

SPECIAL CONTRACT

This special contract ("Agreement") is dated August 13, 2019 ("Execution Date"), and is between Tucson Electric Power Company, an Arizona corporation ("TEP"), and the Arizona Board of Regents on behalf of the University of Arizona ("UA"). TEP and UA are referred to in this Agreement individually as "Party" and collectively as the "Parties."

RECITALS

- A. TEP is an electric utility engaged in the generation, transmission, and distribution of electric power and energy in Pima and Cochise Counties in the State of Arizona.
- B. Established in 1885, the University of Arizona, the state's land-grant university with two medical schools, produces graduates who are real-world ready through its 100% Engagement initiative. Recognized as a global leader, the UA is also a leader in research, bringing more than \$684 million in research investment each year, and ranking in the top 25 among all public universities. The UA is advancing the frontiers of interdisciplinary scholarship and entrepreneurial partnerships and is a member of the Association of American Universities, the 62 leading public and private research universities. It benefits the state with an estimated economic impact of \$8.3 billion annually.
- C. TEP has an obligation to provide electric service to UA under the terms and conditions of its applicable rules and regulations on file with the Arizona Corporation Commission ("ACC"), which may be amended from time to time (the "TEP Rules and Regulations").
- D. UA is an electric service customer of TEP.
- E. TEP currently generates and sells electricity to UA from resources that emit greenhouse gases during the electrical generation process.
- F. The indirect emissions resulting from UA's purchase of electricity generated by resources that emit greenhouse gases are referred to in this Agreement as "Scope 2 Emissions."
- G. As part of UA's long-term sustainability goals, it desires to offset one-hundred percent (100%) of its Scope 2 Emissions by the year 2021 (UA's "Scope 2 Commitment").
- H. UA requested electric service from TEP that will help UA achieve its Scope 2 Commitment.
- I. The Parties desire to work together to help UA achieve its Scope 2 Commitment (collectively, the "UA-TEP Renewable Energy Project").
- J. The Parties intend to develop the UA-TEP Renewable Energy Project in a manner that is beneficial to both UA and TEP and is cost-neutral to TEP's other customers.
- K. TEP considers UA's electric service request and the UA-TEP Renewable Energy Project as it sizes current and future renewable generation projects.
- L. TEP is developing a wind-powered electric generating facility in New Mexico, which TEP

anticipates will have a nominal rating of 247.4 megawatts ("MW") (the "Wind Project").

M. The date that the Wind Project is fully constructed and available to TEP for commercial operation is the "Wind Project In-Service Date."

N. TEP is working with the Wind Project contractor to cause the Wind Project In-Service Date to occur by December 31, 2020.

O. TEP has agreed to purchase electric energy from a certain photovoltaic solar electric generating project in Arizona, which TEP anticipates will have a nominal rating of 100 MW ("Solar Project").

P. The date that the Solar Project is fully constructed and available to TEP for commercial operation is the "Solar Project In-Service Date."

Q. TEP is working with the Solar Project contractor to cause the Solar Project In-Service Date to occur by December 31, 2020.

R. TEP desires to provide UA with a proportionate amount of energy from each of the Wind Project and Solar Project.

S. UA desires to pay TEP a specific energy supply rate for the proportionate amount of energy that TEP would provide to UA from each of the Wind Project and Solar Project, up to UA's retail load.

T. In furtherance of UA's Scope 2 Commitment, and in order to fulfill long-term energy needs at the UA campus and surrounding areas, TEP must develop a new 138-kilovolt ("kV") substation located at or adjacent to UA's campus.

U. As part of the UA-TEP Renewable Energy Project, TEP desires to purchase and UA desires to sell certain real property on which TEP would develop a new 138kV substation (the "UA North Substation").

V. The Parties acknowledge that TEP is authorized under the TEP Rules and Regulations, Section 3.A.4, to require a written contract with special guarantees from UA because requirements for service associated with the UA-TEP Renewable Energy Project are of a special nature.

