/installation
- Geothermal

SixCo Regional Microgrid



Load/Off-takers

- Baseload Off-taker - XX MW+ (carbon credits available)
- Industrial Park (IP) Infrastructure
- **IP Tenants electricity** (ex. data centers/biomass-to-biofuels processing)
- IP Tenants process heat



























FY2025 Disaster Supplemental **Grant Program**

Helping Communities Recover, Rebuild, and Transform Economies After Disasters

President Trump and Secretary Lutnick are committed to unleashing the potential of the American economy, affording all Americans the opportunity to pursue their version of the American dream. However, nature often has other plans when damaging storms and unforeseen destructive natural disasters occur.

This Administration champions an America First platform, and that extends to Americans needing assistance due to natural disasters. The Economic Development Administration's Fiscal Year 2025 Disaster Notice of Funding Opportunity responds to that call —we aim to seize the moment to support impacted communities to transform their local economies in new and vibrant ways.

FY2025 Disaster Supplemental Grant Program

The Economic Development Administration (EDA) FY 2025 Disaster Supplemental Grant Program makes approximately \$1.45 billion in disaster recovery funding available to American communities that received major disaster declarations due to hurricanes, wildfires, severe storms and flooding, tornadoes, and other natural disasters occurring in calendar years 2023 and 2024.























EDA Grants – Lincoln County Eligible - "Hoover Dam 2.0" - Enabling Prosperity/Growth

Activities Eligible for Disaster Funding

The FY 2025 Disaster Supplemental Notice of Funding Opportunity is not just about rebuilding—it's about transforming local economies after disaster, with an emphasis on improving communities' economic outcomes and resilience to future disasters. This funding opportunity encourages broadbased local engagement and places special emphasis on projects that involve private industry in disaster recovery and economic renewal to ensure the maximum impact for taxpayer funding to support these communities. Applicants can choose from three funding pathways based on their recovery stage, capacity, and long-term development vision.

Readiness Path

Non-construction projects to build local capacity and prepare for future implementation projects. Readiness projects include funding for recovery strategies, disaster recovery coordinators or other capacity building activities, and pre-development expenses. Grant amounts are expected to range from \$250,000 to \$500,000.

(→) Implementation Path

Standalone construction and non-construction projects that help communities recover from major disasters and advance recovery and growth, improving economic outcomes. Grant amounts are expected to range from \$2 million to \$20 million for construction projects and \$100,000 to \$5 million for non-construction projects.

Industry Transformation Path

Coalition-led, multi-project portfolios that transform regional economies through industry development. These grants can fund a mix of construction and non-construction projects. Grant amounts are expected to range from \$20 million to \$50 million.

























EDA Grants – Lincoln County Eligible - "Hoover Dam 2.0" - Enabling Prosperity/Growth

Who Can Apply?

Eligible applicants include:

- State, local, and Tribal governments
- Economic Development Districts
- · Institutions of higher education
- Economic development organizations
- Public and private non-profits working with local government
- Public-private partnerships for public infrastructure

Location Requirements

Projects must be located in, primarily serve, or demonstrably benefit one or more communities in areas that received a major disaster designation occurring in calendar years 2023 and 2024. Check eligibility here: https://www.fema.gov/disaster/declarations

Matching Fund Requirements

EDA generally expects to fund up to 80% of project costs. EDA may fund up to 100% for Tribal applicants and severely distressed applicants. Coalitions applying for the Industry Transformation grants may distribute match requirements across components.

Application Deadline

- Readiness and Implementation grant applications will be accepted and reviewed on an ongoing (rolling) basis until funds are exhausted or the Notice of Funding Opportunity is canceled.
- Industry Transformation grant applications are due on Tuesday, March 3, 2026 at 5:00 pm Eastern Time.

























EDA Grants – "Hoover Dam 2.0" - Potential Lincoln County Paths/Participants







US Economic Development Administration (EDA) - FY2025 Disaster Supplemental Grant Program - \$1.43 Billion Allocated

Targeted towards Counties declared a Disaster by FEMA in FY2023 or FY2024 - Lincoln County received this declaration in Apr 2023 due to flooding

Three Funding Pathways - each Applicant can only choose a single Funding Pathway

Pathways	1) Readiness Path	2) Implementation Path	3) Industry Transformation Path
Purpose(s)	Recovery Strategies Predevelopment Planning	Infrastructure Projects	Three Coalition-led Projects to transform regional economie through industry development
Grant Amounts	\$200K - \$500K	\$100K - \$5MM for non-construction projects \$2MM - \$20MM for construction projects	\$20MM - \$50MM
Match Requirement	0% or 20% (Applicant need based)	0% or 20% (Applicant need based)	0% or 20% (Applicant need based)
Possible Project(s)	Great Basin P-J Woodlands Management Partnership	Electrical Transmission and Distribution Lines connecting LCRESC and Lin Cty Pwr Dist (LCPD)	1) 10MW Solar from LCRESC to LCPD 2) Biomass to Biofuel (juniper) 3) Waste to Energy (Note supplemental Utah sponsored projects)
Applicant (SAM Required)	UNR	LCPD (Electricity to/from LCRESC) - see PACE App	GOED
Application Participants	The Nature Conservancy (sub-awardee) GOED LCRDA SixCo	GOED LCRDA SixCo Infrastructure Investor	Lincoln County LCRDA SixCo Each Project Developer (Build/Own/Operate)
Ownership	NA	LCPD (100%) or modified with Infrastructure Investor	GOED (1%) Lincoln County (9%) LCRESC (5%) SixCo (10%) Project Developer (75% for their specific project)



























EDA Grants – Implementation Path (2) enables Industry Transformation Path (3)







US Economic Development Administration (EDA) - FY2025 Disaster Supplemental Grant Program - \$1.43 Billion Allocated

Targeted towards Counties declared a Disaster by FEMA in FY2023 or FY2024 - Lincoln County received this declaration in Apr 2023 due to flooding

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Applicant (SAM Required)	UNR	LCPD (Electricity to/from LCRESC) - see PACE App	GOED
Application Participants	The Nature Conservancy (sub-awardee) GOED LCRDA SixCo	GOED LCRDA SixCo Infrastructure Investor	Lincoln County LCRDA SixCo Each Project Developer (Build/Own/Operate)
Ownership	NA	LCPD (100%) or modified with Infrastructure Investor	GOED (1%) Lincoln County (9%) LCRESC (5%) SixCo (10%) Project Developer (75% for their specific project)





















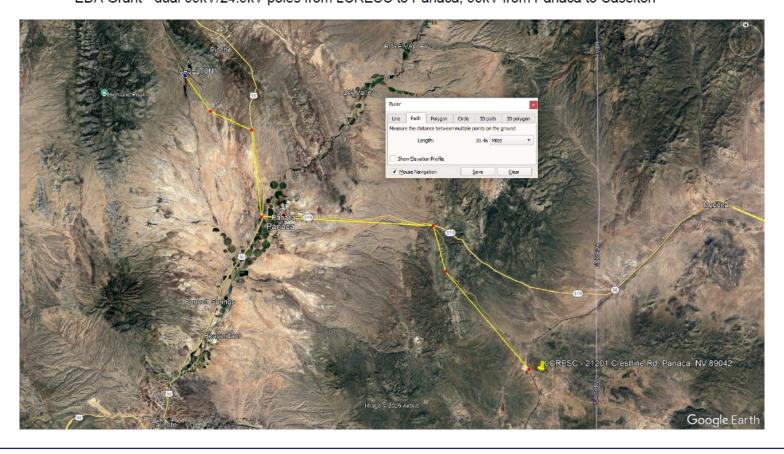






Conceptual LCPD/LCRESC Implementation Path (2) for low-cost grid resiliency/growth

SixCo/LCRESC - Lincoln County Power District No.1 (LCPD) 10MW Solar PV @ LCRESC - connect to Transmission at Prince substation (Caselton) via 69kv 24.9kV Distribution from Caselton to Panaca - extend to LCRESC EDA Grant - dual 69kV/24.9kV poles from LCRESC to Panaca; 69kV from Panaca to Caselton



Assuming successful EDA grants for Paths 2 and 3, a 10MW solar pv system at LCRESC can supply the LCPD with approximately 17.5 million kWhs of competitively priced electricity























Discussion / Action Items

- 1) Significant support for Lincoln County at Local, State and Federal levels for these EDA grants
- 2) Connecting LCPD to LCRESC with LCRESC as a LCPD customer or
- 3) LCPD applying for EDA Grants which enable LCPD connections to LCRESC at both transmission and distribution levels
- LCPD feedback on the steps involved to connect LCPD to LCPD as a customer SDCL has ability to cover costs
- LCPD feedback on the possibility of having LCPD apply for the EDA's Implementation Path (2) Grant – SDCL has the ability to cover the 20% match requirement, if any, and GOED will support the grant writing activities
- Schedule virtual working sessions before the November 10th LCPD Board Meeting so SixCo/SDCL/Ramboll can present a formal proposal related to the EDA grants at this LCPD Board Meeting





















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AGENDA ITEM F Estuary Power Presentation on Current & Future Projects

The Board will hear a presentation from Estuary Power on the Escape Solar project constructed north of Mesquite, as well as a future project being designed for the Coyote Springs area. Kim Primerino will be present to share Estuary's current and long term projects that deal with LCPD. Kim's presentation is below.





Escape Solar Project Updates and Future Development Plans

October 2025

Estuary Power Overview

- Estuary Power is a developer, owner, and operator of large-scale power generation, energy storage, and associated infrastructure facilities.
- Estuary's management team has 150 years of combined experience at Bechtel, Chevron, Longroad Energy, and leading energy investment firms.
- Estuary is 51% owned by Jill Daniel, 49% owned by Ullico Infrastructure
 Fund a \$6.3 billion infrastructure fund.
- Estuary is based in Reno and operates in Nevada and the Desert Southwest, leveraging our asset base, strong relationships, and unique local knowledge to address rapid energy demand growth in the region.
- Estuary's expertise includes renewable and conventional energy, energy storage, transmission and interconnection.
- Estuary prides itself in creative business models and financial structures and complex multi-party solutions; we have built a strong reputation as a trusted partner that executes on its commitments.
- Pipeline includes 4,435 MW generation and related storage, 4,800 MWh of stand-alone storage, 28,000 acres owned or under option serving key substations in the WECC, 4,200 MW of interconnection agreements or applications.



Installation of batteries at Escape Solar Project to serve MGM Resorts International using 500 ton crane.



Jill Daniel, Ian Daniel, and Kim Primerano from Estuary with the Escape Solar financing group at Escape Solar Project. Together the financing group has provided \$570M to the Escape project.



Escape Solar + Storage Project Overview & Update

Project Overview

- Land: Estuary purchased 2,900 acres (APNS 008-261-20 and 008-261-09) from C&O Holdings and Sharet Holdings
- Capacity: 185 MW solar + 400 MWh battery
- Point of Interconnection: Mesa Substation, owned by LCPD
- Customers: 25 MW with Overton Power District; 20 MW with Wynn; 25 MW with Caesars (Block 1); 115 MW & 400 MWh with MGM (Block 2)
- Contractors: Bechtel, Dashiell, and Tesla

Construction Progress

- Block 1: Achieved Commercial Operations in June 2025
- Block 2: Commercial Operations anticipated October 2025
- Project substation, Mesa substation upgrades, and Generationtie line completed
- Mesa substation upgrades funded by the project allow for future Lincoln County Water District pipeline

Fiscal Impacts

- Anticipated property taxes to be paid to Lincoln County in 2026:
 ~\$1.6 million
- Anticipated wheeling charges to be paid to LCPD in 2026: ~\$275,000
- Habitat Conservation Fees Paid: \$553,080



Escape Solar Block 1 - Completed & Operating



Escape Solar BESS yard, Escape Substation, Mesa Substation (Point of Interconnection)



Escape Solar + Storage Economic Benefits to LCPD and Lincoln County

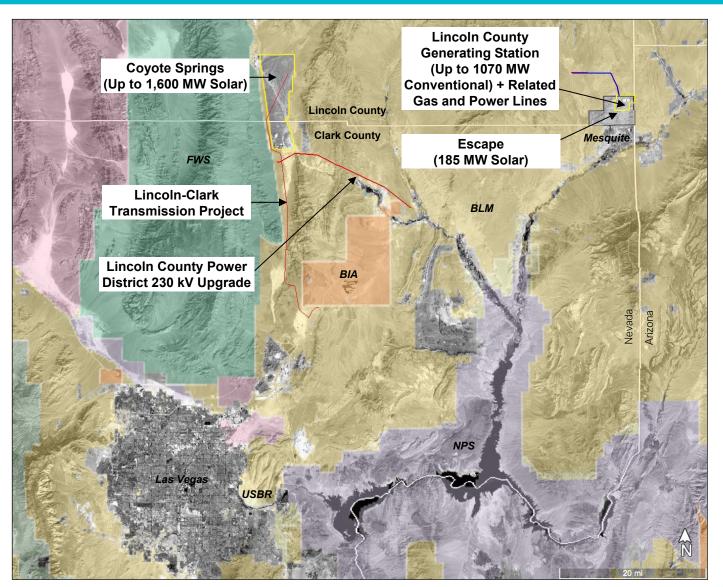
Estuary has paid over \$4 million to LCPD between 2023 and 2025 as follows:

Description	Amount
Engineering	\$558,930
Mesa Procurement and Construction (Dashiell)	\$3,048,040
Circuit Breaker Procurement	\$248,610
Energy & Wheeling	\$199,950
Temporary Power & Permanent Power Infrastructure	\$17,740
	\$4,073,270

- Estuary constructed all of the bus work and disconnect switches at LCPD's Mesa Substation to allow for an expedited future interconnection of Lincoln County Water District's planned water line
- The water line can enable future economic development of the Lincoln County Lands Act area, which would create more property tax revenue for Lincoln County
- Ongoing wheeling and monthly power purchases provide stable, recurring revenue to LCPD
- Escape Solar generates tax revenue for Lincoln County, supporting local services and economic stability that benefit LCPD's customer base



Estuary Power Southern Nevada Energy Developments





Coyote Springs Solar + Storage Project Overview

- Description: Up to 1600 MW solar + 6400 MWh BESS over three phases
 - Coyote I: 600 MW solar + 2400 MWh BESS
 - Coyote II: 600 MW solar + 2400 MWh BESS
 - Coyote III: 400 MW solar + 1600 MWh BESS

Site:

- Private land in southern Lincoln County, NV just north of Clark County Line
- Estuary holds options to purchase up to 12,600 acres of in southern Lincoln County

Interconnection:

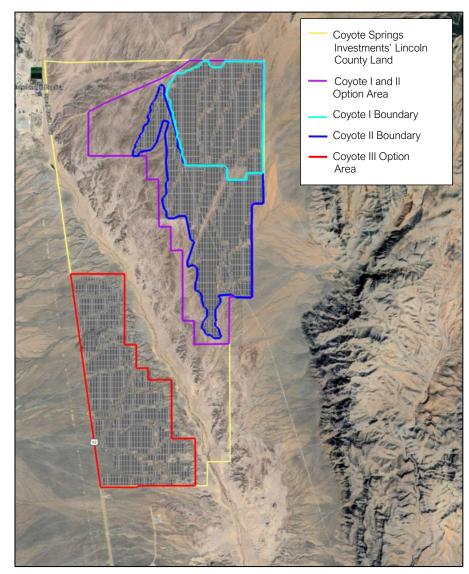
- I and II: 2 x 600 MW LGIAs at NV Energy's 500 kV Crystal Substation
- III: Intended for Tortoise or Reid Gardner at 230 kV
- Opportunity for multi-use transmission lines

Permitting:

- Transmission line, I and II: BLM Right of Way in process
- Transmission line, III: BLM; hoping to use the existing LCPD's 138kV ROW and 230kV Eastern Nevada Transmission Project ROW

Benefits to LCPD and Lincoln County:

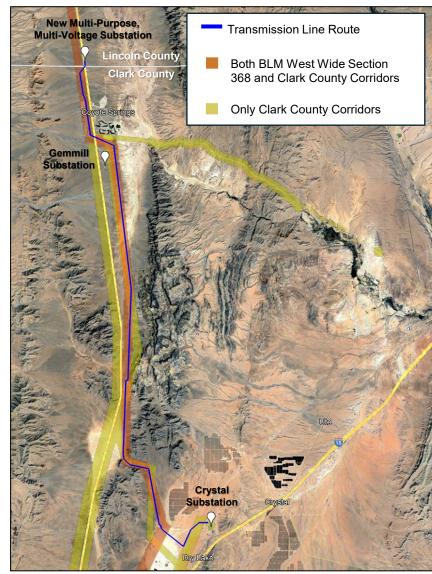
- The 230 kV line can be used to transmit solar from Coyote Springs to NV Energy and LCPD can use to transmit energy to their system, substantially reducing energy losses
- Supports long-term economic development, potentially enabling LCPD to serve new industrial, commercial, and residential growth driven by reliable and redundant transmission infrastructure





Lincoln – Clark Transmission Project Overview

- Description: 32-mile, 500 kV transmission line connecting Lincoln County to Clark County that is critical for infrastructure renewal, economic growth, and supporting new domestic energy sources
- Site:
 - Mostly on BLM-administered public land in unincorporated Clark County
 - Runs through designated utility corridors (96% in corridors)
- Interconnection: Originates at a new multi-purpose, multi-voltage substation on private land in Lincoln County and terminates at NV Energy's Crystal Substation in Clark County
- Permitting:
 - Requires federal NEPA EA and BLM ROW
 - State and local permitting underway
- Benefits to LCPD and Lincoln County:
 - Potential to consider options that could reduce LCPD's transmission losses and strengthen grid reliability
 - Enables LCPD to serve new growth drawn to the region by enhanced transmission connectivity
 - Generate tax revenue for Lincoln County, supporting LCPD's customer base





Lincoln County Generating Station Project Overview

- Description: 1,070 MW gas fired combined cycle power generating station in southeast Lincoln County, Nevada
- Site: On Estuary-owned property, adjacent to Escape Solar + Storage Project

Interconnection:

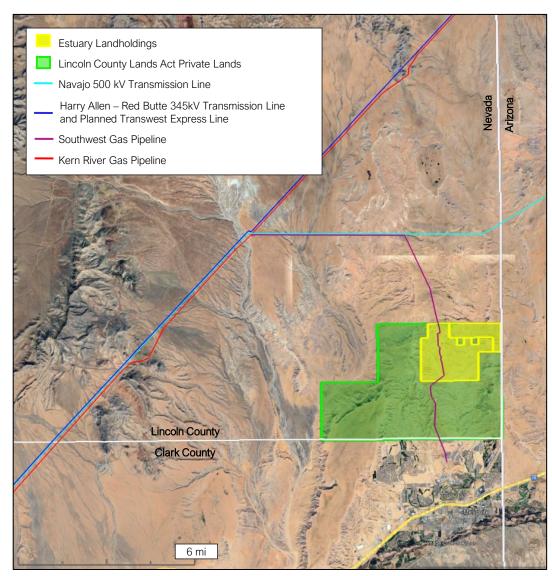
- 600 MW and 470 MW interconnection applications accepted in August 2025 on 345 kV Harry Allen-Red Butte line (NV Energy, Pacificorp)
- Near Kern River pipeline and multiple water sources

Permitting:

- Air quality permit to be submitted Q4 2025 after multiple discussions and refinements with Nevada Department of Environmental Quality
- Will require state Utility Environmental Protection Act permit, as well as Lincoln County POD, Zone Change, and Development Agreement
- Linear rights of way on BLM land in disturbed, recently permitted alignments
- Site located near, but outside of, Clark County nonattainment zone that prohibits evaporative cooling

Benefits to LCPD and Lincoln County:

- Project would encourage growth in the area and could enable the water pipeline project
- Generate tax revenue for Lincoln County, supporting LCPD's customer base





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AGENDA ITEM G Apache II Solar Purchase Power Agreement

For the Board's consideration, is the Purchase Power Agreement for the 5MW of solar energy from AEPCO's Apache II project. Highlighted in the agreement are several items to take note of.

APACHE II SOLAR CLASS D POWER PURCHASE AGREEMENT

BETWEEN

ARIZONA ELECTRIC POWER COOPERATIVE AND LINCOLN COUNTY POWER DISTRICT NO. 1

APACHE II STORAGE CLASS D POWER PURCHASE AGREEMENT **TABLE OF CONTENTS**

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This Apache II Solar Class D Power Purchase Agreement ("**Agreement**") is made and entered on ______, by and among Arizona Electric Power Cooperative, Inc., an Arizona non-profit generation and transmission cooperative corporation (hereinafter referred to as "**AEPCO**") and Lincoln County Power District No. 1 ("**LCPD**"), a non-profit power district, organized under the laws of Nevada, (hereinafter referred to as "**Participant**"). AEPCO and Participant are sometimes hereinafter referred to collectively as the "Parties" and individually as a "Party."