W. The Parties acknowledge that this Agreement is a special contract pursuant to the TEP Rules and Regulations, Section 3.A.4.

X. The Parties desire to enter into this Agreement to set forth their respective rights and obligations regarding the UA-TEP Renewable Energy Project.

The Parties therefore agree as follows:

AGREEMENT

ARTICLE 1 GENERAL TERMS

1.1 Effective Date. Following the Execution Date, TEP shall file a copy of the Agreement with the ACC requesting an order approving the Agreement. For avoidance of doubt, this Agreement will become effective only if the ACC issues an order approving the Agreement. The date on which the ACC issues such an order is the "Effective Date" for this Agreement. If the ACC does not issue an order approving the Agreement, the Parties nonetheless agree in all material respects to Section 4.1, 4.2, 6.1, and 6.2, and Article 10 for a period of time equal to 20 years after the Execution Date.

1.2 Term. Starting on the Effective Date, and unless earlier terminated pursuant to Section 8.1, this Agreement will continue in effect for a term that will terminate 20-years after the start of the later of the Wind Project In-Service Date or Solar Project In-Service Date (in total, the "Term"). The 20-year period starting on the later of the Wind Project In-Service Date or Solar Project In-Service Date is the "Renewable Energy Term."

1.3 Commercially Reasonable Efforts. "Commercially Reasonable Efforts" means, with respect to a stated objective, the efforts that a reasonable and prudent person in the position of the Party obligated to use Commercially Reasonable Efforts would use to accomplish the objective. Commercially Reasonable Efforts does not require a Party to accomplish the objective, and, thus, is not an agreement-to-agree at a future time.

1.4 Representations and Warranties. Each Party represents and warrants to and in favor of the other Party the matters set out below and acknowledges that the other party is relying upon the following in connection with the matters contemplated by this Agreement:

1.4.1 Such Party is duly organized, validly existing, and in good standing under the laws of its jurisdiction of formation. Such Party has the requisite power and authority to enter into this Agreement, to carry out its obligations under this Agreement, and to complete the transactions contemplated by this Agreement. The execution and delivery by such Party of this Agreement and the performance by such Party of its obligations in this Agreement have been duly authorized by all requisite entity action on the part of such Party. This Agreement has been duly executed and delivered by such Party and, assuming due authorization, execution, and delivery by the other Party, this Agreement constitutes a legal, valid, and binding obligation of such Party, enforceable against it in accordance with its terms.

1.5 Definitions. Unless otherwise required by the context in which any capitalized term appears, or unless otherwise specifically defined elsewhere in this Agreement, capitalized terms used in this Agreement have the meanings set forth in Annex 1.

ARTICLE 2 RENEWABLE ENERGY RESOURCES

2.1 Applicability. The UA Green Energy Charge and Renewable Energy Credits will apply only to points of delivery located at the UA's Arizona Health Sciences Center ("UA AHSC") and UA's Central Heating and Refrigeration Plant ("UA CHRP") (collectively, the "Applicable Delivery Points").

2.2. Renewable Energy.

2.2.1 Wind and Solar Energy. Upon the start of the Renewable Energy Term, TEP shall serve the UA's retail load at the Applicable Delivery Points with a proportionate amount of the electricity generated from each of the Wind Project and Solar Project, as such generated electricity is available to TEP, in accordance with the following calculations (the "UA Wind Energy" and "UA Solar Energy," respectively):

$$\text{UA Wind Energy} = \frac{\text{Wind Capacity Commitment}}{\text{Wind Project Rating}} \times (\text{Wind Project Generation})$$

$$\text{UA Solar Energy} = \frac{\text{Solar Capacity Commitment}}{\text{Solar Project Rating}} \times (\text{Solar Project Generation})$$

2.2.2 Three-Year Adjustment Opportunity. From the start of the Renewable Energy Term until its third (3rd) anniversary, UA may annually adjust the Solar Capacity Commitment. UA may adjust the Solar Capacity Commitment in 250-kW increments so that the combination of UA Wind Energy and UA Solar Energy targets an annual amount of between 160,000 and 175,000-megawatt hours ("MWh") (such annual targeted amount is the "Target Amount"), whereby the Target Amount upon the start of the Renewable Energy Term is 160,000 MWh. For avoidance of doubt, UA may adjust the Solar Capacity Commitment on the first (1st), second (2nd), and third (3rd) anniversary of the start of the Renewable Energy Term. The Solar Capacity Commitment as of the third (3rd) anniversary will remain in effect for the rest of the Renewable Energy Term. If UA elects to exercise its option to adjust the Solar Capacity Commitment, it shall provide written notice to TEP within thirty (30) days prior to the applicable anniversary date ("Adjustment Notice"). TEP shall incorporate the adjustment to the Solar Capacity Commitment in the UA Green Energy Charge within thirty (30) days after receiving the Adjustment Notice.

2.3 Renewable Energy Credits.

2.3.1 Renewable Energy Credit. "Renewable Energy Credit" or "REC" means the unit created for each kWh derived from eligible renewable energy resources, as defined in Arizona Administrative Code § R14-2-1803.A. One REC is created for each kWh derived from the Wind Project and Solar Project.

2.3.2 Monthly Tracking. Upon the start of the Renewable Energy Term, and for each subsequent month, TEP shall establish a REC tracking system ("REC Bank") in accordance with the following and as depicted in Exhibit A.

(a) TEP shall track in the REC Bank:

(i) The retail kWh sold by TEP to UA, as measured at the Applicable Delivery Points (the "UA Load").

(ii) RECs equivalent to the UA Wind Energy and UA Solar Energy (the "UA Equivalent RECs"). For avoidance of doubt, UA Wind Energy and UA Solar Energy do not create RECs in and of themselves, but are used in this Section 2.3 as a proxy for quantifying how many RECs derived from the Wind

Project and Solar Project will offset the UA Load. TEP shall identify and track each UA Equivalent REC according to the month in which the applicable UA Wind Energy and UA Solar Energy was generated (its "Vintage").

(iii) UA Equivalent RECs that equal the UA Load ("Retirement-Eligible Load"). For purposes of this calculation, TEP shall apply the oldest Vintage UA Equivalent REC first.

(b) At the end of each month, the number of UA Equivalent RECs in the REC Bank may be: (1) positive, meaning that there were UA Equivalent RECs in excess of UA Load; (2) negative, meaning that UA Load was in excess of UA Equivalent RECs; or (3) neutral, meaning that UA Load equaled UA Equivalent RECs. Any positive or negative balance will roll forward to the next successive month.

(c) TEP shall provide UA with a statement, in a form reasonably acceptable to the Parties, summarizing the REC Bank tracking described in this Section 2.3.2.

2.3.3 Annual Retirement. The Parties acknowledge that TEP is obligated to annually file a "Compliance Report" to the ACC in compliance with the Arizona Administrative Code § R14-2-1812. Upon the start of the Renewable Energy Term, and for each subsequent calendar year, TEP shall include in its Compliance Report such information that is in addition to its compliance obligations, as follows: (1) the amount of Retirement-Eligible Load for the previous calendar year; and (2) that it retired an amount of RECs on UA's behalf derived from the Wind Project and Solar Project equal to the amount of Retirement-Eligible Load. TEP shall provide UA a copy of its Compliance Report within ten (10) business days upon TEP's filing of such report to the ACC, which will acknowledge the retired RECs on UA's behalf. The Parties acknowledge that once TEP retires the RECs derived from the Wind Project and Solar Project that equal the Retirement-Eligible Load, TEP cannot subsequently use those RECs to satisfy any regulatory requirement.

2.3.4 TEP Ownership of RECs. UA acknowledges: (1) TEP is the exclusive owner of all RECs contemplated in this Agreement; (2) TEP is not transferring to UA any ownership interests in any RECs contemplated in this Agreement; and (3) TEP is retiring an amount of RECs on UA's behalf derived from the Wind Project and Solar Project equal to the amount of Retirement-Eligible Load. For avoidance of doubt, all ownership interest in any REC that was not retired in accordance with Section 2.3.3 by the end of the Renewable Energy Term or by the date of termination pursuant to Section 8.1 will remain with TEP for its sole benefit.