RECITALS

- A. AEPCO offered its Class A, B and D Members the opportunity to acquire solar energy from the Apache II Solar Project (the "Generation Facility"), an approximately 235 MW_{AC}, solar generating facility that will be located adjacent to AEPCO's Apache Generating Station, which is further described on Exhibit A attached hereto.
- B. AEPCO, Participant and other Subscribers entered into an Apache II Solar Planning and Subscription Agreement, dated September 12, 2023, ("Subscription Agreement"), to provide for a third party ("Service Provider") to develop, own, operate, and sell the output of the Generation Facility to AEPCO, pursuant to the Amended and Restated Purchase Power Agreement, dated September 24, 2024, between AEPCO and Service Provider ("Service Provider PPA").
- C. AEPCO will, in turn, sell the output to Participant based on Participant's percentage Subscription Share (as defined below) of the Generation Facility.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE I. DEFINITIONS AND INTERPRETATION

- **1.1 Definitions**. As used in this Agreement, the following terms, when capitalized, shall have the following meanings. Other capitalized terms used but not defined herein shall have their respective meanings as set forth in the Subscription Agreement or the Service Provider PPA as defined herein.
- "AEPCO Permitted Mortgagee" has the meaning specified in Section 9.2(a).
- "Affiliate" means, with respect to any person, any other person (other than an individual) that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such person. For this purpose, "control" means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.
- "Agreement" means this Apache II Solar Class D Power Purchase Agreement, including all exhibits hereto, entered into between Participant and AEPCO, for the purpose of facilitating the purchase and sale of Solar Output from the Generation Facility between Participant and AEPCO.

- "Ancillary Services" means operating reserves, regulation, reactive supply, voltage control, frequency response, other products associated with the electric generation and energy, each to the extent that the Generation Facility is capable of providing such services.
- "Approvals and Permits" means all applicable approvals, consents, franchises, permits, licenses, certificates, inspections, and authorizations required by any utility, Governmental Authority, or any other entity, including any modifications thereto, arising out of, or related to, the design, installation, operation, maintenance, and/or repair of the Generation Facility.
- "Bankrupt" means with respect to any entity, such entity (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, and such petition filed or commenced against it is not withdrawn or dismissed within thirty (30) days after such filing; (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they fall due.
- "Business Day" means any day other than Saturday, Sunday, or legal holidays for federally chartered banks in the State of Arizona.
- "Capacity Rights" means any current or future defined characteristic, certificate, tag, credit, or accounting construct associated with the amount of power that the Generation Facility can generate at a particular moment and that can be purchased and sold under market rules adopted in the region where the Generation Facility is supplying to or located.
- "Claiming Party" has the meaning specified in Section 7.1.
- "Commercial Operation" means that the conditions for commercial operation of the Generation Facility in the Service Provider PPA have been met.
- "Commercial Operation Date" means the date upon which the conditions have been met that establish the "Commercial Operation Date" in the Service Provider PPA.
- "Costs" means, with respect to the Non-Defaulting Party, third-party transaction costs and expenses, including all reasonable attorneys' fees, reasonably incurred by such Party in connection with the termination of a transaction pursuant to Section 6.2.
- "Defaulting Party" has the meaning specified in Section 6.1.
- "Delivery Point" means the Primary Delivery Point or the Secondary Delivery point, as the context requires and as further described in <u>Exhibit B</u>. For the avoidance of doubt, energy delivered directly to the Project shall be deemed to have been delivered at the Delivery Point.
- "Effective Date" means the date upon which this Agreement is executed between the Parties.

"Environmental Attributes" means all attributes, aspects, characteristics, claims, credits, benefits, reductions, offsets or allowances of an environmental nature that, at any point during the Term, are created or otherwise arise from the Generation Facility's delivery of electricity from renewable energy resources in contrast with the generation of electricity using nuclear or fossil fuels or other traditional resources. Forms of such attributes include any and all environmental air quality credits, green credits, including carbon credits, emissions reduction credits, certificates, tags, offsets, allowances, or similar products or rights, howsoever entitled, (i) resulting from the avoidance of the emission of any gas, chemical, or other substance, including mercury, nitrogen oxide, sulfur dioxide, carbon dioxide, carbon monoxide, particulate matter or similar pollutants or contaminants of air, water or soil, gas, chemical, or other substance, and (ii) attributable to the generation, purchase, sale or use of energy. Environmental Attributes include those currently existing or arising after the Commercial Operation Date under local, state, regional, federal, or international legislation or regulation relevant to the avoidance of any emission described above under any governmental, regulatory or voluntary program, including the United Nations Framework Convention on Climate Change and related Kyoto Protocol or other programs, laws or regulations. Environmental Attributes include the reporting rights related to any such attributes, aspects, characteristics, claims, credits, benefits, reductions, offsets or allowances, including the right of a person to report the ownership thereof in compliance with federal or state law, if applicable, or otherwise to a federal or state agency or any other person.

"Equitable Defenses" means any bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally, and with regard to equitable remedies, the discretion of the court before which proceedings to obtain same may be pending.

"Event of Default" has the meaning specified in Section 6.1 of this Agreement.

"Expected Commercial Operation Date" means December 1, 2025 as that date may be extended by written agreement of the Parties or pursuant to the terms of the Service Provider PPA.

"Force Majeure" means an event or circumstance which prevents one Party from performing its obligations under this Agreement, which event or circumstance is not within the reasonable control of, or the result of the negligence of, the Claiming Party, and which, by the exercise of due diligence, the Claiming Party is unable to overcome or avoid or cause to be avoided. Force Majeure shall not be based on economic hardship, including, without limitation, (i) the loss of Participant's markets; (ii) Participant's inability to economically use or resell the Solar Output purchased hereunder; (iii) AEPCO's ability to sell the Solar Output at a price greater than the rates set forth in Exhibit C, or (iv) any amendment, modification, passage of a superseding act, or repeal of any applicable law related to Environmental Attributes.

"Generation Facility" means the solar photovoltaic electric generation plant, including all electric power generation equipment, controls, meters, switches, connections, conduit, wires and other equipment connected to the Transmission Provider's Interconnection Facilities and installed and operated by Service Provider as a fixture on the Premises for the purposes of providing electric power to Participant under this Agreement. If the final capacity of the Generation Facility is different than 235 MW_{AC}, the Parties shall adjust the Participant's Subscription Share and final capacity in accordance with Section 3.4 of the Subscription Agreement.

- "Governmental Authority" means any federal, state, or local government exercising jurisdiction over either Party or the Generation Facility, including any agency, court, or instrumentality of any such government exercising executive, legislative, judicial, regulatory, or administrative functions. Governmental Authority shall not include any entity that is a Party to this Agreement.
- "Indemnified Party" has the meaning specified in Section 8.1.
- "Indemnifying Party" has the meaning specified in Section 8.1.
- "Interest Rate" means, for any date, the lesser of (a) the applicable rate of interest under AEPCO's Committed Line of Credit, or (b) the per annum rate of interest equal to the prime lending rate as may from time to time be published in *The Wall Street Journal* under "Money Rates" on such day (or if not published on such day on the most recent preceding day on which published) or (b) the maximum rate permitted by applicable law.
- "Metering Point" means the point at which the Solar Output is measured by AEPCO's metering devices as further described in Section 4.3 and Exhibit B.
- "MW_{AC}" means megawatt alternating electric current.
- "MWh" means megawatt-hour(s).
- "Non-Defaulting Party" has the meaning specified in Section 6.2.
- "O&C Committee" has the meaning specified in Section 3.5.
- "Premises" means the land on which the Generation Facility is located.
- "Primary Delivery Point" has the meaning provided in Exhibit B.
- "Project" has the meaning set forth in the recitals.
- "Prudent Utility Practice(s)" means the practices, methods, and acts (including the practices, methods, and acts engaged in or approved by a significant portion of the solar power generation industry serving public utilities, or approved by WECC and/or NERC) that, at a particular time, in the exercise of reasonable judgment in light of the facts known or that should reasonably have been known at the time a decision was made, would have been expected to accomplish the desired result in a manner consistent with law, regulation, permits, codes, standards, reliability, safety, environmental protection, economy, and expedition.
- "Replacement Price" means the price at which Participant, acting in a commercially reasonable manner, purchases and delivers to the Delivery Point, or an acceptable alternative, a replacement for any Solar Output not delivered by AEPCO, plus (i) costs reasonably incurred by Participant in purchasing such replacement for the Solar Output and (ii) additional transmission charges, if any, reasonably incurred by Participant to the Delivery Point, or at Participant's option, the market price at the Delivery Point for such Solar Output not delivered as determined by Participant in a commercially reasonable manner; provided, however, in no event shall such price include any penalties, ratcheted demand or similar charges, nor shall Participant be required to utilize or change

its utilization of its owned or controlled assets or market positions to minimize AEPCO's liability. For the purposes of this definition, Participant shall be considered to have purchased a replacement to the Solar Output to the extent Participant shall have entered into one or more arrangements in a commercially reasonable manner whereby Participant repurchases its obligation to sell and deliver the Solar Output to another party at the Delivery Point.

"Representative" means a Party's employee, officer, director, member, manager, contractor, agent, accountant, or attorney.

"Sales Price" means the price at which AEPCO, acting in a commercially reasonable manner, resells any Solar Output not received by Participant, deducting from such proceeds any (i) costs reasonably incurred by AEPCO in reselling such Solar Output and (ii) additional transmission charges, if any, reasonably incurred by AEPCO in delivering such Solar Output to the third party purchasers, or at AEPCO's option, the market price at the Delivery Point for such Solar Output not received as determined by AEPCO in a commercially reasonable manner; provided, however, in no event shall such price include any penalties, ratcheted demand or similar charges, nor shall AEPCO be required to utilize or change its utilization of its owned or controlled assets, including contractual assets, or market positions to minimize Participant's liability. For purposes of this definition, AEPCO shall be considered to have resold such Solar Output to the extent AEPCO shall have entered into one or more arrangements in a commercially reasonable manner whereby AEPCO repurchases its obligation to purchase and receive the Solar Output from another party at the Delivery Point.

"Scheduled Outage" has the meaning specified in Section 3.3.

"Service Provider" has the meaning set forth in the recitals.

"Secondary Delivery Point" means an alternative point requested by Participant and as agreed by AEPCO, pursuant to the provisions of Section 4.8, to deliver Solar Output, as further described in **Exhibit B**.

"Service Provider PPA" has the meaning set forth in the recitals.

"Solar Output" means the Participant's Subscription Share of all of the alternating current electricity and VAR (KVar) output produced by the Generation Facility and delivered to the Delivery Point, as measured at the Metering Point, less station power use for the Generation Facility and, as applicable, the Project, , on a unit-contingent basis, as well as all Ancillary Services, Capacity Rights and Environmental Attributes generated by the Generation Facility.

"Step-up Obligation" shall have the meaning set forth in Section 2.1.2.

"Subscribers" shall mean all entities that have a Subscription Share of the Solar Output.

"Subscription Agreement" has the meaning set forth in the recitals.

"Subscription Share" shall mean a percentage share of the cost responsibility and right to the Solar Output of the Generation Facility, which for Participant is 2.1%, as may be modified from time to time pursuant to Section 2.1.2 and Section 6.5.

"Taxes" means any federal, state and local ad valorem, property, occupation, generation, privilege, sale, use, consumption, excise, transaction, and other taxes, regulatory fees, surcharges or other similar charges, but shall not include any income taxes or similar taxes imposed on AEPCO's revenues due to the sale of Solar Output under this Agreement, which shall be AEPCO's responsibility.

"Term" has the meaning specified in Section 2.2.

"Test Energy" means all Solar Output generated by the Generation Facility and delivered to Participant during the Test Period, which is reasonably related to necessary testing and commissioning of the Generating Facility.

"Test Period" means the period commencing on the day the Generation Facility is energized, operates in parallel with AEPCO's transmission system, and delivers Solar Output to the Delivery Point and ending on the Commercial Operation Date.

"Transmission Provider's Interconnection Facilities" means all facilities and equipment owned, controlled, and/or operated by Transmission Provider including any modifications, additions or upgrades to such facilities and equipment as described in Exhibit A.

"Unscheduled Outage" has the meaning specified in Section 3.4.

1.2 Usage of Certain Terms and Phrases. Unless the context or express provisions of this Agreement otherwise requires, (a) words of any gender include each other gender; (b) words using the singular or plural number also include the plural or singular number, respectively; (c) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Agreement; and (d) the terms "Article," "Provision" or "Section" refer to the specified Article, Provision or Section of this Agreement. Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified. Any reference to a person or firm includes its successors and assigns. References to articles, sections, exhibits, appendices, schedules, and attachments means the articles, sections, exhibits, appendices, schedules, and attachments of this Agreement. References to this "Agreement" include any relevant articles, sections, exhibits, appendices, schedules, and attachments of this Agreement. If any payment, or performance of any non-monetary obligation, is due on a day that is not a Business Day, it shall be deemed due the next following Business Day. "Include" or "including" shall be deemed to be followed by "without limitation."

ARTICLE II. CONDITIONS OF SERVICE

2.1 Conditions Precedent; Step-up Obligation; Replacement of Subscription Agreement.

- 2.1.1 The effectiveness of this Agreement and the Parties' obligations hereunder shall be expressly conditioned upon approval by each Party's governing board and receipt of all necessary Approvals and Permits.
- 2.1.2 The Parties acknowledge and agree that Participant (and each Subscriber to the Solar Output and Storage Product pursuant to the terms of such Subscriber's power

- purchase agreement with AEPCO related to the Project) is obligated to, and shall, increase its Subscription Share to the Revised Subscription Share in the event that AEPCO experiences an Event of Default with a Subscriber, as provided in Section 6.5 ("Step-up Obligation").
- 2.1.3 The Parties acknowledge and agree that on the Commercial Operation Date, the terms and conditions of the Subscription Agreement shall be superseded in their entirety by the terms and conditions of this Agreement, except that Section 7 of the Subscription Agreement and any other provisions of the Subscription Agreement required to give effect to the intent of the parties as to Section 7 shall survive and remain in full force and effect in accordance with the terms thereof.
- **2.2 Term.** This Agreement shall commence on the Effective Date and shall continue for a period that is twenty (20) years from the Commercial Operation Date ("**Term**"). Upon termination of the Agreement, Participant shall have no further obligation related to the Generation Facility or right to Solar Output.
- **2.3 Termination**. In addition to a termination for an Event of Default under Article VI, AEPCO may terminate this Agreement without liability to Participant if AEPCO terminates the Service Provider PPA due to a Service Provider event of default.

ARTICLE III. INSTALLATION AND OPERATION OF THE GENERATION FACILITY

- **3.1 Service Provider PPA**. As between the Parties, AEPCO shall be directly responsible for all costs and the performance of all obligations under the Service Provider PPA. AEPCO shall not agree to amend the Service Provider PPA without Participant consent if such amendment would materially impact the costs or terms of service.
- 3.2 Commercial Operation. AEPCO shall use commercially reasonable efforts to cause the Generation Facility to achieve Commercial Operation on or before the Expected Commercial Operation Date. If Commercial Operation will not be achieved by the Expected Commercial Operation Date, AEPCO shall provide notice to Participant and shall work with Service Provider to cause the Generation Facility to achieve Commercial Operation. Further, subject to Article VII, to the extent failure to achieve Commercial Operation by the Expected Commercial Operation Date entitles AEPCO to liquidated damages under the Service Provider PPA, AEPCO shall pass such liquidated damages through to Participant based on Participant's Subscription Share.
- 3.3 Interruption of Service Scheduled Outages. The scheduled interruption from time to time of the Generation Facility may be necessary in order to install, operate, maintain, or repair the Generation Facility ("Scheduled Outages"). AEPCO shall provide Participant with a notice of the Scheduled Outages on an annual basis and shall update such notice quarterly to reflect any known changes to the Scheduled Outages. AEPCO shall consult with Participant regarding any Scheduled Outage periods and shall use commercially reasonable efforts to coordinate Scheduled Outages with Service Provider in a manner which minimizes cost and disruption to Participant. AEPCO shall have no liability or otherwise have an obligation to deliver Solar Output to Participant in the event of a Scheduled Outage.

- 3.4 Interruption of Service Unscheduled Outages. The interruption from time to time of the Generation Facility may be required in the case of an emergency or unexpected interruption of the Generation Facility ("Unscheduled Outages"). In the event of an Unscheduled Outage, AEPCO will use commercially reasonable efforts to respond within one (1) Business Day following notification either by remote monitoring systems or by Participant of such Unscheduled Outage, and will cause Service Provider to complete needed repairs as soon as reasonably practicable and in accordance with Prudent Utility Practice and the terms of the Service Provider PPA to restore the Generation Facility to operation. AEPCO shall have no liability or otherwise have an obligation to deliver Solar Output to Participant in the event of an Unscheduled Outage. For the avoidance of doubt, Unscheduled Outages include curtailments of the Solar Output imposed by a transmission provider, balancing authority area, reliability coordinator, or similar entity for reliability, emergency, or similar purposes.
- **3.5 Operation and Construction Committee.** The Apache II Solar Operation and Construction Committee ("**O&C Committee**") formed pursuant to Section 7 of the Subscription Agreement shall continue for the Term of this Agreement and shall have the same representation and responsibilities with respect to the operation and maintenance of the Generation Facility as provided in the Subscription Agreement.
- 3.6 **Test Energy**. Participant shall purchase its Subscription Share of all Test Energy from the Generation Facility provided at the Delivery Point at fifty percent (50%) of the rates provided for in Exhibit C. AEPCO shall provide week-ahead and day-ahead schedules of expected production of Test Energy.

ARTICLE IV. POWER PURCHASE REQUIREMENT

4.1 Purchase and Sale of Output of the Generation Facility.

- a) Commencing on the Commercial Operation Date and continuing throughout the Term, AEPCO shall sell and deliver to Participant at the Delivery Point, and Participant shall receive and purchase from AEPCO, at the rates provided for in Exhibit C, Participant's Subscription Share of the Solar Output from the Generation Facility, pursuant to the terms of this Agreement.
- b) If AEPCO fails to deliver the Solar Output and such failure is not excused under the terms of this Agreement, AEPCO shall reimburse Participant for the positive difference, if any between the Replacement Price and the applicable rate in Exhibit C, but Participant shall not be entitled to terminate this Agreement or to withhold payments required to be made pursuant to this Agreement except as provided in Section 6.1(a).
- c) If Participant fails to receive the Solar Output and such failure is not excused under the terms of this Agreement, AEPCO shall make commercially reasonable efforts to remarket the Solar Output and Participant shall pay AEPCO the positive difference, if any, between the applicable rate in Exhibit C and the Sales Price but AEPCO shall not be entitled to terminate this Agreement or to withhold payments required to be made pursuant to this Agreement except as provided in Section 6.1(a).

4.2 Generation Delivery Costs.

- a) Solar Output produced by the Generation Facility will be metered and allocated based on the Subscription Share of Participant and delivered to either: (i) Participant at the Primary Delivery Point unless Participant requests delivery to a Secondary Delivery Point in accordance with the terms of Section 4.8; or (ii) the Project for storage and later delivery to Participant, each in accordance with Participant's scheduling instructions or, in the absence of such scheduling instructions, in accordance with AEPCO's good faith business judgment.
- b) AEPCO shall bill Participant for generation delivery charges as set forth in **Exhibit D**.
- c) Except as provided in this Section 4.2.c, Participant shall arrange and be responsible for any third party transmission service required to deliver power from the Delivery Point, to Participant load and shall schedule or arrange for scheduling services with all applicable transmission providers to accept scheduled energy from the Delivery Point, and shall be responsible for all costs or charges imposed on or associated with the transmission service after the Delivery Point. In addition, Participant shall provide AEPCO with timely and adequately detailed information necessary for AEPCO to meet its responsibility to submit e-tags associated with delivery of the scheduled energy to the Participant. Participant and AEPCO shall agree in writing upon the format and means of communication of such information.
- d) AEPCO shall provide Generator Imbalance Service, at the rates and terms provided in its OATT, for any difference between scheduled energy and Participants allocated Solar Output.
- e) In the event AEPCO incurs cost for ancillary services in accordance with its applicable OATT, Participant shall be responsible to AEPCO for such ancillary services. Participant shall enter into the conforming AEPCO Metered Sub-system Agreement, which provides additional detail related to ancillary service requirements for transmission customers with generation on the AEPCO transmission system.
- 4.3 Metering. AEPCO shall cause to be procured, installed, and maintained all meters that may be necessary for measuring the Solar Output. Except in the instance of an emergency repair, Participant shall be given reasonable prior notice and shall have the right to be present during any inspection, test, or repair of the meters. AEPCO shall have the meters tested and inspected, at AEPCO's expense, at least annually, in accordance with Section 5.3(C) of the Service Provider PPA, and upon Participant's request, shall provide a copy of test results to Participant. AEPCO shall permit Participant or Participant's authorized agent full access to the Generation Facility's production data. AEPCO shall also permit Participant to install at its own expense its own meter at the Metering Point, but all Solar Output shall be measured and billed according to AEPCO's meter installed at the Metering Point as identified in Exhibit B. In addition, Participant may request a test of the metering equipment at any time, upon no less than ten (10) Business Days' prior written notice and during normal business hours, and the costs of any such test shall be borne solely by Participant. Any adjustment made for inaccurate meters pursuant to Section 5.4 of the Service Provider PPA shall be applied to Participant according to Participant's Subscription Share.

Any correction in billings or payments resulting from a correction in the meter records shall be made in the next monthly billing or payment rendered, in accordance with Section 4.6(d). Such correction, when made, shall constitute full adjustment of any claim between AEPCO and Participant arising out of such inaccuracy of metering equipment.

- **4.4 Station Service**. The electrical requirements of the Generation Facility, including any necessary back feed power and station service power, shall be met using energy generated by the Generation Facility or energy obtained by a third-party supplier. Any associated cost shall be passed on to Participation in accordance with Participant's Subscription Share.
- 4.5 Billing and Payment. As soon as practicable after the end of each calendar month, AEPCO will render to Participant an invoice, or as a separate line-item on its existing monthly bill, for the payment obligations, if any, incurred hereunder during the preceding month. All invoices shall be due and payable in accordance with AEPCO's current billing procedures and invoice instructions, or otherwise, on or before the later of the twentieth (20th) day of each month, or the tenth (10th) day after receipt of the invoice. Participant will make payments by electronic funds transfer, or by other mutually agreeable method(s), to the account designated by AEPCO. Any amounts not paid by the due date will be deemed delinquent and will accrue interest at the Interest Rate, such interest to be calculated from and including the due date but excluding the date the delinquent amount is paid in full.

4.6 Audit Rights

- a) Participant, through its authorized representatives, shall have the right to examine and copy the records of AEPCO to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made hereunder. All costs and expenses of such audits will be the sole responsibility of the Participant. Participant will have the right to conduct such an audit no more frequently than once each calendar year.
- b) Upon request, AEPCO shall provide to Participant statements evidencing the quantities of metered Solar Output metered at the Metering Point and all costs contained within the rates set out in Exhibit C.
- c) AEPCO will maintain adequate financial records and documents to support all costs billed to Participant. Such financial records and documents will be maintained for a period of at least three (3) years following the performance and/or satisfaction of obligations arising under this Agreement or until any audit in progress is completed.
- d) If any statement is found to be inaccurate, a corrected statement shall be issued within thirty (30) days after resolution of the audit findings and any amount due by either Party to the other Party thereunder will be promptly paid, without interest, no later than the thirtieth (30th) day after receipt of the corrected statement. Notwithstanding the foregoing, no adjustment shall be made with respect to any statement or payment hereunder unless a Party questions the accuracy of such payment or statement within three (3) years after the date of such statement or payment.
- **4.7 Liquidated Damages**. To the extent AEPCO is entitled to liquidated damages due to a failure of the Generation Facility to meet the Availability Guarantee as defined in the Service

Provider PPA, AEPCO shall pass such liquidated damages through to Participant based on Participant's Subscription Share. Liquidated damages shall be applied as an offset to Participant's payment obligations, if any, incurred and owing under this Agreement and shall be reflected on Participant's invoice once such liquidated damages are received by AEPCO. In the event liquidated damages are expected to be greater than Participant's incurred and owing payment obligation for two monthly billing cycles under this Agreement, the remaining liquidated damages shall be paid to Participant.

4.8 Request for Designation of Secondary Delivery Point. Participant may request that Solar Output be delivered to a Secondary Delivery Point with a minimum advance notice of forty-eight (48) hours prior to the pre-schedule day. AEPCO's agreement to deliver Solar Output to the designated Secondary Delivery Point shall be conditioned on AEPCO's determination, in its sole and absolute discretion, that there is available capacity to deliver the Solar Output to the designated Secondary Delivery Point. In the event AEPCO determines that delivery to the designated Secondary Delivery Point is infeasible, AEPCO shall propose alternative delivery points if available.

ARTICLE V. REPRESENTATIONS AND WARRANTIES; TITLE AND RISK OF LOSS

5.1 Representations and Warranties.

On the Effective Date and on the Commercial Operation Date, each Party represents and warrants to the other Party that:

- a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;
- b) neither the execution, delivery or performance of this Agreement nor compliance herewith will (a) violate any provision of the certificate of formation or operating agreement (or other comparable governing documents) of such Party, (b) result in a violation, breach, or termination of, or constitute (with or without notice or lapse of time or both) a default under (or give rise to any right of termination, cancellation, acceleration, or any obligation to repay), any of the terms, conditions, or provisions of any indenture, mortgage, note, bond, encumbrance, license, contract, lease, franchise, permit, or other agreement to which such Party is a party, or (c) violate any order, writ, judgment, injunction, decree, statute, ordinance, rule, or regulation of any Governmental Authority applicable to such Party;
- c) the execution, delivery and performance of this Agreement is within its powers, has been duly authorized by all necessary action, and does not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;
- d) this Agreement and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms, subject to any Equitable Defenses;
- e) it is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it, which would result in it being or becoming Bankrupt;

- f) there is not pending or, to its knowledge, threatened against it or any of its Affiliates any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement;
- g) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;
- h) it is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement;
- i) it has entered into this Agreement in connection with the conduct of its business and it has the capacity or ability to make or take delivery of all Solar Output referred to; and
- j) the material economic terms of this Agreement are subject to individual negotiation by the Parties.

5.2 Title and Risk of Loss.

Title to and risk of loss related to the Solar Output shall transfer from AEPCO to Participant at the Delivery Point. AEPCO warrants that the Solar Output will be free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person arising prior to the Delivery Point. AEPCO shall further deliver all Solar Output to the Delivery Point in accordance with the provisions of this Agreement.

ARTICLE VI. EVENTS OF DEFAULT, REMEDIES

- **6.1 Events of Default**. An "Event of Default" shall mean, with respect to a Party (the "Defaulting Party"), the occurrence of any of the following:
 - a) the failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within three (3) Business Days after receipt of written notice of the payment default;
 - b) any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated, and such representation or warranty is not cured within not less than fifteen (15) and not more than sixty (60) days after the non-Defaulting Party gives the defaulting Party a notice of the default;
 - c) the failure to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default), if such failure is not remedied within not less than fifteen (15) and not more than sixty (60) days after written notice, unless, upon receiving such written notice, the receiving Party notifies the other Party that a Dispute exists as to whether an Event of Default under this Section 6.1(c) has

- occurred, in which case the Parties shall follow the procedures in Section 9.6 prior to either Party declaring an Event of Default;
- d) such Party becomes Bankrupt;
- e) such Party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other Party;
- f) Service Provider terminates the Service Provider PPA due to an AEPCO event of default.
- **6.2 Remedies**. The following remedies are available pursuant to this Agreement upon an Event of Default:
 - a) If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party (the "Non-Defaulting Party") shall have the right but not the obligation to (i) withhold any payments due to the Defaulting Party under this Agreement, (ii) suspend performance, and (iii) terminate this Agreement.
 - b) Upon the occurrence of an Event of Default by Participant, and consistent with subsection (d) below, AEPCO shall have the right to sell the Solar Output to a third person free and clear of any claims by Participant for the period during which AEPCO suspends performance hereunder, and Participant will make commercially reasonable efforts to facilitate AEPCO's access to any transmission rights or facilities that may be required to make such sales, provided the net proceeds of such sales shall be credited against any setoff amounts owing from Participant to AEPCO.
 - c) The Non-Defaulting Party shall have the right to receive from the Defaulting Party direct damages incurred by the Non-Defaulting Party in connection with an Event of Default, including during any applicable cure period. Such damages shall include the present value of the economic loss to it, including Costs, resulting from termination of this Agreement.
 - d) Each Party agrees that it has a duty to mitigate damages and covenants that it will use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's performance or non-performance hereof. In the event the Solar Output is not purchased or accepted by Participant, "commercially reasonable efforts" by AEPCO shall require AEPCO to use commercially reasonable efforts to maximize the value of the Solar Output.
- **6.3 No Waiver.** No waiver of any Event of Default by either Party shall be construed as a waiver of any subsequent Event of Default and the failure to exercise any right or remedy hereunder shall not waive the right to exercise such right or remedy thereafter.
- **6.4 Limitation of Liability**. The Parties confirm that the express remedies and measures of damages provided in this Agreement satisfy the essential purposes hereof. For breach of any

provision for which an express remedy or measure of damages is provided, such express remedy or measure of damages shall be the sole and exclusive remedy, the Party's liability shall be limited as set forth in such provision and all other remedies or damages at law or in equity are waived. If no remedy or measure of damages is expressly provided herein, the Party's liability shall be limited to direct damages only. Such direct damages shall be the sole and exclusive remedy and all other remedies or damages at law or in equity are waived. Unless expressly herein provided, neither Party shall be liable for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages, by statute, in tort or contract, under any indemnity provision or otherwise. It is the intent of the Parties that the limitations herein imposed on remedies and the measure of damages be without regard to the cause or causes related thereto, including the negligence of any Party, whether such negligence be sole, joint or concurrent, or active or passive. To the extent any damages required to be paid hereunder are liquidated, the Parties acknowledge that the damages are difficult or impossible to determine, or otherwise obtaining an adequate remedy is inconvenient and the damages calculated hereunder constitute a reasonable approximation of the harm or loss. Notwithstanding anything to the contrary, the Parties retain their rights to injunctive or equitable relief to the extent such relief is expressly permitted under this Agreement.

6.5. Step-Up Obligation. If an event of default has occurred with respect to a Subscriber under such Subcriber's power purchase agreement with AEPCO related to the Project, then Participant, pursuant to its obligations under this Agreement, has an obligation to purchase additional energy and capacity to make up for any such purchase shortfalls by the defaulting Subscriber. Upon notice from AEPCO, Participant (along with each other Subscriber pursuant to the terms of their power purchase agreement with AEPCO), shall increase its Subscription Share to an amount equal to its then-current Subscription Share divided by (100% minus the subscription share of the defaulting Subscriber), such that Participant's new Subscription Share, together with the subscription shares of all non-defaulting Subscribers, shall equal 100% ("Revised Subscription Share"). AEPCO shall provide in the notice the increased amount of energy and capacity Participant and each Subscriber shall purchase due to the Subscriber event of default, and Participant shall purchase and pay for its increased allocation in accordance with the terms of this Agreement without the need for further action on behalf of AEPCO or Participant. For all purposes of this Agreement, the Participant's Subscription Share shall thereafter equal the Revised Subscription Share.

ARTICLE VII. FORCE MAJEURE

7.1 General. To the extent either Party is prevented by Force Majeure from carrying out, in whole or part, its obligations under this Agreement and such Party (the "Claiming Party") gives notice and details of the Force Majeure to the other Party as soon as practicable, then the Claiming Party shall be excused from the performance of its obligations (other than the obligation to make payments then due or becoming due with respect to performance prior to the Force Majeure). The Claiming Party shall remedy the Force Majeure with all reasonable dispatch. The non-Claiming Party shall not be required to perform or resume performance of its obligations to the Claiming Party corresponding to the obligations of the Claiming Party excused by Force Majeure. Except as

otherwise provided herein, all of the provisions of this Agreement shall remain in full force and effect during Force Majeure.

7.2 Additional Effects of Force Majeure. If a Force Majeure event is anticipated to prevent the Generation Facility from achieving Commercial Operation for a period of more than one hundred eighty (180) days, the Parties shall meet to determine the appropriate course of action. Either Party may terminate this Agreement, without liability to the other Party, for a Force Majeure event that prevents the Generation Facility from being placed into Commercial Operation later than one hundred eighty (180) days after the Expected Commercial Operation Date. If an event or events of Force Majeure prevents a Claiming Party from substantially performing its obligations under this Agreement for a consecutive period exceeding two hundred ten (210) days (despite the Claiming Party's diligent efforts to remedy its inability to perform), then the other Party may terminate this Agreement by giving ten (10) days prior notice to the Affected Party. Upon such termination, neither Party will have any liability to the other Party with respect to the period following the effective date of such termination; provided, however, that this Agreement will remain in effect to the extent necessary to facilitate the settlement of all liabilities and obligations arising under this Agreement before the effective date of such termination.

ARTICLE VIII. INDEMNIFICATION

- **8.1 Indemnification**. To the fullest extent permitted by Arizona law, each Party ("Indemnifying Party") agrees to indemnify, defend, and hold the other Party and its Representatives and Affiliates (each, an "Indemnified Party") harmless, from and against any and all claims, actions, costs (including reasonable attorneys' fees), expenses, damages, and liabilities, arising out of or in connection with the Indemnifying Party's or its Representatives' respective activities to the extent that they are caused by the Indemnifying Party's (a) material breach of any obligation, representation, or warranty created by this Agreement; or (b) negligent or willful acts or omissions in the conduct and performance under this Agreement including, but not limited to, liabilities attributable to breach of law or violation of Approvals and Permits applicable to the Premises and/or Generation Facility, as the case may be. Notwithstanding the foregoing or anything expressed or implied herein to the contrary, an Indemnifying Party is excused from any indemnity obligation to each Indemnified Party and is not required to reimburse or indemnify any Indemnified Party for any claim to the extent such claim is due to the negligence or willful misconduct of the Indemnified Party.
 - a) The Indemnified Party shall promptly notify the Indemnifying Party of any notice of a claim received that may result in a claim against the Indemnified Party along with a copy of any documents received. The Indemnifying Party may assume the defense of any claim, at its sole cost and expense, with counsel designated by the Indemnifying Party. The Indemnified Party will cooperate and consult with the Indemnifying Party in responding to and defending any such claim. If the potential Indemnifying Party does not assume the defense of the claim by providing notice to the Indemnified Party within twenty (20) days days after notice of a claim is received, the Indemnified Party may provide notice to the Indemnifying Party of its intent to assume the defense of the claim. If the Indemnifying Party does not assume the defense within seven (7) days of such notice, the Indemnifying Party may assume the defense of the claim at the sole cost and expense of the Indemnifying

- Party. Neither Party shall settle any claim covered by this Section 8.1 without prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed.
- b) The duty to indemnify will continue in full force and effect notwithstanding the expiration or termination of this Agreement.
- **8.2 Insurance**. Throughout the Term, AEPCO shall ensure Service Provider maintains the types and amounts of insurance coverage as would be maintained in accordance with Prudent Utility Practice.

ARTICLE IX. CREDITWORTHINESS

- **9.1 Financial Information**. AEPCO may require Participant to provide financial information reasonably needed to ascertain Participant's ability to perform under this Agreement or to meet any other obligation which may accrue, including without limitation the obligation to pay damages in the event of failure to perform.
- equal to three (3) months' estimated charges under Section 4.1 and 4.2. All such estimates shall be prepared by AEPCO on the basis of the average of monthly estimated charges across the next twelve (12) months, assuming full dispatch of the Solar Output for all hours during each month of the year, multiplied by three (3), and shall be reviewed annually. The working capital fund shall be available to AEPCO to make timely payments of monthly invoices to Service Provider prior to receipt of payments from Participant of Participant's invoices from AEPCO for its Subscription Share. Following any such drawdown of the working capital fund, the fund shall be replenished no later than the fifth (5th) Business Day of the following month. AEPCO shall provide the initial working capital fund requirement no later than sixty (60) days before the Commercial Operation Date. Should the required working capital fund requirement increase upon annual review, Participant shall have sixty (60) days after AEPCO provides notice to Participant to increase the account balance to the required level.

9.3 Letter of Credit.

- a) Notwithstanding anything contained in this Section 9.3 to the contrary, as an alternative to cash, Participant may fund its required contribution to the working capital fund in the form of a letter of credit in an amount up to the working capital requirement calculated in Section 9.2, that AEPCO may utilize to make payments to Service Provider if Participant fails to make timely payment to AEPCO, up to the amount Participant fails to pay, provided that any letter of credit provided by Participant hereunder shall be an irrevocable, nontransferable standby letter of credit issued by (1) the National Rural Utilities Cooperative Finance Corporation, or (2) a U.S. commercial bank or a U.S. branch of a foreign bank with such bank having (A) a Credit Rating of at least "A-" from S&P and "A3" from Moody's, and (B) total assets (determined in accordance with GAAP) of at least \$10,000,000,000 (Ten Billion Dollars), substantially in the form of Exhibit D and reasonably acceptable to AEPCO. All letter of credit costs shall be borne by Participant.
- b) Participant funding its required contribution to the working capital fund in the form of a letter of credit shall: (A) take all actions necessary to ensure that the issuing bank permits

- automatic renewal as provided in the relevant letter of credit, and (B) if the issuing bank has indicated its intent not to renew such letter of credit, provide a substitute letter of credit acceptable to AEPCO that complies with the requirements of this Section 9.3(ii) (or cash) at least twenty (20) Business Days prior to the expiration of the outstanding letter of credit
- c) Upon the occurrence of a letter of credit default with respect to a letter of credit provided by Participant under this Section 9.3, Participant shall provide a substitute letter of credit acceptable to AEPCO that complies with the requirements of this Section 9.3 (or cash) within five (5) Business Days after such occurrence.
- d) Failure of Participant to provide a substitute letter of credit (or cash) as required under this Section 9.3 shall be considered an Event of Default for purposes of Section 6.1.

ARTICLE X. MISCELLANEOUS

10.1 Assignment. Except as otherwise provided herein, neither Party may assign its rights and obligations under this Agreement without prior written consent of the non-assigning Party, which consent shall not be unreasonably withheld, conditioned, or delayed, provided that a Party may assign this Agreement to an Affiliate or to a successor with prior notice, but without consent of the other Party.

10.2 Permitted Encumbrances.

- a) AEPCO may from time to time, with notice to but without consent of the Participant, mortgage, pledge, encumber, or collaterally assign AEPCO's interest in this Agreement (a "AEPCO Permitted Mortgage") in favor of a lender or its designee ("AEPCO Permitted Mortgagee"). Upon request by AEPCO, from time to time, Participant will provide written confirmation of this Agreement, including reasonably requested factual confirmations. Subject to the terms of this Agreement, Participant will permit the AEPCO Permitted Mortgagee to cure or correct any omission or violation or this Agreement by AEPCO or on behalf of AEPCO. Any foreclosure of an AEPCO Permitted Mortgage or transfer in lieu thereof shall be deemed a permitted assignment.
- b) Participant may mortgage, pledge, encumber, or collaterally assign Participant's interest in this Agreement in favor of a lender or its designee.
- **10.3 Taxes.** Participant shall be responsible for its Subscription Share of any and all Taxes assessed on the generation, sale, delivery or consumption of Solar Output produced by the Generation Facility or the interconnection of the Generation Facility to the electric distribution system, for which Service Provider is not otherwise responsible.
- **10.4** Governing Law and Venue. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Arizona, without giving effect to its conflicts of law principles. The proper venue for any proceeding at law or in equity shall be Maricopa County, Arizona, and the Parties waive any right to object to the venue.
- 10.5 Waiver of Trial by Jury. Any suit, action or proceeding, whether claim, counterclaim or cross claim, brought or instituted by any Party against another Party hereto on or with respect to

this Agreement or any event, transaction or occurrence arising out of or in any way connected with this Agreement shall be tried only by a court and not by a jury. EACH PARTY HEREBY EXPRESSLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH SUIT, ACTION OR PROCEEDING. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY EACH PARTY, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. A PARTY MAY FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF A PARTY'S WAIVER OF RIGHT TO TRIAL BY JURY.