2.3.5 Further Assurances. Subject to the terms and conditions of this Agreement, at any time after the start of the Renewable Energy Term, at UA's request, TEP shall reasonably provide such materials and information and take such other actions in order to more effectively assist UA to qualify the REC retirements contemplated in this Agreement for UA's certification purposes. UA shall reimburse TEP for any material costs incurred by TEP associated with this Section 2.3.5.

2.4 Good Utility Practice.

2.4.1. Definition. For purposes of this Agreement, "Good 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. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region, including those practices required by Federal Power Act section 215(a)(4).

2.4.2 Good Utility Practice. TEP shall operate and maintain the Wind Project and administer its contractual obligations for the Solar Project in accordance with Good Utility Practice.

2.4.3 Generation. At the end of any full calendar year during the Renewable Energy Term, TEP shall provide UA Equivalent RECs to the REC Bank equal to the greater of (i) the UA Equivalent RECs in accordance with Section 2.3.2(a)(ii), and (ii) the UA Equivalent RECs calculated at an amount equal to an annual UA Renewable Generation that is 82.5% of the Target Amount, as such Target Amount may be adjusted in accordance with Section 2.2.2. Alternatively, if the start date for the Renewable Energy Term is not January 1, then at the end of any partial calendar year during the Renewable Energy Term (e.g., years 1 and 20), TEP shall provide UA Equivalent RECs to the REC Bank equal to the greater of (i) the UA Equivalent RECs in accordance with Section 2.3.2(a)(ii), and (ii) the UA Equivalent RECs calculated at an amount equal to an annual UA Renewable Generation that is 82.5% of the Target Amount, as such Target Amount may be adjusted in accordance with Section 2.2.2, and prorated to such partial calendar year during the Renewable Energy Term. Any difference between the UA Renewable Generation and the Target Amount, whereby the UA Renewable Generation is less than the Target Amount, is a "Shortfall." If there is a Shortfall, TEP shall adjust the transaction price for the Shortfall amount by crediting to UA the difference between the annual weighted average of the Renewable Power Supply Charge and the annual weighted average of the applicable tariff in effect for that period.

2.4.4 Renewable Energy Risk. UA acknowledges that the Wind Project Generation or Solar Project Generation may from time to time during the Renewable Energy Term equal zero (0) because of a lack of wind or sunshine. UA further acknowledges that at times when the Wind Project Generation or Solar Project Generation equal zero, the UA Wind Energy or UA Solar Energy, respectively, will also equal zero.

2.4.5 Planned Outages. TEP shall use Commercially Reasonable Efforts and apply Good Utility Practice to schedule planned outages outside the months of May, June, July, August, and September and outside the hours with higher time-of-use rates, to the extent that such planned outages affect the rights and obligations contemplated in this Agreement.

ARTICLE 3 TARIFF, SUPPLY, AND ACCESS CHARGES

3.1 Tariff Charges.

3.1.1 Tariff Charges. Except for the UA Green Energy Charge, Transformer Charge,

and Renewable Energy Surcharge, TEP shall charge UA all then-applicable charges, rates, taxes, and assessments pursuant to TEP's schedule of rates and charges ("Tariff") for provision of electricity and electric service.

3.1.2 High Voltage Tariff Charges. Upon the later of the in-service date of the UA North Substation or commercial operation of the Feeders, TEP shall replace the power supply charges and basic service charges pursuant to the Large Power Service Time-of-Use Tariff description with the power supply charges and basic service charges pursuant to the Large Power Service Time-of-Use High Voltage Tariff description at the Applicable Delivery Points.

3.1.3 Billing Demand. If TEP causes UA's on-site generation to be unavailable for use, and, during such time that the on-site generation is unavailable, UA experiences an increase in billing demand from TEP at the Applicable Delivery Points, then TEP shall disregard such increase for purposes of calculating UA's billing demand pursuant to the Tariff.