- 10.6 Dispute Resolution. Any disagreement between Parties related to the Generation Facility or this Agreement shall be deemed a "Dispute". Any Party with a Dispute shall notify the O&C Committee and the other Party in writing of the issue that the alleging Party believes is taking place and that a Dispute exists. Upon receipt of a notice of a Dispute, the chair of the O&C Committee shall first refer the Dispute to the Parties, who shall in good faith seek to resolve the Dispute arising hereunder through negotiation. The Parties shall each designate one representative to serve on a Dispute Resolution Committee that shall be assigned such Disputes for resolution. If the Dispute Resolution Committee is unable to resolve a Dispute submitted to it within ninety (90) days or such other time frame mutually agreed to by the Parties, the matter shall be referred to the O&C Committee for resolution. If the O&C Committee is unable to resolve the Dispute within thirty (30) days or such other time frame mutually agreed to by the O&C Committee, the Parties may pursue any remedy available at law or in equity. This provision does not apply to circumstances necessitating emergency injunctive relief, in which event the timeframes in this Section 9.6 will not apply.
- **10.7** Successors and Assigns. Subject to the provisions of Section 9.1 above, this Agreement and the requirements and conditions herein contained shall inure to the benefit of and be binding upon successors, legal representatives and permitted assigns of the Parties.
- 10.8 Severability. In case any one or more of the provisions contained herein shall for any reason be held to be wholly or partially illegal, invalid, or unenforceable in any respect, such illegality, invalidity or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such illegal, invalid, or unenforceable provisions had not been contained herein. Furthermore, in lieu of any illegal, invalid or unenforceable provision in the Agreement, there shall be automatically added to this Agreement a provision as similar to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.
- **10.9** Compliance with Laws. Both Parties agree to comply and exercise reasonable diligence to require all others engaged by it to comply with all applicable laws, permits, decrees, orders, judgments, rules and regulations.
- **10.10** Entire Agreement. This Agreement constitutes the entire agreement between the Parties hereto with respect to the matters addressed herein.
- 10.11 Not to be Construed Against Drafter. Each Party has had an adequate opportunity to review each and every provision of this Agreement and to submit the same to legal counsel for

review and advice. Based on the foregoing, the rule of construction, if any, that a contract be construed against the drafter shall not apply to interpretation or construction of this Agreement.

- **10.12** No Personal Liability. Except as otherwise expressly provided in this Agreement, no Representative of either Party, or Representative of an Affiliate or assignee of either Party, shall have any liability to the other Party in connection with this Agreement.
- **10.13** Time of Essence. Time is of the essence of this Agreement and each and all of its provisions.
- **10.14 Counterparts**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- **10.15 Survival**. All provisions of this Agreement which by their express terms survive termination of this Agreement or expiration of the Term or which by the operation of their terms are intended to be performed, in whole or in part, after termination of this Agreement or expiration of the Term, and all obligations of indemnification contained in this Agreement shall survive any termination of this Agreement or the expiration of the Term, as applicable.
- **10.16** Confidentiality. Neither Party shall disclose the terms or conditions of this Agreement to a third party (other than the Party's employees, lenders, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential) except in order to comply with any: (1) applicable law; (2) regulation; (3) rule adopted by an exchange, reliability coordinator, resource adequacy administrator, balancing area authority, control area, independent system operator, or any similar entity; or (4) in connection with any court or regulatory proceeding; provided, however, each Party shall, to the extent practicable, use commercially reasonable efforts to prevent or limit the disclosure. In the event any Party receives a request to disclose the terms or conditions of this Agreement, or a copy of the Agreement itself, to a third party, the Party in receipt of a request for disclosure shall notify the other Party as promptly as possible, but in no event more than two (2) business days after receipt of such request, or, if earlier, before the deadline for disclosure. The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation, and the Parties shall cooperate with efforts of any other party to limit or prevent disclosure of this Agreement or its terms and conditions.
- **10.17** Third Party Beneficiary. Unless expressly provided in this Agreement, nothing herein is intended or shall be construed to confer any benefit upon a third party including, but not limited to, the Service Provider.
- **10.18** Waiver and Amendment. Any waiver or amendment of this Agreement must be in writing and executed by both Parties, confirmed in writing. A waiver or failure to enforce any terms of this Agreement shall not affect or waive a Party's right to enforce any other term of this Agreement.
- **10.19** No Joint Venture. Nothing contained herein shall be construed as creating any joint venture, partnership, or agency, or as making any Party the fiduciary of any other.

10.20 Exhibits. The exhibits to this Agreement, as they may be amended or revised from time to time by mutual agreement of the Parties, are attached and incorporated by this reference.

ARTICLE XI. NOTICES

Whenever AEPCO or Participant shall make any demand or serve any notice, consent, approval, authorization or other communication which is under the terms of this Agreement upon the other Party, the same shall be in writing and shall be deemed given and received upon receipt confirmed in writing (which may be by recipient or a third party delivery service) or, if earlier, three (3) business days following electronic mail transmission, receipt confirmed in writing or via "read receipt" or deposit in a regularly maintained receptacle for the United States mail, registered or certified mail, return receipt requested, postage prepaid, addressed to the intended recipient as follows:

If to AEPCO:

Arizona Electric Power Cooperative, Inc.

Attention: General Counsel

PO Box 670, 1000 S. Highway 80

Benson, AZ 85602

Email: legal@azgt.coop

If to Participant:

Lincoln County Power District No. 1 Attention: General Manager PO Box 910 201 Bullionville Road Panaca, NV 89402

Email: dbradfield@lcpd1.com

Either Party may, at any time and from time to time, change the address to which notices are to be sent to such Party by delivering at least ten (10) days prior written notice of such change to the other Party. Each Party, as a courtesy to the other Party, shall provide any notice described herein by electronic mail to the electronic mailboxes identified above as well.

[SIGNATURE BLOCKS ON NEXT PAGE]

IN WITNESS WHEREOF, the Parties have executed this Apache II Solar Class D Power Purchase Agreement.

ARIZONA ELECTRIC POWER COOPERATIVE, INC.

By:	
Name: Patrick F. Ledger	
Title: Executive VP and CEO	

LINCOLN COUNTY POWER DISTRICT NO. 1

By:	
Name: Dane Bradfield	
Title: General Manager	

EXHIBIT A - DESCRIPTION OF GENERATION FACILITY AND TRANSMISSION PROVIDER'S INTERCONNECTION FACILITIES

1. Name of Seller's Project: Roadrunner Solar

Location: Cochise County, Arizona

2. Owner: Roadrunner Solar LLC

3. Operator: Clenera LLC or its designee

- 4. Equipment/Fuel (note that equipment manufacturer is preliminary and subject to change):
 - a. Type of facility and conversion equipment (e.g., Solar PV; Solar Thermal; Wind; Energy Storage; Biomass (including Fuel)): Solar PV
 - b. Total approximate solar units at the Project: 65 MVTs (SMA)
 - c. Total nameplate capacity (MW_{AC}): 235 (Waree Modules)
 - d. Total capacity at Point of Delivery: 235
 - e. Additional technology-specific information: Single axis trackers (NexTracker)
- 5. Transmission Provider's Interconnection Facilities

Estimated Cost:

 Cochise Sub
 \$6,575,429

 Cochise – Apache Line
 \$2,794,121

 Apache 230 kV yard
 \$1,514,206

 Total
 \$10,883,756

Transmission Provider's Interconnection Facilities and future operation, maintenance and replacement cost of Transmission Provider's Interconnection Facilities will be allocated on an equal 50/50 ratio to the Generating Facility and the Project.

EXHIBIT B – DELIVERY POINT AND METERING POINT

Class D Member designated Primary Delivery Point will be AEPCO Apache 230/115 kV Substation, identified as 'HV METER' and as measured at the Metering Point identified as 'PV METER' in the diagram below.

Class D Member designated Secondary Delivery Point(s) will be AEPCO Marana 115 kV Substation and APS Saguaro 115 kV Substation, subject to AEPCO available capacity, which AEPCO may determine in its sole discretion.

AEPCO shall perform a true-up at least annually, and Participant shall pay or accept credit, for any cost difference for Solar Output between the Delivery Point and the Metering Point for its Subscription Share as measured by the amount paid to the Service Provider for Solar Output less the amount passed through to the Participant for Solar Output.

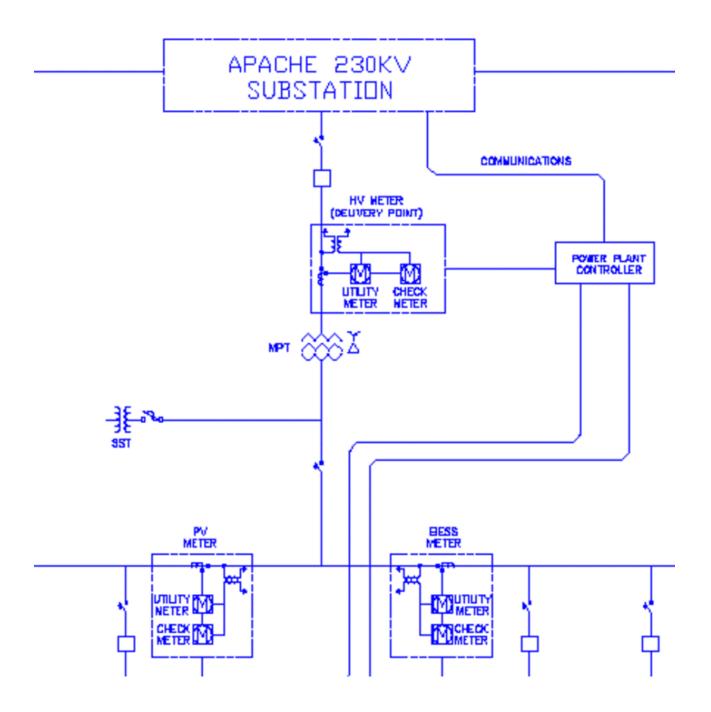


EXHIBIT C - RATES FOR SERVICE

Solar Output Rate³:

Rate/MWh	¹ A&G /MWh	² Margin /MWh	Total /MWh
\$20.14	\$0.80	\$0.80	\$21.74

¹A&G refers to administrative and general costs. Rate may be subject to change after a future ACC-approved rate case.

For clarity, above rate does not include scheduling and trading services as this is recovered under a separate energy and management services agreement or scheduling and trading agreement.

For clarity, above rate does not include Generation Delivery Charge. Participant is responsible for such charge as set forth in Exhibit D.

²Rate may be subject to change after a future ACC-approved rate case.

³The Solar Output Rate is based on qualifying for energy community and domestic content classifications under the Inflation Reduction Act of 2022 (IRA) and/or Empowering Rural America (New ERA) program benefits. For clarity, the Parties agree to modify the Solar Output Rate if any of the anticipated program benefits are not received from IRA or New ERA.

EXHIBIT D – GENERATION DELIVERY CHARGE

- 1. This Exhibit D is effective under and as a part of Apache II Solar Class D Power Purchase Agreement, hereinafter called Agreement, and shall remain in effect until superseded by another Exhibit D; provided this Exhibit D or any superseding Exhibit D shall terminate concurrently with the termination of the Agreement.
- 2. The Generation Delivery Charge will include the following charges as applicable to Participant:
 - 2.1 <u>Fixed Facility Cost</u>. A monthly cost to reflect a thirty (30) year amortization of fifty percent (50%) of the capital cost and related financing cost of the Transmission Provider's Interconnection Facilities multiplied by Participant's Subscription Share.
 - 2.2 <u>OM&R Fee.</u> Participant will be charged for pass-thru costs in accordance with Participant's Subscription Share to include station service as set forth in Section 4.4 of the Agreement and operation, maintenance and replacement cost of Transmission Provider's Interconnection Facilities.
 - 2.3 <u>Scheduling and Trading</u>. If not charged under a separate agreement with AEPCO, a monthly cost to reflect the scheduling and trading services calculated on the total MWh of Solar Output multiplied by the AEPCO scheduling and trading rate, currently \$0.466 per MWh, subject to change year to year.
 - 2.4 <u>Second Delivery Point Charge</u>. In the event Participant requests delivery to a Secondary Delivery Point as set forth in Exhibit B and as agreed upon by AEPCO on an as available basis, AEPCO shall charge and Participant shall pay for delivery, associated losses and applicable ancillary services, if not self-provided, as follows with rates subject to change as posted on AEPCO's OASIS:

\$03.32/MWh
\$0.24/MWh
\$0.05/MWh
Sum \$3.61/MWh
Energy measured at the Second Delivery Point
2.97%
Energy Rate/MWh
\$0.05/MWh
\$0.19/MWh
\$0.14/MWh

2.4.1 Delivery charge shall be calculated as follows: (Delivery Rate) X (Delivered Energy)

- 2.4.2 Losses shall be returned in-kind in accordance with AEPCO's applicable OATT or other methodology posted on AEPCO's OASIS and calculated as follows: (Delivered Energy) X (Loss Percentage).
- 2.4.3 Ancillary services, if not self-provided, shall be calculated as follows: (Delivered Energy) X (Ancillary Services Rate)
- 2.4.4 The Delivery Rate, the Ancillary Services Rate and the Loss Percentage shall be adjusted to reflect any revisions to the Point-to-to Point Transmission Service Tariff or Ancillary Services Tariff applicable to the AEPCO transmission system. Any adjustment to the Delivery Rate or Ancillary Services Rate shall be based on the applicable hourly rates in the revised tariffs.

EXHIBIT E - FORM OF LETTER OF CREDIT

[Bank Letterhead]

Arizona Electric Power Cooperative, Inc.
P.O. Box 670
000 S. Highway 80
Benson, Arizona 85602
rrevocable Letter of Credit No. [] ssuance Date: [] Amount: \$[] Expiration Date: []
We hereby issue in your favor this irrevocable Letter of Credit No (this "Letter of Credit") in the aggregate stated amount of [\$] for the account of [Name of Participant] (the 'Company") in relation to that certain Apache II Solar Power Purchase Agreement, dated as of to which Company and Arizona Electric Power Cooperative, Inc ("AEPCO") are party (as may have been amended, modified or supplemented from time to time to time, the 'Agreement').
This Letter of Credit is effective immediately and expires at our close of business on the expiration late shown above. Notwithstanding the foregoing, this Letter of Credit will automatically erminate upon its surrender to us for cancellation.
Funds under this Letter of Credit are available against your sight draft and demand made on use from time to time, such demand to be made by your submission of your statement, purportedly signed by your authorized officer as follows, with appropriate insertions: " has failed to [describe default] its obligations under the Apache II Solar Power Purchase Agreement, dated as of, to which Company is a party and under which the undersigned is AEPCO, and as a result the undersigned is claiming the sum of \$ under [Bank Name] letter of credit number"
Any such presentation shall be made at our [Bank Address]. If we receive your demand certificate on or prior to the expiration or termination of this Letter of Credit, then we will honor your demand accordance with your payment instructions, provided, that such documents are presented in strict compliance with the terms and conditions of this Letter of Credit.

To the extent not contrary to the express provisions hereof, this Letter of Credit shall be governed by the Uniform Customs and Practice for Documentary Credit (2007 Revision), International Chamber of Commerce Publication No. 600 (the "UCP"). As to matters not addressed by the UCP, this Letter of Credit shall be governed by and construed in accordance with the laws of the State of New York, without reference to the conflict of law provisions thereof that would direct the application of the laws of another jurisdiction.

Communications w	ith respect to this Le	etter of Credit shall	be in writing and	shall be addressed to
us at [Bank Addres.	s], specifically referr	ring to this Letter of	f Credit Number _	·

This Letter of Credit sets forth in full our undertaking. Except as stated herein, payment of demands made under this Letter of Credit is not subject to any condition or qualification. Our obligations hereunder are primary obligations that shall not be affected by the performance or nonperformance by any party to the Agreement of any obligations under the Agreement or under any agreement between such a party and any other person. Our obligations and liabilities hereunder shall not in any way be affected, modified, amended, reduced, impaired, amplified or limited by any amendment, renewal, extension, modification, compromise, release, discharge or reference of, under, to or in connection with the Agreement or any other document or agreement (except only the certificate referred to herein). Reference herein to the Agreement shall not be deemed to incorporate the same herein by reference.

Very truly yours, [Bank Name]	
Authorized Signatory	

AGENDA ITEM H Metered Subsystem Agreement between AEPCO & LCPD

The Board will consider the Metered Subsystem Agreement. This agreement sets forth requirements for LCPD and other utilities to own the energy generated by the Apache II project. Appendix A is a list of the services we have designated as needed by LCPD.

AEPCO METERED SUB-SYSTEM AGREEMENT BETWEEN ARIZONA ELECTRIC POWER COOPERATIVE, INC. AND [CUSTOMER]

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This AEPCO METERED SUB-SYSTEM AGREEMENT ("Agreement") is made this day
of, 202_, between Arizona Electric Power Cooperative, Inc., a non-profit corporation as
defined and organized under the generation and transmission electric cooperative laws of the State
of Arizona ("AEPCO"), and Lincoln County Power District No. 1 ("Customer"). Customer and
AEPCO are referred to in this Agreement each individually as a "Party" and collectively as the
"Parties."

RECITALS

WHEREAS, pursuant to an agreement dated July 28, 2006, AEPCO, as successor in interest to Southwest Transmission Cooperative, Inc., operates a metered sub-system of the Western Area Lower Colorado ("WALC") Balancing Authority ("WALC BA") in the Desert Southwest Region in which AEPCO is responsible for maintaining a balance between load and resources within such metered sub-system ("AMS"); and

WHEREAS, Customer owns and operates, or has contractual rights to, a combination of transmission, generation and/or distribution facilities (collectively "Customer System"), and

WHEREAS, Customer procures, or may procure, wholesale transmission service or other services from AEPCO under existing transmission contracts and other agreements, which provide for points of interconnection, points of receipt, points of delivery, and coordinated operations between the AEPCO Transmission System and Customer System; and

WHEREAS, Customer procures, or is required to procure, from AEPCO certain services that are similar in nature to AMS Services; and

WHEREAS, AEPCO provides transmission service through the AMS pursuant to the AEPCO Tariff, and provides services pursuant to existing transmission contracts; and

WHEREAS, AEPCO, as the operator of the AMS, provides certain AMS Services to Customer, and the Parties desire to set forth and establish the rates, terms, and conditions for such AMS Services, as of the Effective Date; and

WHEREAS, the Parties wish to establish measures to coordinate the operation of certain Interconnection Facilities and the operating responsibilities associated with their respective systems to effectuate the operation of the AMS and meet their respective obligations under the Applicable Reliability Standards as promulgated and enforced by FERC, NERC, and WECC; and

WHEREAS, the Parties will continue to operate the Interconnection Facilities and their respective systems related to the operation of the AMS in accordance with Prudent Utility Practice and in accordance with applicable provisions of the Western Area Power Administration ("WAPA") open access transmission tariff ("WAPA OATT") and WAPA Desert Southwest Region ("WAPA DSR") business practices, in each case as may be amended from time to time; and

WHEREAS, the Parties intend for this Agreement to satisfy the requirement in other agreements between AEPCO and its customers to govern the provision of AMS Services pursuant to a "Balancing Area Agreement"; and

WHEREAS, the Parties agree that an AEPCO Metered Sub-system Agreement shall be mandatory for all customers with Load and/or Resources in the AMS, with terms comparable to those contained in this Agreement, to meet the AMS Services obligations that AEPCO has under its agreements with WAPA.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

AGREEMENT

I. TERM AND TERMINATION

This Agreement shall be effective upon the first (1st) day of the first month following both (a) the execution of this Agreement by the Parties and (b) AEPCO receiving approval of the form of agreement from the Arizona Corporation Commission ("ACC"), if necessary (the "Effective Date"). This Agreement shall remain in effect until terminated by either Party upon eighteen (18) months advance written notice, unless terminated earlier upon mutual written agreement of the Parties or pursuant to the terms of this Agreement.

II. **DEFINITIONS**

As used in this Agreement, the following terms will have the meanings stated below. Terms defined in other articles or sections of this Agreement or in appendices to this Agreement will have the meanings stated in those articles or sections. Any other initially capitalized term in this Agreement will have the definition of that term as set forth in the NERC Glossary of Terms Used in Reliability Standards ("NERC Glossary") as may be amended from time to time, unless otherwise defined in this Agreement. Initially capitalized terms not otherwise defined in this Agreement or in the NERC Glossary will have such meanings commonly ascribed to them in the electric utility industry in AEPCO's region.

- "ACC" has the meaning set forth in Article I of this Agreement.
- "AEPCO" has the meaning set forth in the preamble above.
- "AEPCO Tariff" means, at any time, the currently effective AEPCO Open Access Transmission Tariff.
- "AEPCO Transmission System" means the electric transmission facilities AEPCO owns or in the future may own and assets and rights that AEPCO has to transmission capability under various agreements.
- "Agreement" means this AEPCO Metered Sub-system Agreement, as set forth in the preamble above.
- "AMS" has the meaning set forth in the recitals.

- "AMS Services" means the services required to operate the AMS, including but not limited to Generator Operator and Transmission Operator services, as set forth in, among other applicable documents, the Schedules and the Capacity Obligation Procedure.
- "Applicable Reliability Standards," with respect to a Party, refers to those Reliability Standards that apply to that Party based upon its registered entity status or as otherwise may be determined by FERC, NERC, or WECC, as they may be amended from time to time. Applicable Reliability Standards include national standards and regional reliability standards promulgated by FERC, NERC, and WECC.
- "Attachment J" refers to 'EIM Imbalance Service' as further defined in the AEPCO Tariff.
- "Balancing Authority" or "BA" means the WALC BA, unless another BA is specifically referenced herein.
- "Balancing Authority Area" or "BAA" refers to the WALC BAA, unless another BAA is specifically referenced herein.
- "Capacity Obligation Procedure" means AEPCO's Capacity Obligation Procedure set forth in Appendix E to this Agreement, as it may be amended by AEPCO from time to time.
- "Confidential Information" means any and all information of a Party that is not generally known by others with whom the Party does or plans to compete or do business and that such Party keeps confidential in the ordinary course of business. Confidential Information includes without limitation such information, whether written or oral, related to: (i) the Party's load forecast information; (ii) the Party's costs, sources of supply, strategic plans, resource plans, and capacity; (iii) the Party's sales contracts and their terms and conditions; and (iv) the Party's marketing studies, surveys, plans, and projections. Confidential Information also includes any information to be shared between the Parties that involves physical or cyber security, public safety or privacy concerns or information that is required by law to remain confidential, including without limitation, whether written or oral, emergency plans, technical specifications, routing information, facility or supply storage locations, or personally identifying information of any Party's customers. Confidential Information is subject to the requirements of Section 9.2 of this Agreement.
- "Contract Rate of Interest" means the lesser of: (i) the interest rate equal to the effective "Prime Rate" per annum as specified in the "Money Rates" section of the Wall Street Journal or, (ii) the maximum interest rate permitted by applicable Law in the State of Arizona, if any is so stated.
- "Customer" has the meaning set forth in the preamble above.
- "Customer System" has the meaning set forth in the recitals.
- "**Defaulting Party**" has the meaning set forth in Section 8.4 of this Agreement.
- "Dispute Notice" has the meaning set forth in Section 9.3 of this Agreement.

"Effective Date" has the meaning set forth in Article I of this Agreement.

"EIM" means the energy imbalance market operated by the California Independent System Operator Corporation.

"Emergency" means any system condition that requires immediate automatic or manual action to prevent or limit the failure of the transmission facilities or generation supply that could adversely affect the reliability of (a) with respect to the WALC BA, the Bulk Electric System and/or the AEPCO Transmission System, or (b) with respect to Customer, the Customer System.

"FERC" means the Federal Energy Regulatory Commission or any regulatory agency succeeding to the powers and functions thereof.

"Force Majeure" means the occurrence or non-occurrence of any act, event or cause beyond the control of a Party whereby the Party is unable to perform its obligation, other than the obligation to pay money, which act, event or cause by that Party's exercise of due diligence could not have reasonably been expected or avoided, or which even with the exercise of due diligence, the Party has not been able to overcome or avoid or cause to be avoided. Such act, event or cause includes, but is not limited to: acts of God; failure or threat of immediate failure of facilities; explosions, flood, drought, earthquake, storm, fire, pestilence, lightning and other natural catastrophes; pandemic; epidemic; war; riot; civil disturbance or disobedience, strike, or labor disturbance, disputes or unrest of whatever nature; labor, material or fuel shortage; sabotage; vandalism; restraint by court order or public authority; a failure of any generating or transmission facility, which is likely to cause an outage of electric service to customers served from that Party's system (including transmission curtailments by a transmission provider) or to cause such Party to experience a rapid decline in system voltage or frequency; and, action or non-action by or inability to obtain the necessary authorizations or approvals from any governmental authority (but not including the ACC), provided however, that no act, event or cause that is the result of the lack of necessary financial resources of a Party shall constitute an event of "Force Majeure," nor shall an act, event or cause that is the result of the negligence of the Party claiming Force Majeure constitute an event of "Force Majeure." "Force Majeure" does not include impacts of the COVID-19 virus and any variant of the COVID-19 virus in existence as of the Effective Date, whether or not such strain is generally known, nor the existence of supply chain issues or delays resulting therefrom.

"Forced Outage" means the removal from service availability of a generating unit, transmission line, or other facility for emergency reasons, or the condition in which the equipment is unavailable due to unanticipated failure.

"Interconnection Facilities" means the transmission facilities and equipment listed in Appendix C that connect AEPCO and Customer, or a third party and Customer, that are necessary to interconnect the Customer System both physically and electrically to the AEPCO Transmission System, and that are used for purposes of calculating Control Error, Interchange, Net Scheduled Interchange, and Energy Imbalance.

"Laws" means any federal, state, local law or constitution, charter, act, statute, ordinance, code, policy, operating guideline, protocol, rule, or regulation and other legislative or administrative

action or binding document of any governmental or quasi-governmental regulatory body or commission or other regulatory bureau, authority, body or entity having legal jurisdiction over the transaction or facility in question, including without limitation the WAPA DSR, WECC, Reserve Sharing Group, NERC, Reliability Coordinator, and FERC-approved or -recognized independent system operator or regional transmission organization.

"NERC" means the North American Electric Reliability Corporation, the entity designated as the electric reliability organization certified by FERC to establish and enforce the reliability standards of the Bulk Electric System, or its successor organization.

"NERC Glossary" has the meaning set forth in the first paragraph of this Article II.

"Non-Defaulting Party" has the meaning set forth in Section 8.3 of this Agreement.

"Operating Instruction" means a command by operating personnel responsible for the Real-time operation of the interconnected Bulk Electric System to change or preserve the state, status, output, or input of an Element of the Bulk Electric System or Facility of the Bulk Electric System. (A discussion of general information and of potential options or alternatives to resolve Bulk Electric System operating concerns is not a command and is not considered an Operating Instruction.)

"Outage" means a Planned Outage or a Forced Outage.

"Party" and "Parties" have the meanings set forth in the preamble above.

"Payment Due Date" has the meaning set forth in Section 7.3 of this Agreement.

"Planned Outage" means outages that may affect the reliability of the respective systems of the Parties that are coordinated with notice provided in accordance Section 5.6 of this Agreement.

"Prudent Utility Practice" means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Prudent Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

"Schedule 1" refers to 'Scheduling, System Control and Dispatch Service' as further defined in the AEPCO Tariff.

"Schedule 2" refers to 'Reactive Supply and Voltage Control from Generation or Other Sources Service' as further defined in the AEPCO Tariff.

"Schedule 3" refers to 'Regulation and Frequency Response Service' as further defined in the AEPCO Tariff.

- "Schedule 4" refers to 'Energy Imbalance Service' as further defined in the AEPCO Tariff.
- "Schedule 5" refers to 'Operating Reserve Spinning Reserve Service' as further defined in the AEPCO Tariff.
- "Schedule 6" refers to 'Operating Reserve Supplemental Reserve Service' as further defined in the AEPCO Tariff.
- "Schedule 9" refers to 'Generator Imbalance Service' as further defined in the AEPCO Tariff.
- "Schedule 10" refers to EIM Unreserved Use as further defined in the AEPCO tariff.
- "Schedules" refers to Schedule 1, Schedule 2, Schedule 3, Schedule 4, Schedule 5, Schedule 6, Schedule 9, Schedule 10, and Attachment J, collectively.
- "UFLS" has the meaning set forth in Section 5.5.3 of this Agreement.
- "WALC" has the meaning set forth in the recitals.
- "WALC BA" has the meaning set forth in the recitals.
- "WAPA" has the meaning set forth in the recitals.
- "WAPA DSR" has the meaning set forth in the recitals.
- "WAPA OATT" has the meaning set forth in the recitals.
- "WECC" means the Western Electricity Coordinating Council, a non-profit corporation, and any successor organization thereto, acting in its capacity as a Regional Reliability Organization.

III. SCOPE OF SERVICES

3.1 Ancillary Service Schedules

AEPCO will offer to provide Customer the AMS Services set forth in the Schedules. Customer will self-provide or purchase AMS Services pursuant to the terms and conditions of this Agreement and the rates, terms, and conditions of the AEPCO Tariff or, if applicable, existing transmission agreements between AEPCO and Customer. As set forth below, certain AMS Services must be purchased by Customer from AEPCO. Other AMS Services are subject to availability. To the extent Customer purchases from AEPCO under other agreements resources to fulfill Customer's obligation to self-provide or purchase AMS Services under this Agreement, AEPCO shall not charge Customer under this Agreement for the provision of AMS Services from such resources. To the extent AEPCO does not have adequate resources to provide the AMS Services, AEPCO shall acquire such services and pass them through to Customer at AEPCO's cost. If AEPCO is unable to acquire and provide the AMS Services selected by Customer but the AMS Services are nonetheless provided to Customer, Customer is responsible for and will pay for the costs of such

AMS Services. AEPCO shall pass through to Customer, without mark-up or change, any charges or costs incurred by Customer or by AEPCO on behalf of Customer in the EIM for AMS Services.

Except to the extent specifically provided herein, in the event of a conflict between (i) the terms and conditions of the AEPCO Tariff or an existing transmission agreement between AEPCO and Customer and (ii) the terms and conditions of this Agreement in connection with the provision of the AMS Services, the terms and conditions of the AEPCO Tariff or such existing transmission agreement, as applicable, shall control. It is the intent of the Parties that (a) the AEPCO Tariff will provide for AEPCO's participation in the EIM, (b) charges for AMS Services acquired in or provided through the EIM will be passed through to Customer by AEPCO (including if applicable under this Agreement), and (c) changes in the EIM will be reflected in changes to the AEPCO Tariff and may result in changes in the AMS Services offered and/or provided hereunder and the charges therefor.

The AMS Services selected by Customer and provided by AEPCO under this Agreement will be documented in Appendix A, and may be changed from time to time in accordance with the terms of this Agreement. For AMS Services that Customer elects to purchase from a third party, Customer may request AEPCO to purchase such AMS Services on its behalf, all as set forth in Appendix A.

Customer shall purchase from AEPCO, self-provide, or purchase from a third party AMS Services as follows:

- a) If Customer serves load in the AMS, receives transmission service from AEPCO, and has available generating capacity provided by AEPCO under a separate agreement, Customer will purchase from AEPCO Schedule 1. Customer will purchase from AEPCO, use Customer's available generating capacity purchased from AEPCO under a separate agreement, self-provide, or purchase from a third party Schedule 2, Schedule 3, Schedule 4, Schedule 5, Schedule 6, Schedule 9, Schedule 10, and Attachment J to satisfy its obligations pursuant to Section 6.2 of this Agreement.
- b) If Customer serves load in the AMS and receives transmission service from AEPCO, Customer will purchase from AEPCO Schedule 1, Schedule 2, Schedule 4, Schedule 9, Schedule 10, and Attachment J. Customer will purchase from AEPCO, self-provide, or purchase from a third party Schedule 3, Schedule 5, and Schedule 6 to satisfy its obligations pursuant to Section 6.2 of this Agreement.
- c) If Customer serves load in the AMS and does not receive transmission service from AEPCO, Customer will purchase from AEPCO Schedule 4, Schedule 9, Schedule 10, and Attachment J. Customer will purchase from AEPCO, self-provide, or purchase from a third party Schedule 3, Schedule 5, and Schedule 6 to satisfy its obligations pursuant to Section 6.2 of this Agreement.

- d) If Customer has generation but does not serve load in the AMS and receives transmission service from AEPCO, Customer will purchase from AEPCO Schedule 1, Schedule 2, Schedule 4, Schedule 9, Schedule 10, and Attachment J if Customer's generation is statically scheduled. Customer will purchase from AEPCO, self-provide, or purchase from a third party Schedule 3, Schedule 5, and Schedule 6 to satisfy its obligations pursuant to Section 6.2 of this Agreement.
- e) If Customer has generation but does not serve load in the AMS and does not receive transmission service from AEPCO (i.e., resource is in Customer System), Customer will purchase from AEPCO Schedule 1, Schedule 2, Schedule 4, Schedule 9, Schedule 10, and Attachment J if Customer's generation is statically scheduled out of Customer System. Customer will purchase from AEPCO, self-provide, or purchase from a third party Schedule 3, Schedule 5, and Schedule 6 to satisfy its obligations pursuant to Section 6.2 of this Agreement.

3.2 Customer's Load, Schedules and Resources

The AMS Services offered and provided by AEPCO under this Agreement are intended to support Customer's obligation to serve its distribution load, Customer's distributed energy resources, Customer's generation resources, Customer's transmission and delivery of capacity and energy through the AMS, and/or Customer's resource participation in the EIM. Customer shall timely submit, or cause its agent to timely submit, any necessary schedules and NERC e-Tags in accordance with Applicable Reliability Standards and with the AEPCO Tariff, WAPA OATT, and related AEPCO and WAPA DSR business practices.

Where Customer is required to provide schedules, NERC e-tags, and other information and documents under this Agreement, Customer may comply with such requirement(s) through its contractually designated agent, provided that Customer shall retain ultimate responsibility for compliance with such requirement(s). Contact information for such designated agent shall be included in Appendix B.

3.3 Self-Provide or Purchase from Third Parties

With six (6) months advance written notice to AEPCO and subject to the terms of Section 3.1 of this Agreement, Customer may change its election of AMS Services purchased from AEPCO, self-provided, or purchased from a third party (or purchased by AEPCO on behalf of Customer). Any such change shall be documented in a written amendment to Appendix A. Any such changed election shall remain in effect for no less than twelve (12) months from the effective date of such change. AEPCO will develop and maintain protocols, business practices, and procedures necessary for Customer to self-provide directly to AEPCO, to purchase from third parties, or to purchase from AEPCO AMS Services in the event it has excess. Such protocols, business practices, and procedures may be amended from time to time by AEPCO and shall be consistent with industry

standards and Prudent Utility Practice. Customer will comply with such protocols, business practices, and procedures.

3.4 Exchange of Emergency and Restoration Plans and Procedures

The Parties have exchanged emergency procedures, emergency curtailment plans, system restoration plans, voltage and megavars (MVAr) plans, and capacity and energy emergency plans prior to the Effective Date. The Parties will exchange changes to such plans prior to the effective date of any change. Each Party shall review the other Party's procedures and plans, and any changes thereto, and may provide to the other Party questions, comments, and/or concerns with respect to such procedures, plans, and changes. Each Party will use good faith efforts to address any questions, comments, and/or concerns raised by the other Party with respect to any such procedures, plans, and changes.

IV. RATES AND CHARGES

4.1 Rates

Customer shall pay for AMS Services provided by AEPCO under this Agreement at the rates and upon the terms and conditions set forth in the AEPCO Tariff for the Schedules, provided that the quantities and/or billing determinants for the AMS Services shall be as determined in this Agreement (including but not limited to the obligations set forth in Section 6.2 of this Agreement). Customer shall be invoiced and shall pay for the services provided under this Agreement in accordance with the provisions of Article VII of this Agreement, provided that in no event shall Customer be invoiced under this Agreement and any other agreement for the same service provided by AEPCO.

In the event that Customer fails to satisfy its obligation to self-provide or purchase from a third party the AMS Services required by this Agreement, or if Customer fails to comply with its resource obligations set forth in Section 6.2 of this Agreement, AEPCO will acquire and provide services and/or resources for Customer. Customer will compensate the third-party supplier of any such services and/or resources, as required, or reimburse AEPCO if AEPCO pays for such services and/or resources.

V. TECHNICAL REQUIREMENTS

5.1 Metering

If Customer is a party to a network operating agreement with AEPCO under the AEPCO Tariff, the Parties will comply with the metering requirements in that network operating agreement. If Customer is not a party to a network operating agreement with AEPCO under the AEPCO Tariff, then the Parties will comply with the requirements of this Section 5.1. Customer's flows of energy will be measured at Customer's Interconnection Facilities pursuant to the metering configuration identified in Appendix C. Metering equipment may be owned and maintained by either of the Parties or an affiliate or an unaffiliated third party and have a meter-read or meter-share arrangement. The Parties will exchange real-time data and revenue quality meter reads from their meters in accordance with the AEPCO generally-applicable metering and communications

requirements, including but not limited to WAPA and other requirements that apply to AEPCO. All metering, communications, and data exchanges required to implement this Agreement will be automated to the extent reasonably practicable. The standards and specifications for metering and communications equipment as well as any related hardware and software required to implement this Agreement will meet all Applicable Reliability Standards, and be consistent with industry standards and Prudent Utility Practice and, if reasonably practicable, be compatible with the Parties' existing and planned facilities or software.

- 5.1.1 Modifications to Meters. In the event either Party intends to modify or replace meters at the Interconnection Facilities, that Party shall notify the other Party in writing not less than thirty (30) days prior to making any such modifications or replacements, except in the case of an Emergency or meter failure, in which case the Party making the modification or replacement shall provide the other Party as much notice as reasonably practicable. Each Party shall have the right to monitor in-person any meter modifications or replacements or any meter testing conducted by the other Party at the Interconnection Facilities.
- 5.1.2 Meter Testing. Unless otherwise agreed to by the Parties, commencing on the Effective Date, the Parties shall jointly test each of the interchange meters identified in Appendix C on a pre-determined basis and each Party shall bear its own costs for such testing. Each Party shall have the right to request periodic meter testing of the other Party's meters upon thirty (30) days prior written notice, and the requesting Party shall bear the cost of such tests, provided that, if any meter test shows an inaccuracy of more than one percent (1%), then the Party that owns the meter shall bear the costs of the test and any correction to the inaccurate meter. If any tests show any meter to be inaccurate by more than one percent (1%), or if any meter fails to register, a billing adjustment shall be made correcting all measurements made by such meter to the past meter check or up to three (3) months, whichever is shorter. The adjustment shall be equal to the amount of error as determined for the actual period of such erroneous meter registration.
- 5.1.3 Metering Loss Adjustments. In the event the physical meter location differs from the Interconnection Facilities location, agreed upon loss adjustment factors may be used to account for the difference in impedance between the various points on the AEPCO Transmission System. Loss adjustments are subject to approval by AEPCO and Customer.

5.2 Modifications to Either Party's Planned System

In the event either Party intends to modify the AMS or the Customer System, as applicable, in a manner which, in such Party's judgment consistent with the exercise of Prudent Utility Practice, would materially impact the obligations of the other Party under this Agreement, the Party making the modifications shall provide notice, in accordance with Prudent Utility Practice, of its intended

modification(s) as soon as reasonably practicable, but in no event later than one hundred eighty (180) days prior to making such modification(s) to its system. Within thirty (30) days of receiving such notice, the other Party shall determine if the modification requires any amendments to the obligations set forth in this Agreement and shall notify the first Party of its proposed amendments. To the extent the Parties disagree on the proposed amendments, the Parties will attempt to resolve the dispute using the dispute resolution provisions in Section 9.3 of this Agreement.

5.3 Reliability Standards

Each Party shall comply with Applicable Reliability Standards. Each Party shall use Prudent Utility Practice to cooperate with the other Party, through notifications, the exchange of data, coordination of plans, studies and schedules, and other actions that may be required to comply with Applicable Reliability Standards and related requirements. The Parties agree to promptly address any new, revised or eliminated Reliability Standard that changes the obligations of any Party during the term of this Agreement and to discuss any necessary modifications to this Agreement, including but not limited to adjustments to the calculation of charges and payment obligations as a result of changes in obligations under this Agreement resulting from such new, revised or eliminated Reliability Standard.

5.4 Operation and Maintenance

- 5.4.1 Each Party shall, to the fullest extent practicable, cause all its distribution, transmission and generating equipment to be designed, constructed, maintained, and operated in accordance with Prudent Utility Practice, all applicable Laws, and all applicable requirements established by the WALC BA.
- 5.4.2 Each Party shall strive to operate its system in parallel with other systems with which it shares interconnections and shall maintain and operate its system so as to minimize the likelihood and effect of disturbances or Outages on its system which might impair service to the customers of the other Party or within the WALC BA. Each Party shall be the sole judge of whether service to its own customers is being or would be impaired by operating conditions on the system of the other Party or any interconnected third party, and may request such the other Party or such other third party to take, or may itself take, appropriate corrective action. Notwithstanding the preceding sentence, the exercise of sole judgment by a Party under this Section 5.4.2 does not relieve a Party of its obligation to comply with Operating Instructions, as set forth in Section 5.5.2 of this Agreement.
- 5.4.3 Except as may be specifically provided for in arrangements between the Parties, or as may be arranged by mutual agreement in specific cases by both Parties at the request of a Party, neither Party shall be entitled to or obligated to furnish or to receive unscheduled electric capacity and/or energy and/or ancillary services to or from the other Party or an

interconnected third party, unless in an Emergency. During an Emergency, the Parties shall meet all requirements of Applicable Reliability Standards and any other applicable standard to mitigate any capacity and energy Emergency and return to scheduled MW and MVAR flow between or among the Parties.