3.2 UA Green Energy Charge. Upon the start of the Renewable Energy Term, in lieu of the power supply charges pursuant to the Large Power Service Time-of-Use Tariff or the Large Power Service Time-of-Use High Voltage Tariff, as the case may be, TEP shall charge UA for the UA Wind Energy and UA Solar Energy that was used, as measured at the Applicable Delivery Points, in accordance with the following equation (the "UA Green Energy Charge"):

$$\text{UA Green Energy Charge} = \text{Renewable Power Supply Charge} + \text{Renewable Delivery Loss Charge} + \text{Renewable Integration Charge} + \text{Settlements and Billing Charges}^*$$

*The UA Green Energy Charge is further described in Exhibit B.

3.3 Transformer Charge. Starting on the in-service date of the UA North Substation and continuing for the remainder of the Term, TEP shall charge UA as part of the Wind Project Energy Rate for the Applicable Delivery Points one-half (1/2) of the costs incurred by TEP for procuring, installing, operating, and maintaining a 75-megavolt ampere substation transformer and switchgear ("75-MVA Equipment") (the "Transformer Charge"). For avoidance of doubt, the Transformer Charge is comprised of: (1) a total cost of two million three-hundred and forty thousand dollars (\$2,340,000) for procuring and installing the 75-MVA Equipment; and (2) an annual cost of fourteen thousand four hundred fifty nine dollars (\$14,459) for operating and maintaining the 75-MVA Equipment. UA acknowledges that it will not own any interest in the 75-MVA Equipment, but, by timely payment of the Transformer Charge, TEP shall provide UA with first-priority access to 37.5-megavolt amperes of capacity of the UA North Substation. If this Agreement terminates prior to the end of the Term for any reason included in Section 8.1, UA shall within thirty (30) days after such termination pay TEP the Transformer Charge's remaining balance to maintain its first-priority access to 37.5-megavolt amperes of capacity of the UA North Substation for a period of time equal to what would have been the remainder of the Term had the termination not occurred. UA's payment obligation in this Section 3.3 will survive any termination of this Agreement.

3.4 Billing and Payment.

3.4.1 Billing. By no later than 15 days after the end of a calendar month, TEP shall prepare and submit to UA a bill for electric service that TEP provided at the Applicable Delivery Points during the previous month ("Monthly Invoice"). TEP will submit the bill electronically to

UA at the email address listed in Section 3.4.5. If TEP does not submit the Monthly Invoice electronically, TEP will mail the Monthly Invoice at the address listed in Section 3.4.5.

3.4.2 Payment. UA shall pay TEP the amount billed by TEP within ten (10) days of the date of the Monthly Invoice ("Due Date"). If the Due Date is on a weekend or holiday, the Due Date will extend to the first business day following such weekend or holiday.

3.4.3 Payment Dispute. If UA disputes any amounts included in the Monthly Invoice (a "Payment Dispute"), it shall nonetheless pay the entire amount by the Due Date. UA shall provide written notice of any Payment Dispute to TEP's Authorized Representative within ten business days of receipt of the Monthly Invoice that it disputes ("Payment Dispute Notice"). Any Payment Dispute Notice must provide reasonable detail about the disputed portion of the Monthly Invoice and reasons why such amounts are being disputed. TEP's and UA's Billing Representatives have thirty (30) days from the date of the Payment Dispute Notice to meet and attempt to resolve the Payment Dispute. If the Parties are unable to timely resolve the Payment Dispute, then the provisions of Section 7.1.2(c) will apply.

3.4.4 Late Payment. If UA does not pay the amount invoiced by the Due Date, UA shall pay TEP the amount invoiced with interest accrued to the amount invoiced from the Due Date to the date of payment at the rate prescribed in TEP's Rules and Regulations.