5.4.4 Each Party shall, at its own expense or as otherwise provided by separate written agreement between or among the Parties, maintain in good operating condition its portion of each interconnection between or shared by the Parties; provided, however, that an interconnection may be removed from service or reduced in capacity in accordance with Section 5.6 of this Agreement, and shall be restored to service as soon as practicable following any Outage.

5.5 Emergency Operations

- 5.5.1 In the event of an Emergency, Customer will coordinate available Emergency assistance with AEPCO. This Agreement does not address or alter obligations for payment or other compensation that may or may not exist under other agreements that may exist or may be entered into by the Parties in connection with, or as a result of, Emergency assistance.
- 5.5.2 Customer shall immediately comply with Operating Instructions from AEPCO in its functional role as the Transmission Operator, though some Operating Instructions may originate from WAPA as the BA, or the Reliability Coordinator, unless such actions would violate safety, equipment, regulatory or statutory requirements. Customer shall comply as follows:
 - 5.5.2.1 Adjust generation output in accordance with the Operating Instruction if conditions in the BAA or AMS require such adjustment for reliability purposes. AEPCO will exercise commercially reasonable efforts, consistent with Prudent Utility Practice, to limit the adjustment in the Operating Instruction to the minimum quantity and duration necessary to resolve the reliability condition.
 - 5.5.2.2 Take all necessary actions, up to and including, shedding of firm load, to alleviate a reliability issue in the BAA or AMS, in accordance with the Operating Instruction.
 - 5.5.2.3 Immediately advise AEPCO of the inability to perform the directive due to the above-mentioned reasons so that AEPCO can implement alternate remedial actions.

- 5.5.3 Each Party will implement and maintain an automatic under-frequency load shedding ("UFLS") program that meets the AEPCO UFLS program requirements, pursuant to the WECC Off-Nominal, Frequency Load Shedding Program as approved by NERC.
- 5.5.4 AEPCO will follow the Manual Load Curtailment Plan, pursuant to its TOP Operating plan and as approved by the Reliability Coordinator, that outlines Energy Emergency operations and a pro-rata load shedding distribution protocol. Customer will identify load shed requirements as set forth in Appendix D.

5.6 Planned Outages and Coordination

- 5.6.1 Except to the extent addressed in a network operating agreement between Customer and AEPCO under the AEPCO Tariff, the Parties shall plan and coordinate Planned Outages in accordance with this Section 5.6. The Parties shall plan and coordinate, with at least forty-five (45) calendar days advance notice whenever possible, all Planned Outages on circuits or equipment and other maintenance activities affecting the reliability of the interconnection or delivery of energy affecting the Parties' systems. The Parties shall attempt to minimize the impact to the Parties of such Planned Outages. The Parties shall plan and coordinate with one another, at least forty-five (45) calendar days in advance whenever possible, any Planned Outages of system voltage regulating equipment, including but not limited to automatic voltage regulators on generators, supplementary excitation control, synchronous condensers, shunt and series capacitors, and reactors.
- 5.6.2 The Parties shall plan and coordinate Planned Outages of telemetering and control equipment and associated communication channels between and among the affected areas at least forty-five (45) calendar days in advance. The Parties shall plan and coordinate Planned Outages of generation resources at least forty-five (45) calendar days in advance whenever possible. When time does not permit such notifications and coordination, or in the event of a Forced Outage of generation resources, the Parties shall notify each other at the earliest possible time.

5.7 Voltage and MVAR Control

5.7.1 If applicable, each Party shall operate its generators with the automatic voltage regulator ("AVR") and on voltage control. Customer will notify AEPCO as soon as practicable but within thirty (30) minutes whenever a generator is operating with the AVR off.

- 5.7.2 Each Party shall maintain its system voltage within the range as specified by the AMS internal voltage guidelines. The Parties will coordinate and exchange operating voltage information to ensure voltage control and MVAR control equipment remains within operating limits. Deviations from voltage requirements will be addressed through applicable charges, except as provided for in Section 5.7.3.
- 5.7.3 In the event of an Emergency, each Party will take all necessary action up to and including shedding firm load if the Party cannot maintain its voltage or MVAR exchange within the limits set forth in Section 5.7.2 after receiving all available assistance and it is burdening the other Party's and/or any third-party system.

5.8 Operational Reliability Information

- 5.8.1 The Parties shall provide one another with such information as may be necessary (where confidentiality agreements allow) in order to coordinate their current-day, next-day, and seasonal operations.
- 5.8.2 Each Party shall provide information as requested by the other Party to conduct operational reliability assessments and coordinate reliable operations.
- 5.8.3 In accordance with Prudent Utility Practice, Customer shall timely notify AEPCO, within thirty (30) minutes if reasonably practicable, of changes in generation capabilities and characteristics, including but not limited to changes in real generation output capabilities.
- 5.8.4 Customer shall notify AEPCO as soon as practical, but within thirty (30) minutes, of a status or capability change on any generator, including the status of each power system stabilizer and the expected duration of the change in status or capability.
- 5.8.5 Each Party shall use uniform line identifiers when referring to transmission facilities of an interconnected network.

5.9 Monitoring System Conditions

- 5.9.1 If Customer is supplying any reserves to AEPCO, Customer shall (i) inform AEPCO of all generation and energy storage resources available for use by AMS, (ii) calculate all available operating reserves, and (iii) telemeter this capability to AEPCO in real time.
- 5.9.2 The Parties shall exchange real time operating data as required by any Party to meet its reliability obligations under the Applicable Reliability Standards.

5.9.3 To the extent the Parties are unable to meet the requirements of Section 5.9.2, the Parties will work diligently to achieve this ability to exchange the aforementioned data.

5.10 Communications

- 5.10.1 The Parties' system operators and load or generation dispatchers shall communicate with each other using the applicable communications protocols and procedures, including three-part communications, as set forth in the Applicable Reliability Standards when Operating Instructions are issued.
- 5.10.2 Operating Instructions from AEPCO to Customer shall be clearly stated as a directive and will include what action is being requested, what quantity of change or action is required, and when that action is to be taken.
- 5.10.3 Following each event that could reasonably contribute to an Emergency or Forced Outage, the Parties shall exchange operating information.
- 5.10.4 Before beginning switching at any point of interconnection, the Parties shall communicate and agree as to what switching will take place and what the final condition will be.
- 5.10.5 The Parties shall provide each other, on a timely basis, all information necessary for the Parties to fulfill their obligations set forth in the Schedules.

VI. OPERATIONAL REQUIREMENTS

6.1 Generation Schedule Balancing

For any generating resources controlled by Customer that exceed 1 MW, Customer will provide AEPCO and its Scheduling Coordinator hourly pre-scheduled resource MW dispatch energy schedules, reserves schedules if applicable, and such other schedules as may be applicable, in each case in accordance with such time frames as may be established by AEPCO and/or its Scheduling Coordinator. Customer will ensure that its Dynamically Transferred resources that sink outside of the AMS are able to coordinate anticipated operations with AEPCO. Customer will provide to AEPCO and its Scheduling Coordinator current day changes to unit operations, in accordance with such time frames as may be established by AEPCO and/or its Scheduling Coordinator. AEPCO and Customer will develop written operational protocols and standard operating procedures ("SOPs") to address, at a minimum, normal and emergency operations for any Customer resources dispatched by AEPCO.

6.2 Resource Adequacy

Customer will comply with all applicable requirements established in the Capacity Obligation Procedure.

6.3 Energy Imbalance Market

AEPCO will assign EIM charges to Customer using the same allocation methodology as set forth in Section 8 of WAPA DSW Business Practices Manual, a hyperlink to which is included in Appendix F and which may be updated from time to time. AEPCO will provide a monthly accounting of each cost and credit to Customer.

VII. BILLING

7.1 Payment Under Other Agreements

The invoicing, payment, and related provisions of this Article VII apply to charges and compensation due under this Agreement. It is the intent of the Parties that invoicing and payment for services provided by AEPCO to Customer under the AEPCO Tariff or other agreements between AEPCO and Customer will be governed by and subject to the terms of the AEPCO Tariff or such other agreements, as applicable.

As provided for in Section 4.1 of this Agreement, in the event that Customer fails to satisfy its obligation to self-provide or purchase from a third party the AMS Services required by this Agreement, or if Customer fails to comply with its resource obligations set forth in Section 6.2 of this Agreement, AEPCO will acquire and provide services and/or resources for Customer. Customer will compensate the third-party supplier of any such services and/or resources, as required, or reimburse AEPCO if AEPCO pays for such services and/or resources.

7.2 Invoice

Within a reasonable time after the first day of each month after the month that either Party provides service under this Agreement, the Party providing service shall submit an invoice for the prior month to the other Party for service under this Agreement.

7.3 Payment

The invoice shall be paid by the Party receiving it on the twentieth (20th) day of the invoicing month or the tenth (10th) day after receipt of the invoice, whichever occurs later ("Payment Due Date"). For purposes of this Article VII, the date of receipt of the bill shall be the date the invoice was sent by electronic transmission with receipt confirmed, or in the absence of electronic transmission, the date of the receipt as evidenced by return receipt of U.S. Mail First Class, postage prepaid, or the date otherwise mutually agreed to by the Parties. Payment shall be transferred by electronic wire to a bank designated by the receiving Party or by any other commercial method that provides collected funds on or before the Payment Due Date.

7.4 Payment Default

In the event the Party receiving the invoice fails to make a payment to the invoicing Party by the Payment Due Date, and such failure of payment is not corrected within thirty (30) calendar days after the invoicing Party notifies the Party receiving the invoice to cure such failure, a default by the Party receiving the invoice shall be deemed to exist. Such payment default shall be addressed in accordance with the terms of Sections 8.2 and 8.3 of this Agreement.

7.5 Interest

Amounts not paid by the Payment Due Date shall be payable with interest accrued on each calendar day from the due date to the date of actual payment. The interest shall be accrued at the Contract Rate of Interest.

7.6 Billing Disputes

Should any portion of any invoice be questioned by a Party, the invoiced Party shall promptly furnish such information in its possession necessary for the invoicing Party to address the question(s). The invoicing Party shall promptly thereafter investigate and respond to the questions. In the event any portion of any invoice is disputed, the disputed amount shall be paid, under protest, when due. Upon the receipt of such protest, the Parties shall handle the billing dispute in accordance with the dispute resolution procedures of Section 9.3 of this Agreement. If the protested portion of the payment is found to be incorrect, the invoicing Party shall promptly refund the over-collected amount, including interest on it accrued at the Contract Rate of Interest from the date of payment to the date of the refund.

7.7 No Waiver

No payment made pursuant to this Article VII shall constitute a waiver of any right to contest the correctness of any monthly charge or credit.

7.8 Payment of Refunds

Payment of refunds, if any, shall, at the option of the invoiced Party, be mailed U.S. First Class Mail. The Party receiving the refund may request that refunds or other settlement adjustments may instead be deposited via electronic wire transfer to any designated bank account.

7.9 Limitation on Right to Dispute

A Party shall have the right to dispute the accuracy of any invoice or payment under this Agreement for a period of two (2) years from the date on which the invoice was initially delivered; provided, however, that any dispute with respect to an invoice or payment from a third party that is passed through from AEPCO to Customer shall be raised not later than ten (10) business days before the end of the period for disputing the third party's original invoice or payment and shall include such supporting information and documentation as may be required by the third party's billing dispute resolution procedures. Any dispute not raised within such applicable period is thereafter waived. If the invoicing Party's records reveal that a bill was not delivered, then the invoicing Party may deliver to the invoiced Party an invoice within two (2) years from the date on

which the invoice would have been delivered under this Agreement. The right to payment is waived with respect to any amounts not invoiced within such two (2) year period.

7.10 Record-Keeping and Financial Audits

- 7.10.1 Each Party, or any third-party representative of a Party, shall keep complete and accurate records, and shall maintain such data as may be necessary for the purpose of ascertaining the accuracy of all relevant data, estimates, or statements of charges submitted hereunder, for a period of two (2) years from the date the invoice was delivered under this Agreement. Within a two (2) year period from the date on which the invoice was initially delivered, any Party to the applicable transaction may request in writing copies of the records of the other Party for that transaction to the extent reasonably necessary to verify the accuracy of any statement or charge. The Party from which documents or data has been requested shall provide all reasonably requested documents and data within a reasonable time period.
- 7.10.2 Any Party shall have the right, at its own expense, to audit and to examine any costs or payments resulting from any service provided in this Agreement for a period of two (2) years from the date on which the service was provided. Any Party may designate its own employee representative(s) or its contracted representatives with a certified accounting firm to conduct the audit. Any audits shall occur during normal business hours, and the Party being audited agrees to cooperate in such audit.

VIII. DEFAULT

8.1 Cross Default

The default and remedy provisions of this Article VIII apply to payment and performance defaults under this Agreement (as such defaults are defined in this Article VIII), provided, however, that in the event of a default under the AEPCO Tariff or other agreement(s) between AEPCO and Customer, the non-defaulting Party may treat such default as a default under this Agreement and pursue such remedies as may be available to the non-defaulting Party as if the default had occurred under this Agreement.

8.2 Payment Default

In the event the Party receiving an invoice fails to make payment to the invoicing Party on or before the due date for such payment, and such failure of payment is not corrected within thirty (30) calendar days after the invoicing Party provides written notice to the Party receiving the invoice to cure such failure, a default by the Party receiving the invoice shall be deemed to exist.

8.2.1 In the event of a billing dispute between the invoicing Party and the Party receiving the invoice, the invoicing Party will continue to provide service under this Agreement as long as the Party receiving the invoice complies with Section 7.7 of this Agreement.

8.3 Termination for Payment Default

Upon the occurrence of a default in accordance with Section 8.2, the invoicing Party may provide written notice to the Party receiving the invoice of the invoicing Party's intent to terminate this Agreement at least seven (7) calendar days from the date of such notice. The Party receiving the invoice shall have seven (7) calendar days following the receipt of the notice of termination to submit a written request to the invoicing Party to commence the dispute resolution procedures of Section 9.3 of this Agreement. If the Party receiving the invoice does not provide such notice within seven (7) calendar days of receipt of the notice of termination, then the invoicing Party may terminate this Agreement on the date specified in the notice of termination. If the Party receiving the invoice does submit a timely written request to commence dispute resolution procedures, then Section 9.3 of this Agreement shall apply. The remedy of termination shall not be exclusive of any other rights or remedies, at law or in equity, which may be available to the terminating Party.

8.4 Termination for Performance Default

If a Party (the "**Defaulting Party**") materially breaches its obligations to the other Party (the "**Non-**Defaulting Party") hereunder (other than a failure to pay an invoice, which is addressed in Sections 8.2 and 8.3 of this Agreement), the Non-Defaulting Party may provide to the Defaulting Party written notice of such breach, and the Defaulting Party shall have thirty (30) days from the date of such notice to cure such breach. If the Defaulting Party fails to cure such breach within such thirty (30) day period, then the Non-Defaulting Party may terminate this Agreement by written notice to the Defaulting Party that specifies a termination date at least seven (7) days following the Defaulting Party's receipt of the notice; provided, however, that if such breach cannot be cured within thirty (30) days, then the Defaulting Party will have such longer period as may reasonably be necessary to cure such breach so long as the Defaulting Party takes reasonable steps to cure the breach during such period; and provided further, that the Non-Defaulting Party shall have seven (7) calendar days following its receipt of the notice of termination to submit a written request to commence the dispute resolution procedures of Section 9.3 of this Agreement. If the Defaulting Party does not cure, or take reasonable steps to cure, the material breach of its obligations within thirty (30) calendar days, or such longer period as provided for in the first proviso clause of the preceding sentence, or provide notice within seven (7) calendar days to commence the dispute resolution procedures following its receipt of the notice of receipt of the notice of termination, the Non-Defaulting Party may terminate this Agreement on the date specified in the notice of termination. The remedy of termination shall not be exclusive of any other rights or remedies, at law or in equity, which may be available to the Non-Defaulting Party.

8.5 Good Faith Efforts Following Notice of Termination

The Parties will work in good faith, using reasonable efforts, to effectuate any necessary subsequent agreements for AMS Services. Notwithstanding the foregoing, if there is a dispute over a Party's request to terminate this Agreement, that dispute will be resolved pursuant to Section 9.3 of this Agreement.

IX. MISCELLANEOUS

9.1 Compliance with Laws

AEPCO and Customer shall comply with all Laws applicable to the services performed and received under this Agreement. To the extent any such requirements extend to Customer, AEPCO shall assist Customer with compliance with such applicable Laws, including provision of any reports or other information required by such applicable Laws.

Without limiting the foregoing, each Party agrees to timely cooperate and exchange information with the other Party and with WAPA (or with AEPCO to provide to WAPA) in the event that a Party or WAPA is subject to an audit, investigation spot-check, or other FERC, NERC, or WECC compliance monitoring and enforcement procedure with respect to the Applicable Reliability Standards pertaining to services under this Agreement by timely providing any supporting evidence in its possession that may be requested by the other Party or WAPA to demonstrate compliance to a reviewing authority. Without limiting the generality of the foregoing obligation to cooperate and exchange information, during an audit, investigation or similar compliance monitoring and enforcement procedure, each Party shall provide the other Party or WAPA (or AEPCO to provide to WAPA) with such supporting evidence to assist with responses to data requests and other requests for information no later than one (1) business day after it is requested, unless the Parties mutually agree to an alternative deadline.

9.2 Confidentiality

The Parties acknowledge that during the course of this Agreement, the Parties may have access to Confidential Information of AEPCO and Customer, and others. Confidential Information also includes such information that the Party receives as, or has received as, confidential, belonging to those who do business with it and, except to the extent disclosed by the Party on a non-confidential basis, any intellectual property. All Confidential Information disclosed under this Agreement remains the property of the providing Party. The Parties agree that no license under any invention, patent, copyright, trade secret, or other proprietary right is granted or implied by the disclosure of Confidential Information to a Party under this Agreement. Each Party agrees that such Party, its directors, officers, and any persons employed by such Party shall not, during the term of this Agreement or at any time thereafter, use or disclose to third parties any such Confidential Information, and that each Party shall take appropriate measures to protect the Confidential Information and prevent its disclosure. The Parties also agree that while AEPCO shall have access to Customer's load, generation, sales and transmission requirements forecasts, AEPCO shall not, during the term of this Agreement or at any time thereafter, share or disclose such information in the specific, but may do so only in the aggregate form (e.g., to include such information in an aggregate total of transmission requirements for all customers). Notwithstanding the foregoing, AEPCO may provide such information in an aggregate form, with any identifying information excised, to the extent needed to support the allocation of costs among customers or to provide services to customers; provided, however, that such disclosure of aggregate information shall be subject to a confidentiality obligation substantially similar to the one set forth herein. To the extent that aggregated and anonymized information is not sufficient to confirm the proper cost allocation, then AEPCO shall provide such additional information as is required to confirm the appropriateness of allocation. Each Party further agrees not to disclose to any other person,

corporation or any other entity or otherwise display for any purposes any books, records, worksheet, data, invoice, document, drawing, letter, report, tape or any other media, or any copy or reproduction thereof, belonging to, generated by, or pertaining to the other Party without written authorization from a duly authorized representative of the other Party. In case of disclosure by a Party to its professional consultants, including, but not limited to, attorneys, accountants, investment bankers, brokers, technical and rate consultants and engineers, that Party shall be responsible for any breach of the confidentiality provisions by any such professional consultant and shall expressly advise such professional consultants in writing that the Confidential Information must be kept confidential and shall not be made available to, or communicated to third parties or clients, and shall not be used on behalf of any other client.

Confidential Information shall not include (a) information that is generally available to the public or becomes generally available to the public without breach of this Agreement or (b) information required to be posted on an Open Access Same-Time Information System or otherwise given pursuant to the law. A Party that receives any subpoena or other process served on such Party requesting, or that is ordered by court or government agency or is otherwise required in accordance with applicable Laws to disclose or produce, the other Party's information that would otherwise be confidential shall promptly advise the other Party of such request, so that the other Party may take such action as it determines to be appropriate to protect its rights and interests.

The Parties further agree to enter into written agreements regarding the non-disclosure and the non-use of Confidential Information when requested to do so by other organizations which provide proprietary data requested or obtained by a Party in connection with this Agreement. In the event of an unauthorized disclosure to a third party, the Parties agree that there is no adequate remedy at law and accordingly, in addition to any other available legal or equitable remedies, a Party will be entitled to an injunction against such breach without any requirement to post a bond as a condition of such relief. The confidentiality obligations of the Agreement shall survive termination of this Agreement.