3.4.5 Billing Representatives. Each Party designates the following "Billing Representatives":

For TEP:
Tucson Electric Power Company
Director, Energy Settlements
88 East Broadway Boulevard
Tucson, AZ 85701
SettlementsBilling@tep.com

For UA:
The University of Arizona
Christopher M. Kopach
Assistant Vice President
1610 N. Vine
P.O. Box 210460
Tucson, AZ 85721
(520) 626-4919
ckopach@email.arizona.edu

ARTICLE 4 NEW ENERGY DEVELOPMENT AND RESOURCE PLANNING

4.1 Renewable Generation. During the Term, UA may construct up to 4.8 MW of new on-campus renewable energy generation. As part of the 4.8 MW allotment, TEP shall jointly develop with UA two solar renewable energy generation projects on the UA's main campus in association with the

Student Success District and Environment and Natural Resources 2 Building. The Parties shall use Commercially Reasonable Efforts to negotiate and execute certain definitive agreements that will govern their respective rights and obligations for the projects contemplated in this Section 4.1.

4.2 Non-Renewable Generation. During the Term, UA shall not construct any new, expand any existing, or otherwise acquire new rights to non-renewable generation resources, except for dedicated facility-specific emergency back-up generators.

4.3 Resource Planning. Subject to the terms and conditions of this Agreement, the Parties shall:

4.3.1 Use Commercially Reasonable Efforts to cooperatively plan and address the need for additional clean energy resources in support of UA's long-term sustainability goals. The cooperative planning process will contemplate load forecasting, energy efficiency planning, and on-campus renewable generation development to determine UA's end-use load requirements.

4.3.2 Use Commercially Reasonable Efforts to include UA's renewable resource needs in future TEP renewable projects through requests for proposals.

4.3.3 Use Commercially Reasonable Efforts to negotiate and execute certain definitive agreements that will govern their respective rights and obligations for the projects contemplated in this Section 4.3.

4.4 Survival. If this Agreement terminates prior to the end of the Term for any reason included in Section 8.1, and if TEP builds the UA North Substation, Sections 4.1 and 4.2 will survive for a period of time equal to what would have been the remainder of the Term had the termination not occurred.

ARTICLE 5 PUBLIC RELATION ACTIVITIES AND DATA RESEARCH

5.1 Public Relation Activities and Data Research. The Parties will work together to define an on-going process for coordinating external communications and public relation activities related to the UA-TEP Renewable Energy Project and for the UA-TEP jointly developed two solar renewable energy generation projects on the UA's main campus. In addition, the Parties will explore opportunities to share data and collaborate on research to advance UA's "living laboratory" approach to advancing sustainability.

ARTICLE 6 NEW ELECTRIC FACILITIES

6.1 Substation Property. Within the first 90 days after the Execution Date, the Parties shall use Commercially Reasonable Efforts to negotiate and execute certain definitive agreements with respect to the purchase by TEP and sale by UA of real property located on the UA campus (the "Substation Property") for purposes of locating the UA North Substation that will serve the Applicable Delivery Points and support future growth on the UA campus.

6.2 UA North Substation. If TEP purchases the Substation Property from UA, TEP shall use

Commercially Reasonable Efforts to develop the UA North Substation in accordance with the following:

6.2.1 138kV Transmission Lines. UA acknowledges that, in order to integrate the UA North Substation within TEP's 138kV transmission network, TEP must build new 138kV transmission lines that will connect the UA North Substation to TEP's existing DeMoss Petrie Substation and the to-be-built Kino Substation (collectively, the "138kV Transmission Lines").

6.2.2 Certificate of Environmental Compatibility. UA acknowledges that TEP can build the 138kV Transmission Lines only upon issuance of applicable Certificates of Environmental Compatibility ("CEC") granted by the ACC. UA further acknowledges that the ACC's grant of a CEC occurs after completion of a public process that supports an application for a transmission line before the Arizona Power Plant and Transmission Line Siting Committee ("Committee"), whereby the Committee reviews the application for a CEC and recommends its approval or disapproval to the ACC. TEP intends to apply for one or more CEC's applicable to the 138kV Transmission Lines. To help facilitate the ACC's grant of applicable CECs for the 138kV Transmission Lines, the UA shall publicly support the CEC applications and participate in the CEC's public processes. TEP shall pay all costs and expenses associated with its application and prosecution of the applicable CECs with the ACC; provided, however, the UA shall pay all of its costs and expenses associated with its public support of the CEC applications and its public participation in the CEC's public processes.

6.2.3 UA North Substation. If the ACC grants the applicable CECs for the 138kV Transmission Lines, TEP shall design and build the UA North Substation and pay all costs and expenses associated with designing and building the UA North Substation. To help facilitate development of the UA North Substation, the UA shall publicly support TEP's applications for any zoning approvals and required permits associated with development of the UA North Substation, and participate in the applicable public processes. TEP shall pay all costs and expenses associated with its applications and prosecution of the applications and permits contemplated in this Section 6.2.3; provided, however, the UA shall pay all of its costs and expenses associated with its public support of, and its public participation in, the applications and public processes contemplated in this Section 6.2.3.

6.2.4 13.8kV Feeders. If TEP builds the UA North Substation, the Parties shall use Commercially Reasonable Efforts to negotiate and execute certain definitive agreements that will govern their respective rights and obligations for the design, construction, ownership, and operation of new 13.8kV feed lines that will be required to connect the UA North Substation to the Applicable Delivery Points (the "Feeders"). The Parties desire, but are not committing in this Agreement, for TEP to design, construct, own, and operate the Feeders as a line extension to its distribution system. Alternatively, UA will design, construct, own, and operate the Feeders and may solicit requests for proposals from prospective contractors to design and construct the Feeders. In either case, UA will be solely responsible for all costs and expenses associated with the Feeders.

6.3 Survival. If this Agreement terminates prior to the end of the Term for any reason included in Section 8.1, Sections 6.1 and 6.2 will survive for a period of time equal to what would have been the remainder of the Term had the termination not occurred.

ARTICLE 7
DISPUTES

7.1 Dispute. Except for a Payment Dispute, any controversy or claim, whether based on contract, tort, statute, or other legal or equitable theory (including any claim of fraud, misrepresentation, or fraudulent inducement, or any question of validity or effect of this Agreement) arising out of or related to this Agreement (including any amendments or extensions), or the breach or termination of this Agreement (each a "Dispute") will be resolved in accordance with the procedures specified in this Article 7. Except for a Payment Dispute, the provisions of this Article 7 will be the exclusive method of resolving Disputes. Nothing in this Agreement will preclude a Party from seeking temporary or preliminary injunctive relief from a court of competent jurisdiction to avoid irreparable harm or injury, or to preserve the status quo. Notwithstanding a Party's right to seek injunctive relief, the Parties shall continue to participate in good faith in the procedures specified in this Article 7 with respect to any Dispute.

7.1.1 Initiation of Dispute Resolution Procedures. Any Party wishing to initiate the dispute resolution procedures set forth in this Article 7 with respect to a Dispute not resolved in the ordinary course of business must give written notice of the Dispute to the other Party (a "Dispute Notice"). The Dispute Notice will include (i) a statement of the initiating Party's position and a summary of arguments supporting that position, (ii) the name(s) and title(s) of the person(s) who will represent the initiating Party, and (iii) the name and title of all other persons who will accompany the Party's representatives in the negotiations under this Section 7.1.1. Within fifteen (15) days after delivery of the Dispute Notice, the receiving Party shall submit to the Party providing the Dispute Notice a written response (the "Dispute Response"). The Dispute Response will include (x) a statement of the responding Party's position and a summary of arguments supporting that position, (y) the name(s) and title(s) of the person(s) who will represent the responding Party, and (z) the name and title of all other persons who will accompany the Party's representatives in the negotiations under this Section 7.1.1.