9.3 Dispute Resolution

If Customer receives service under the AEPCO Tariff, then any disputes arising out of, related to or in connection with this Agreement shall be resolved in accordance with the terms and conditions of the AEPCO Tariff. If Customer does not receive service under the AEPCO Tariff but receives service under any other agreement with AEPCO, then any disputes arising out of, related to or in connection with this Agreement shall be resolved in accordance with the terms and conditions of such other agreement. If Customer receives service from AEPCO under this Agreement only, then any disputes arising out of, related to or in connection with this Agreement shall be resolved in accordance with the terms of this Section 9.3.

The Parties shall attempt in good faith to resolve all disputes arising out of, related to or in connection with this Agreement promptly by negotiation. A Party may give the other Party written notice of any dispute not resolved in the normal course of business, setting forth in reasonable detail the particulars of the dispute (each such notice a "**Dispute Notice**"). Each Party shall designate a representative who shall meet at a mutually acceptable time and place within ten (10) calendar days after receipt of such Dispute Notice, and thereafter as often as they reasonably deem

necessary, to exchange relevant information and attempt to resolve the dispute. The Parties agree to provide and exchange supporting facts, records and information regarding the dispute (including calculation and bases) as part of the good faith negotiations. If the matter has not been resolved within thirty (30) calendar days after a Party's receipt of a Dispute Notice, either Party may pursue all remedies available, either by law or in equity. Where irreparable harm will or is reasonably expected to imminently result, a Party may seek emergency injunctive relief or other expedited remedies without first submitting to the dispute resolution procedures set forth in this Section 9.3.

9.4 Waivers

In the event of a waiver of a specific provision of this Agreement, no other provisions are waived and subsequent provisions of the waived provision are not waived. No delay, short of the statutory limitations of actions, in asserting or enforcing any right arising hereunder shall be deemed a waiver of such right.

9.5 Assignment

Neither Party may assign its rights or delegate its obligations under this Agreement, without the express written consent of the other Party. Any such assignment made without such written consent shall be null and void. Subject to this Section 9.5, this Agreement shall bind and inure to the benefit of the Parties and their successors and assigns.

9.6 Governing Law

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Arizona, without giving effect to its conflicts of law principles.

9.7 Force Majeure

No Party shall be considered to be in default in the performance of any of its obligations under this Agreement when a failure of performance shall be due to a Force Majeure. The Party claiming excused failure of performance shall promptly contact the other Party and, upon the written request of such other Party, shall promptly provide evidence that a Force Majeure has caused failure of performance. Any Party rendered unable to fulfill any obligation by reason of a Force Majeure shall exercise due diligence to remove such inability with all reasonable dispatch. Nothing contained herein shall be construed so as to require a Party to settle any strike or labor dispute in which it may be involved.

9.8 Notices

Any formal notice, demand or request provided for in this Agreement, or given or made in connection with this Agreement, shall be deemed to be properly given or made if delivered, or sent by electronic transmission, with a copy placed in the U.S. Mail, return receipt requested, or sent by registered or certified U.S. Mail to the person specified in Appendix B.

9.9 Severability

If any part or any provision of this Agreement shall be held invalid or unenforceable by any governmental authority having jurisdiction under applicable law, said part or provision shall be ineffective only to the extent of such invalidity without in any way affecting the remaining parts of said part or provision or the remaining provisions of this Agreement. In the event that such invalidity alters the relationship of the Parties to the significant disadvantage of a Party, the Parties shall attempt to negotiate a modification of the terms of the Agreement in order to reestablish the original balance of benefits, and if such agreement is not reached, the disadvantaged Party may seek modification of the Agreement through the dispute resolution process provided in Section 9.3 of this Agreement.

9.10 Ambiguities

This Agreement has been drafted, negotiated, and revised by each of the Parties hereto, each of which is sophisticated in the matters to which this Agreement pertains, and no one Party shall be considered to have drafted this Agreement. Each of the Parties and its counsel has reviewed this Agreement and the usual rule of construction that any ambiguities are resolved against the drafter shall not apply in the construction and interpretation of this Agreement.

9.11 Time Is of the Essence

Time is of the essence with respect to the performance of all terms, covenants, conditions, and provisions of this Agreement.

9.12 Amendments

No amendment to this Agreement shall be effective unless: (i) such amendment is in writing; and (ii) executed by both Parties.

9.13 Standard of Performance

In performing its obligations under this Agreement, each Party shall conform to applicable Law and Prudent Utility Practice.

9.14 Entire Agreement

This Agreement constitutes the entire agreement between the Parties relating to the subject matter of this Agreement and supersedes all previous agreements, whether oral or written, as of the Effective Date.

9.15 Survival

All provisions of this Agreement which by their express terms survive termination of this Agreement or which by the operation of their terms are intended to be performed, in whole or in part, after termination of this Agreement, and all obligations of indemnification contained in this Agreement, shall survive any termination of this Agreement.

9.16 Counterpart Signatures

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The delivery of this Agreement by electronic mail or other means of electronic transmission with an electronic signature in PDF or other manually acceptable digital format (e.g., DocuSign or Adobe Sign) by either Party's authorized representative shall be deemed an original for execution and enforcement of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have caused this AEPCO Metered Sub-system Agreement to be executed as of the date set forth below.

CUSTOMER

By:	
	Dane Banefield
Title:	General Manager
Date:	<u>-</u>
ARIZ	ONA ELECTRIC POWER COOPERATIVE, INC.
By:	
	Patrick F. Ledger
Title:	Executive Vice President and Chief Executive Officer
D .	

APPENDIX A – CUSTOMER SERVICES

This Appendix will reflect Customer's selected services and pr	rovide AEPCO a summary document
to facilitate the provisions of services, tracking and invoicing	ng. This Appendix may be amended
only in writing with both Parties' signatures.	

APPENDIX B – NOTICES AND SYSTEM OPERATIONS PERSONNEL

Notices: All notices under this Agreement shall be provided in writing to the authorized representatives listed below. All notices required or permitted under this Agreement must be written and will be deemed given and received (a) if by personal delivery, on the date of such delivery, (b) if by electronic mail, on the transmission date if sent (without failure or bounce-back) before or during normal business hours on a business day or, in any other case, on the next business day, (c) if by nationally or internationally recognized overnight courier, on the next business day following deposit for next business day delivery, or (d) if by certified U.S. mail, return receipt requested with postage pre-paid, on the fifth (5th) business day following deposit. A Party may at any time by written notice change the designation or the address of the person to be notified.

Phone:
Email:
Notices to AEPCO:
Patrick F. Ledger
Executive Vice President and Chief Executive Officer
P. O. Box 670
Benson, AZ 85602
Phone: (520) 586-3631
Email: pledger@azgt.coop and legal@azgt.coop
System Operations: Designated personnel shall be contacted for operational activities including but not limited to outage coordination, generation dispatch and system dispatch. Any notice, request, directive, or demand of an operating nature between the Parties shall be made orally (i.e., via telephone) using the three-part communication method (or in accordance with such other requirements that may be applicable in the circumstances). The Parties agree that such oral communications may be recorded. If they are not recorded, then such communications will be confirmed via email or writing, as soon as practical and as circumstances permit.
<u>Customer</u> :
Phone:
Email:

Robert Bray System Operations Manager P. O. Box 670 Benson, AZ 85602

AEPCO:

Notices to Customer:

Email: rbray@azgt.coop

Customer's Designated Agent (if applicable):

Name: _____
Title: ____
Company: _____

Phone: _____Email: _____

Phone: (520) 586-5237 office; (520) 368-6566 mobile

APPENDIX C – INTERCONNECTION AND METERING FACILITIES

APPENDIX D – APPROVED CUSTOMER LOAD SHED PROCEDURE

APPENDIX E - CAPACITY OBLIGATION PROCEDURE

APPENDIX F – WAPA DSW BUSINESS PRACTICES MANUAL LINK

The WAPA DSW Business Practices Manual, as it may be amended an in effect from time to time, is available at:

http://www.oatioasis.com/WALC/

APPENDIX A – CUSTOMER SERVICES

This Appendix will reflect Customer's selected services and provide AEPCO a summary document to facilitate the provisions of services, tracking and invoicing. This Appendix may be amended only in writing with both Parties' signatures.

Customer has generation, specifically Apache II Solar, in the AMS, does not serve load in the AMS and does not receive transmission service from AEPCO.

Schedule	Description	Selected Service
1	Scheduling, System Control and	Provided by AEPCO
	Dispatch Service	
2	Reactive Supply and Voltage Control	Not applicable
	from Generation or Other Sources	
	Service	
3	Regulation and Frequency Response	Provided by AEPCO
	Service	
4	Energy Imbalance Service	Not applicable
5	Operating Reserve – Spinning Reserve	Provided by AEPCO
	Service	
6	Operating Reserve – Supplemental	Provided by AEPCO
	Reserve Service	
9	Generator Imbalance Service	Provided by AEPCO
1T	EIM Administrative Service	Not applicable
4T	EIM Energy Imbalance Service	Not applicable
9T	EIM Generator Imbalance Service	Not applicable
10	EIM Unreserved Use	Not applicable
Underfrequency Load Shedding Plan		Not applicable
Manual Load C	urtailment Plan	Not applicable

The Parties have caused this Appendix A to the AEPCO Metered Sub-system Agreement to be effective upon execution of the last Party's date of signature.

Customer	Date
AEPCO	Date

AGENDA ITEM I AEPCO - LCPD Power System Operation Service Letter Agreement

The Board will consider a letter agreement with AEPCO for services related to certification with Western Electrical Coordinating Counsel (WECC) and National Energy Reliability Counsel (NERC). Staff has been working with AEPCO staff steadily for the previous 3 months working to meet the requirements of WECC and NERC before the established deadline of June 2026. Requirements to become certified and compliant with NERC standards is due to the interconnection of the Estuary Solar 185MW solar generator.



October 8, 2025

Dane Bradfield CEO Lincoln County Power District No. 1 P.O. Box 910 Panaca, NV 89042 dbradfield@lcpd1.com

RE: Letter Agreement to Engage in and Fund Preparatory Work for Transmission Operator Services

Dear Mr. Bradfield:

This letter agreement, together with the attached Exhibits A and B (collectively, "Letter Agreement"), memorializes an agreement between Arizona Electric Power Cooperative, Inc. ("AEPCO") and Lincoln County Power District No. 1 ("LCPD"), whereby AEPCO will perform, and LCPD will fund, preparatory work necessary for AEPCO to provide LCPD with future Transmission Operator ("TOP") services and other related services (collectively "Services"). AEPCO and LCPD may herein be referred to collectively as the "Parties" or individually as a "Party."

AEPCO desires to engage in, and LCPD has agreed to fund, the preparatory work more particularly described in Exhibit A ("Preparatory Work") in accordance with the provisions described below. AEPCO's performance of, and LCPD's payment for, the Preparatory Work shall not obligate AEPCO to provide, or LCPD to receive, the full Services until such time as a definitive Power System Operation Services (PSOS) Agreement is authorized by the Parties' respective governing bodies and executed. Nothing in this letter should be considered a commitment by either Party to consummate any further contractual obligations not explicitly contained in this Letter Agreement.

The Parties recognize that preparing for the provision of the Services requires significant work and coordination with affected third parties, including the Western Electricity Coordinating Council ("WECC"), NV Energy, and Alliance for Cooperative Energy Services (ACES). Therefore, LCPD authorizes AEPCO to communicate with these and other affected third parties regarding the subject matter of this Letter Agreement for the sole purpose of engaging in the Preparatory Work.

Therefore, until otherwise modified in writing, the Parties specifically agree as follows:

- 1. **Scope of Work**: AEPCO shall perform the Preparatory Work as set forth in Exhibit A, attached hereto and made a part hereof.
- 2. **Annual Fee**: The total fee for the Preparatory Work is \$350,000.
- 3. **Payment**: Upon receipt of an invoice from AEPCO, LCPD shall make ten monthly payments of \$35,000.
- 4. **Term**: This Letter Agreement shall become effective on October 1, 2025 and shall remain in effect until July 31, 2026, unless terminated earlier as provided herein.
- 5. **Termination**: This Letter Agreement may be terminated with 60 days written notice by either Party. Upon termination, a final reconciliation of costs incurred and payments made shall be completed within sixty (60) days.

If you are in agreement with the foregoing and the attached Exhibits, please so indicate by signing this letter in the space provided below.

Sincerely,

Ben Engelby General Counsel Arizona Electric Power Cooperative, Inc.

Accepted by: LINCOLN COUNTY POWER DISTRICT NO. 1

Name: Richard Katschke

Title: President

Date: October 13, 2025

EXHIBIT A: DESCRIPTION OF PREPARATORY WORK

AEPCO agrees to perform all Preparatory Work necessary to facilitate the future provision of TOP Services, which includes but is not limited to the following:

- Undertake and complete a certification review with the Western Electricity Coordinating Council (WECC) for AEPCO's TOP function to account for the footprint change of incorporating the LCPD system.
- Initiate and establish a Coordinated Functional Registration (CFR) with Nevada Energy to coordinate modeling and reliability functions.
- Assist LCPD with the development and implementation of its Transmission Owner (TO) compliance program to ensure facility ratings are accurate and relays are maintained for AEPCO to operate the system reliably.
- Coordinate with third-party vendors, such as Alliance for Cooperative Energy Services (ACES), to perform a readiness evaluation in advance of the WECC certification review.

EXHIBIT B: NOTICES AND AUTHORIZED REPRESENTATIVES

AEPCO Authorized Representatives Ben Engelby General Counsel PO Box 670 1000 S. Highway 80 Benson, AZ 85602 (520) 586 5161 bengelby@azgt.coop

[Name]

[Title]

[Address]

[Phone]

[Email]

LCPD Authorized Representatives

[Name]

[Title]

[Address]

[Phone]

[Email]

[Name]

[Title]

[Address]

[Phone]

[Email]

AGENDA ITEM J Purchase Power Adjustment Rate

Staff will present the current calculation of the PPAC for consideration of adjustment for the upcoming 12 months. Included in this presentation will be 2 different scenarios for setting the upcoming PPAC. The first will be the standard calculation which would equate to an approximate overall rate reduction to our customers of 4%. The second is a calculation I have spoke of in previous meetings where the average cost of our hydropower is subtracted from our cost of purchased power. This calculation equates to an approximately 13% reduction in customers bills. We will walk through both calculations and discuss different aspects to consider when determining the upcoming PPAC.

VALUES IN BLUE IN THIS SPREADSHEET REPRESENT VALUES TO BE INPUTED

Import Monthly PPAC Revenues

Data from ABS by Class: GL Accounts 443.10 thru 445.30

Cells in Blue Manually Input from NISC

12 Mos. Ending	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	<u>Jun-25</u>	<u>Jul-25</u>	Aug-25	Sep-25	<u>Total</u>
Sep-23	\$153,224.14	\$180,190.21	\$186,414.32	\$205,687.89	\$162,622.04	\$164,381.06	\$200,433.35	\$221,050.69	\$243,410.45	\$262,068.43	\$262,391.78	\$223,645.03	\$2,465,519.39

from 10-yr forecast
Import Monthly Supplemental (non-Hoover) Purchased Power Costs

Data from ABS by Class: GL Accounts 555.4 and 557.10

Cells in Blue Manually Input from NISC

	er / Person er												
12 Mos. Ending	Oct-24	Nov-24	Dec-24	<u>Jan-25</u>	Feb-25	Mar-25	Apr-25	May-25	Jun-25	<u>Jul-25</u>	Aug-25	Sep-25	Total
Sep-23	\$125,800.52	\$104,128.76	\$261,390.28	\$276,846.37	\$177,697.30	\$8,803.53	\$4,019.48	\$39,395.48	\$126,526.50	\$300,325.95	\$322,758.35	\$166,872.00	\$1,914,564.52

\$284,864.83 \$156,884.83 \$15,164.83

Purchased Power Adjustment Clause April 17, 2023 Rate Calculation

from Hedge

Step 1: Annual Adjustment Amount (AAA) Calculation

	Actual	Estimated Prior	GL 555.2, 555.4, 55	57.1
	Purchased	Year	Actual	Forecast
	Power	PPAA	Cost of	Cost of
	Adjustment	Revenue	Supplemental	Supplemental
	Revenue	From FYE 2024 Calculation	Power	Power
<u>FYE</u>	(APPAR)	(SHF)	(APC)	(BasePC)
Sep-25	\$2,465,519.39	\$2,340,116.92	\$1,914,564.52	\$765,000.00

AAA = APPAR- SHF - (APC-BasePC) =

(\$1,024,162.05)

Red means Shortfall Black Means Excess

Notes for Step 1

- (1) Excess Amounts are Positive, Shortfall Amounts are Negative.
- (2) The Forecast Cost of Supplemental Power is from the 2021 Cost of Service Study, it is the amount for the current year.
- (3) See Step 3 from last years calculation for a prior year PPA revenue to include in this year PPAR.

Step 2: Purchased Power Adjustment Amount (PPAA) Calculation

Forecast Cost of Forecast Cost of	
Supplemental Pow Supplemental Power	er
Month (FPC) (FPC)	
Oct-25 \$0.00 \$131,8	864.83
Nov-25 \$0.00 \$133,1	24.83
Dec-25 \$0.00 \$249,7	64.83
Jan-26 \$0.00 \$243,7	79.83
Feb-26 \$0.00 \$188,9	969.83
Mar-26 \$0.00	\$0.00
Apr-26 \$0.00	\$0.00

Rural Residential							
Monthly Usage (1)							
		500	1,500	3,000			
Current	Rates	kWh	kWh	kWh			
Facility Charge	\$20.00	\$20.00	\$20.00	\$20.00			
MLRA	\$0.00	\$0.00	\$0.00	\$0.00			
Energy Charge							
First 2000	\$0.07362	\$36.81	\$110.43	\$147.24			
Next 2000	\$0.07932	\$0.00	\$0.00	\$79.32			
Over 4000	\$0.08517	\$0.00	\$0.00	\$0.00			
PPAR	\$0.02778	\$13.89	\$41.67	\$83.34			
		\$70.70	\$172.10	\$329.90			

9,832,525 11,824,789

\$41,675.00 \$162,162.00 \$319,313.00 \$274,215.00 \$166,872.00

9,434,363

8,050,577

9,171,168

\$0.00

Rural Residential							
		M	onthly Usage (1)			
		500	1,500	3,000			
Rates Effective C	october 1, 2024	kWh	kWh	kWh			
Facility Charge	\$20.00	\$20.00	\$20.00	\$20.00			
MLRA	\$0.00	\$0.00	\$0.00	\$0.00			
Energy Charge							
First 2000	\$0.07362	\$36.81	\$110.43	\$147.24			
Next 2000	\$0.07932	\$0.00	\$0.00	\$79.32			
Over 4000	\$0.08517	\$0.00	\$0.00	\$0.00			
PPAR	\$0.02325	\$11.63	\$34.88	\$69.75			
		\$68.44	\$165.31	\$316.31			

Total Increase in Cost	-\$2.27	-\$6.80	-\$13.59
Percent Increase	-3.2%	-3.9%	-4.1%

(1) Average summer use by rural LCPD customer is 879 kWh/month and average winter use is 2,355 kWh/month.

Irrigation					
	Monthly Usage (1)				
	28	51	139		

May-26	\$0.00	\$0.00
Jun-26	\$0.00	\$127,607.83
Jul-26	\$0.00	\$302,432.83
Aug-26	\$0.00	\$286,871.83
Sep-26	\$0.00	\$150,350.83
Totals	\$0.00	\$1,814,767.47

Base Case Cost of Supplemental for 12 Months ending Sept. 2024 in Rates (See PPAC Schedule) (Base PC₂₀ \$765,000.00

PPAA for FYE 2023 = -AAA + (FPC-BasePC₂₀₂₃) =

\$2,073,929.52

Notes for Step 2

- (1) Values in Blue for Supplemental Power cost are taken from the AEPCO Hedging Analysis.
- (2) The Forecast Cost of Supplemental Power is from the 2021 Cost of Service Study, it is the amount for the future year. Continue to use the 2022 base case cost until the next rate study.

Step 3: Renewable Energy Credit Sales Income

Data from ABS From Account 555.30

Income from last 12 months of REC sales:

\$ 105,000.00

Step 4: Purchased Power Adjustment Rate (PPAR) Calculation

Forecast Energy Sales (FES) for FYE 2026 (see rate study):

Assume only recover: 100.00% of prior year shortfall 84,689,370

October 1, 2023 PPAR = (FPC - Base Case Supplemental Power - AAA)/FES =	\$0.02325 /kWh		
	Use: 0.02325		
Current Year PPAR:	\$0.02778 /kWh		
Percent Change:	-16.31%		
Planned Shortfall to Recover in Future Years:	(\$98.33)		
Amount to Include in Cell C30 Next Year:	\$1,969,027.85		

Current	Rates	kW 10,034 kWh	kW 25,617 kWh	kW 74,960 kWh
Facility Charge	\$30.00	\$30.00	\$30.00	\$30.00
MLRA	\$0.00	\$0.00	\$0.00	\$0.00
Energy Charge	\$0.04757	\$477.32	\$1,218.60	\$3,565.85
Demand Charge	\$10.25000	\$287.00	\$522.75	\$1,424.75
PPAR	\$0.02778	\$278.74	\$711.64	\$2,082.39
		\$1,073.06	\$2,482.99	\$7,102.99

Irrigation							
		Мо	nthly Usage (:	1)			
		28	51	139			
		kW	kW	kW			
		10,034	25,617	74,960			
Rates Effective October 1, 2024		kWh	kWh	kWh			
Facility Charge	\$30.00	\$30.00	\$30.00	\$30.00			
MLRA	\$0.00	\$0.00	\$0.00	\$0.00			
Energy Charge	\$0.04757	\$477.32	\$1,218.60	\$3,565.85			
Demand Charge	\$10.25000	\$287.00	\$522.75	\$1,424.75			
PPAR	\$0.02325	\$233.29	\$595.60	\$1,742.82			
		\$1,027.61	\$2,366.95	\$6,763.42			

-\$45.45

-4.2%

-\$116.05

-4.7%

-\$339.57

-4.8%

Total Increase in Cost

Percent Increase

⁽¹⁾ Average summer use by irrigation customer is 19,705 kWh/month and 58 kW.

VALUES IN BLUE IN THIS SPREADSHEET REPRESENT VALUES TO BE INPUTED

Import Monthly PPAC Revenues

Data from ABS by Class: GL Accounts 443.10 thru 445.30

Cells in Blue Manually Input from NISC

12 Mos. Ending Oct-24 Nov-24 Dec-24 Jan-25 Feb-25 Mar-25 Apr-25 May-25 Jun-25 Jul-25 Aug-25 Sep-25 <u>Total</u> Sep-23 \$153,224.14 \$180,190.21 \$186,414.32 \$205,687.89 \$162,622.04 \$164,381.06 \$200,433.35 \$221,050.69 \$243,410.45 \$262,068.43 \$262,391.78 \$223,645.03 \$2,465,519.39

from 10-yr forecast
Import Monthly Supplemental (non-Hoover) Purchased Power Costs

Data from ABS by Class: GL Accounts 555.4 and 557.10

Cells in Blue Manually Input from NISC

12 Mos. Ending Oct-24 Nov-24 Dec-24 Jan-25 Feb-25 Mar-25 Apr-25 May-25 Jun-25 Jul-25 Aug-25 Sep-25 Total \$261,390.28 \$8,803.53 Sep-23 \$125,800.52 \$104,128.76 \$276,846.37 \$177,697.30 \$4,019.48 \$39,395.48 \$126,526.50 \$300,325.95 \$322,758.35 \$166,872.00 \$1,914,564.52

\$15,164.83

\$156,884.83

Adjustment If All Power Received From Hoover

Data from NISC Cost of Power

from Hedge

Total Non-Hoover KWh from Oct. 1 to Sept. 30

 Avg. Cost \$/KWh
 Avg. Hoover Cost \$/KWh
 Difference
 Cost of Non-Hoover Above Hoover Price
 Scheduling
 Total

 23,180,000
 \$0.0732
 \$0.0245
 \$0.0487
 \$1,128,866.00
 \$50,178.40
 \$1,179,044.40

Purchased Power Adjustment Clause April 17, 2023 Rate Calculation

Step 1: Annual Adjustment Amount (AAA) Calculation

	Actual Estimated Prior		GL 555.2, 555.4, 55	57.1	
	Purchased	Year	Actual	Forecast	
	Power	PPAA	Cost of	Cost of	
	Adjustment	Revenue	Supplemental	Supplemental	
	Revenue	From FYE 2024 Calculation	Power	Power	
<u>FYE</u>	(APPAR)	(SHF)	(APC)	(BasePC)	
Sep-25	\$2,465,519.39	\$2,340,116.92	\$1,179,044.40	\$765,000,00	

AAA = APPAR- SHF - (APC-BasePC) =

(\$288,641.93)

\$284,864.83

Red means Shortfall Black Means Excess

Notes for Step 1

- (1) Excess Amounts are Positive, Shortfall Amounts are Negative.
- (2) The Forecast Cost of Supplemental Power is from the 2021 Cost of Service Study, it is the amount for the current year.
- (3) See Step 3 from last years calculation for a prior year PPA revenue to include in this year PPAR.

Step 2: Purchased Power Adjustment Amount (PPAA) Calculation

SSEA AEPCO
Forecast Cost of Forecast Cost of
Supplemental Pow
Supplemental Power

Rural Residential							
		Monthly Usage (1)					
		500	1,500	3,000			
Current	Rates	kWh	kWh	kWh			
Facility Charge	\$20.00	\$20.00	\$20.00	\$20.00			
MLRA	\$0.00	\$0.00	\$0.00	\$0.00			
Energy Charge							
First 2000	\$0.07362	\$36.81	\$110.43	\$147.24			
Next 2000	\$0.07932	\$0.00	\$0.00	\$79.32			
Over 4000	\$0.08517	\$0.00	\$0.00	\$0.00			
PPAR	\$0.02778	\$13.89	\$41.67	\$83.34			
		\$70.70	\$172.10	\$329.90			

9,171,168

\$41,675.00

\$0.00

9,832,525 11,824,789

\$162,162.00 \$319,313.00 \$274,215.00

9,434,363

8,050,577

Rural Residential					
		Мо	nthly Usage (1)	
		500	1,500	3,000	
Rates Effective C	October 1, 2024	kWh	kWh	kWh	
Facility Charge	\$20.00	\$20.00	\$20.00	\$20.00	
MLRA	\$0.00	\$0.00	\$0.00	\$0.00	
Energy Charge					
First 2000	\$0.07362	\$36.81	\$110.43	\$147.24	
Next 2000	\$0.07932	\$0.00	\$0.00	\$79.32	
Over 4000	\$0.08517	\$0.00	\$0.00	\$0.00	
PPAR	\$0.01456	\$7.28	\$21.84	\$43.68	
		\$64.09	\$152.27	\$290.24	

Total Increase in Cost	-\$6.61	-\$19.83	-\$39.66
Percent Increase	-9.3%	-11.5%	-12.0%

	Month (FPC)		(FPC)
	Oct-25	\$0.00	\$131,864.83
	Nov-25	\$0.00	\$133,124.83
	Dec-25	\$0.00	\$249,764.83
	Jan-26	\$0.00	\$243,779.83
	Feb-26	\$0.00	\$188,969.83
	Mar-26	\$0.00	\$0.00
	Apr-26	\$0.00	\$0.00
	May-26	\$0.00	\$0.00
	Jun-26	\$0.00	\$127,607.83
	Jul-26	\$0.00	\$302,432.83
	Aug-26	\$0.00	\$286,871.83
	Sep-26	\$0.00	\$150,350.83
To	otals	\$0.00	\$1,814,767.47

Base Case Cost of Supplemental for 12 Months ending Sept. 2024 in Rates (See PPAC Schedule) (Base PC 20 \$765,000.00

\$765,000.00

PPAA for FYE 2023 = -AAA + (FPC-BasePC₂₀₂₃) =

\$1,338,409.40

Notes for Step 2

- (1) Values in Blue for Supplemental Power cost are taken from the AEPCO Hedging Analysis.
- (2) The Forecast Cost of Supplemental Power is from the 2021 Cost of Service Study, it is the amount for the future year. Continue to use the 2022 base case cost until the next rate study.

Step 3: Renewable Energy Credit Sales Income

Data from ABS From Account 555.30

Income from last 12 months of REC sales:

\$ 105,000.00

Step 4: Purchased Power Adjustment Rate (PPAR) Calculation

Forecast Energy Sales (FES) for FYE 2026 (see rate study):

Assume only recover:

100.00% of prior year shortfall

October 1, 2023 PPAR = (FPC - Base Case Supplemental Power - AAA)/FES =	\$0.01456 /kWh
	Use: 0.01456
Current Year PPAR:	\$0.02778 /kWh
Percent Change:	-47.59%
Planned Shortfall to Recover in Future Years:	\$332.17
Amount to Include in Cell C30 Next Year:	\$1,233,077.23

(1) Average summer use by rural LCPD customer is 879 kWh/month and average winter use is 2,355 kWh/month.

Irrigation						
		Monthly Usage (1)				
		28	51	139		
		kW	kW	kW		
	74,960					
Current Rates		kWh	kWh	kWh		
Facility Charge	\$30.00	\$30.00	\$30.00	\$30.00		
MLRA	\$0.00	\$0.00	\$0.00	\$0.00		
Energy Charge	\$0.04757	\$477.32	\$1,218.60	\$3,565.85		
Demand Charge	\$10.25000	\$287.00	\$522.75	\$1,424.75		
PPAR	\$0.02778	\$278.74	\$711.64	\$2,082.39		
		\$1,073.06	\$2,482.99	\$7,102.99		

Irrigation						
Monthly Usage (1)						
		28	51	139		
		kW	kW	kW		
		10,034	25,617	74,960		
Rates Effective October 1, 2024		kWh	kWh	kWh		
Facility Charge	\$30.00	\$30.00	\$30.00	\$30.00		
MLRA	\$0.00	\$0.00	\$0.00	\$0.00		
Energy Charge	\$0.04757	\$477.32	\$1,218.60	\$3,565.85		
Demand Charge	\$10.25000	\$287.00	\$522.75	\$1,424.75		
PPAR	\$0.01456	\$146.10	\$372.98	\$1,091.42		
		\$940.41	\$2,144.33	\$6,112.01		
Total Increase in C	ost	-\$132.65	-\$338.66	-\$990.97		

-12.4%

-13.6%

-14.0%

Percent Increase

⁽¹⁾ Average summer use by irrigation customer is 19,705 kWh/month and 58 kW.

AGENDA ITEM K General Managers Report

Attached are several item I will be discussing with the Board. The first item is a letter received from a customer in regards to a billing issue. I have met with the customer and the issue has been resolved. The second item is a grant award that NREA received during last weeks meeting. LCPD will receive 1/9th of the funding for a substation capacity increase project.

C. Pete Peterson, Principal P.O. Box 624 351 N. Sixth Street Panaca, Nevada 89042

Lincoln County Power District P.O. Box 910 Panaca, Nevada 89042

22 September 2025

Dear Lincoln County Power District and Board,

I am troubled by the letter I received from you dated September 18 for several reasons.

First, when I spoke to Jim Cole I asked him to keep me completely out of it. I asked him to investigate and for the answer to be directed to the tenants at the apartment. I stated I had heard about the error a couple of weeks earlier and was trying to make right. I did not want a lien placed on my property because it had back power issues. I told him it would upset Daniel if he thought I was "snitching" him out. Either he didn't pass that information onto Louise, or she disregarded it. She sent Daniel a letter essentially stating I had snitched him out.

When I called the power company to add the apartment last year (July of 2024) it was assumed that the current power would be <u>changed</u> to the new power. There has been NO POWER used in the warehouse areas since the switch. I believed then, that the power was switched not added to. That is something you guys should have done. I understood from Jim that a \$20 monthly charge is for the meter only. Great. But I wasn't supposed to have a meter after it was all changed. So now I am left owing \$80 for a meter that hasn't been used by me or anyone else and was under the assumption that it was removed and changed to just the house.

Next, and back to Mr. Stotler, he asked me why the power was so cheap. I said I didn't know. I reported it and you guys fixed the error. But to back charge him for an error committed in your office or field is not fair. Indeed, everyone did everything correctly.

I appreciate the Policy LCPD1 No. 311. It makes sense in a broader sense.. But what would have happened if I had remained silent? Another year or two or three could have come and went. Then, according to policy, you would be only capable of assessing the three months. Likely I have saved you a couple of thousand dollars. The policy makes sense on the surface, but needs to be looked at for bigger mistakes. In short, the customer is paying for your mistakes.

Daniel has recently gone through a divorce, he lives paycheck to paycheck, and the surprise bill and the fact that I "betrayed" him seems quite unbearable to him. He is at wit's end.

I literally asked Jim three times to not mention my name. The letter you sent to Daniel did quite the opposite.

As to the warehouse, pull the meter. I don't use power there. I do not want it now, nor when it was left there a year ago.

Thank you,

Sincerely,

C. Pete Peterson





AGENDA ITEM N Administrative Managers Report

Balance sheet and Financial Statements are attached for review.

10/09/2025 10:36:53 am General Ledge

Rev: 202212050505

Page: 1

General Ledger CFC Form 7

BALANCE SHEET FOR AUG 2025

61,614,287.82 3,808,659.78 65,422,947.60 -28,888,092.09 36,534,855.51 51,190.58 0.00 436,931.34 10,000.00 0.00 0.00 0.00	1,561,142.58 23,617.84 1,584,760.42 -1,724,326.38 -139,565.96 0.00 0.00 93,604.92 10,000.00 0.00 0.00 0.00 0.00
3,808,659.78 65,422,947.60 -28,888,092.09 36,534,855.51 51,190.58 0.00 436,931.34 10,000.00 0.00 0.00	23,617.84 1,584,760.42 -1,724,326.38 -139,565.96 0.00 0.00 93,604.92 10,000.00 0.00 0.00
65,422,947.60 -28,888,092.09 36,534,855.51 51,190.58 0.00 436,931.34 10,000.00 0.00 0.00	1,584,760.42 -1,724,326.38 -139,565.96 0.00 0.00 93,604.92 10,000.00 0.00
-28,888,092.09 36,534,855.51 51,190.58 0.00 436,931.34 10,000.00 0.00 0.00	-1,724,326.38 -139,565.96 0.00 0.00 93,604.92 10,000.00 0.00 0.00
36,534,855.51 51,190.58 0.00 436,931.34 10,000.00 0.00 0.00	-139,565.96 0.00 0.00 93,604.92 10,000.00 0.00
51,190.58 0.00 436,931.34 10,000.00 0.00	0.00 0.00 93,604.92 10,000.00 0.00
0.00 436,931.34 10,000.00 0.00 0.00	0.00 93,604.92 10,000.00 0.00
436,931.34 10,000.00 0.00 0.00	93,604.92 10,000.00 0.00 0.00
10,000.00 0.00 0.00	10,000.00 0.00 0.00
0.00 0.00	0.00 0.00
0.00	0.00
0.00	0.00
0.00	0.00
498,121.92	103,604.92
863,069.29	73,987.93
0.00	0.00
0.00	0.00
7,333,437.60	2,503,510.71
0.00	0.00
1,211,858.09	-84,253.53
-16,151.75	-2,496.50
0.00	0.00
2,155,731.19	382,937.92
97,121.60	20,440.63
4,234.79	0.00
11,649,300.81	2,894,127.16
103,769.60	11,977.37
48,786,047.84	2,870,143.49
	0.00 2,155,731.19 97,121.60 4,234.79 11,649,300.81 103,769.60

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BALANCE SHEET FOR AUG 2025

	Last Year	This Year	Variance
LIABILITIES AND OTHER CREDITS			
29. Memberships	0.00	0.00	0.00
30. Patronage Capital	0.00	0.00	0.00
31. Operating Margins - Prior Years	0.00	0.00	0.00
32. Operating Margins - Current Year	1,622,227.23	1,167,798.77	-454,428.46
33. Non-Operating Margins	64,766.98	175,610.98	110,844.00
34. Other Margins and Equities	38,949,083.87	42,203,353.33	3,254,269.46
35. Total Margins & Equities (29 thru 34)	40,636,078.08	43,546,763.08	2,910,685.00
36. Long-Term Debt - CFC (Net)	3,364,326.63	3,288,866.06	-75,460.57
37. Long-Term Debt - Other (Net)	0.00	0.00	0.00
38. Total Long-Term Debt (36 + 37)	3,364,326.63	3,288,866.06	-75,460.57
39. Obligations Under Capital Leases	128,225.33	106,994.78	-21,230.55
40. Accumulated Operating Provisions	0.00	0.00	0.00
41. Total Other Noncurrent Liabilities (39 + 40)	128,225.33	106,994.78	-21,230.55
42. Notes Payable	0.00	0.00	0.00
43. Accounts Payable	445,589.24	468,571.34	22,982.10
44. Consumers Deposits	74,309.12	77,700.08	3,390.96
45. Current Maturities Long-Term Debt	0.00	0.00	0.00
46. Current Maturities Long-Term Debt - Econ. Devel.	0.00	0.00	0.00
47. Current Maturities Capital Leases	31,359.48	31,359.48	0.00
48. Other Current and Accrued Liabilities	445,560.98	463,033.51	17,472.53
49. Total Current & Accrued Liabilities (42 thru 48)	996,818.82	1,040,664.41	43,845.59
50. Deferred Credits	790,455.49	802,759.51	12,304.02
51. Total Liab. & Other Credits (35+38+41+49+50)	45,915,904.35	48,786,047.84	2,870,143.49

ESTIMATED CONTRIBUTION-IN-AID-OF-CONSTRUCTION

Balance Beginning of Year	-41,299.00
Amounts Received This Year (Net)	2,500.00
TOTAL Contributions-In-Aid-Of-Construction	-38,799.00

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INCOME STATEMENT FOR AUG 2025

	Year - To - Date			Period - To - Date	
Item	Last Year	This Year	Budget	Current	Budget
1. Operating Revenue and Patronage Capital	7,237,365.06	6,984,473.51	0.00	1,059,124.79	0.00
2. Power Production Expense	783.99	200.00	0.00	0.00	0.00
3. Cost of Purchased Power	2,432,393.53	2,462,144.29	0.00	471,697.70	0.00
4. Transmission Expense	103,702.06	108,119.44	0.00	12,818.73	0.00
5. Regional Market Operations Expense	0.00	0.00	0.00	0.00	0.00
6. Distribution Expense - Operation	484,422.64	547,573.65	0.00	65,714.43	0.00
7. Distribution Expense - Maintenance	793,001.65	863,563.70	0.00	130,628.62	0.00
8. Customer Accounts Expense	136,261.69	94,285.74	0.00	12,601.99	0.00
9. Customer Service and Informational Expense	41,257.51	45,408.21	0.00	6,080.86	0.00
10. Sales Expense	66,536.40	78,401.95	0.00	18,840.14	0.00
11. Administrative and General Expense	390,047.40	441,631.59	0.00	45,533.87	0.00
12. Total Operation & Maintenance Expense (2 thru 11)	4,448,406.87	4,641,328.57	0.00	763,916.34	0.00
13. Depreciation & Amortization Expense	1,066,898.16	1,078,317.73	0.00	136,277.42	0.00
14. Tax Expense - Property	0.00	0.00	0.00	0.00	0.00
15. Tax Expense - Other	0.00	0.00	0.00	0.00	0.00
16. Interest on Long-Term Debt	97,339.31	94,858.60	0.00	11,764.98	0.00
17. Interest Charged to Construction - Credit	0.00	0.00	0.00	0.00	0.00
18. Interest Expense - Other	2,493.49	2,169.84	0.00	267.53	0.00
19. Other Deductions	0.00	0.00	0.00	0.00	0.00
20. Total Cost of Electric Service (12 thru 19)	5,615,137.83	5,816,674.74	0.00	912,226.27	0.00
21. Patronage Capital & Operating Margins (1 minus 20)	1,622,227.23	1,167,798.77	0.00	146,898.52	0.00
22. Non Operating Margins - Interest	221.59	2.82	0.00	0.26	0.00
23. Allowance for Funds Used During Construction	0.00	0.00	0.00	0.00	0.00
24. Income (Loss) from Equity Investments	62,751.79	143,104.76	0.00	18,801.68	0.00
25. Non Operating Margins - Other	1,793.60	32,503.40	0.00	0.00	0.00
26. Generation and Transmission Capital Credits	0.00	0.00	0.00	0.00	0.00
27. Other Capital Credits and Patronage Dividends	0.00	0.00	0.00	0.00	0.00
28. Extraordinary Items	0.00	0.00	0.00	0.00	0.00
29. Patronage Capital or Margins (21 thru 28)	1,686,994.21	1,343,409.75	0.00	165,700.46	0.00
Operating - Margin	1,622,227.23	1,167,798.77	0.00	146,898.52	0.00
Non Operating - Margin	64,766.98	175,610.98	0.00	18,801.94	0.00
Times Interest Earned Ratio - Operating	17.67	13.31			
Times Interest Earned Ratio - Net	18.33	15.16			
Times Interest Earned Ratio - Modified	18.33	15.16			