7.1.2 Negotiation to Resolve Disputes. Within fifteen (15) days following delivery of the Dispute Response, the Parties shall begin to attempt to resolve such Dispute through the following procedure:

(a) First, the designated Authorized Representatives of the Parties shall meet at least weekly, for a period of not less than thirty (30) days, at a mutually acceptable time and place, and as often as they reasonably deem necessary, to attempt to resolve the Dispute. The Parties may waive the obligation to meet for a period of thirty (30) days if they sooner resolve the Dispute to their mutual satisfaction.

(b) Second, if the Dispute remains unresolved after thirty (30) days following the commencement of the meetings described in Section 7.1.2(a), then within thirty (30) days thereafter, the chief executive officers of the Parties shall meet (whether by phone or in person) in a good-faith attempt to resolve the Dispute.

(c) Third, if the Dispute is still unresolved after ten (10) business days following the commencement of the meetings described in Section 7.1.2(b), or if the unresolved matter is a Payment Dispute, then the Parties may exercise any right or pursue any remedy available to them at law, in equity, or under this Agreement,

including alternate dispute resolution processes.

ARTICLE 8 TERMINATION

8.1 Termination. The Parties may terminate this Agreement prior to the end of the Term, as set forth in this Article 8.

8.1.1 Default. Either Party may terminate this Agreement if the other Party materially defaults in its performance under this Agreement and such default continues for a period of thirty (30) days after receipt by the defaulting Party of written notice of such default from the non-defaulting Party. However, if the nature of the default is such that more than thirty (30) days are reasonably required for its cure, then the defaulting Party will not be deemed in default if such Party commences its cure within the thirty (30) day cure period and thereafter diligently pursues such cure to completion; provided, however, in no event will such cure period extend more than ninety (90) days after receipt by the defaulting Party of written notice of such default from the non-defaulting Party. The Party terminating this Agreement pursuant to this Section 8.1.1 may do so only if that such Party is not then in default under this Agreement.

8.1.2 UA Green Energy Charge. Either Party may terminate this Agreement if the ACC issues an order disallowing the UA Green Energy Charge.

8.1.3 Law. Either Party may terminate this Agreement if any final and non-appealable law becomes effective that restrains, enjoins, or otherwise prohibits or makes illegal the completion of the transactions contemplated in this Agreement.

8.1.4 Renewable Energy Generation. If the UA Renewable Generation is less than 132,000 MWh per year in any three (3) years, UA may terminate this Agreement.

8.1.5 Late In-Service Date. If either the Wind Project In-Service Date or Solar Project In-Service Date has not occurred by July 1, 2021, UA may terminate this Agreement. In order for UA to invoke its right to terminate this Agreement pursuant to this Section 8.1.5, it must provide TEP written notice of such termination by July 31, 2021.

ARTICLE 9 LIMITATION OF LIABILITY

9.1 Limitation of Liability. TO THE FULLEST EXTENT PERMITTED BY LAW, IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES OF ANY KIND, INCLUDING WITHOUT LIMITATION, LOSS OF PROFITS OR DAMAGES TO THE OTHER PARTY'S BUSINESS REPUTATION, LOSS OF EARNINGS OR REVENUES OR COST OF PURCHASED POWER, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY, WHETHER IN AN ACTION FOR CONTRACT, STRICT LIABILITY, OR TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, WHETHER OR NOT THE FIRST PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.

ARTICLE 10
MISCELLANEOUS PROVISIONS

10.1 Notices. Each Party designates the following "Authorized Representatives":

For TEP:

Tucson Electric Power Company
Mr. Dallas Dukes
Vice President, Energy Programs and Pricing
88 East Broadway Boulevard
Tucson, AZ 85701
520-884-3729
ddukes@tep.com

For UA:

The University of Arizona
Ms. Lisa Rulney
Senior Vice President and Chief Financial Officer
Office of Business Affairs
Administration, Room 712
PO Box 210066
Tucson, Arizona 85721
520-621-5977
lisa.rulney@arizona.edu

All notices under this Agreement must be in writing. Notice will be deemed given if provided in writing to the other Party's Authorized Representative and (i) upon delivery if delivered in person, (ii) on the date of receipt if sent by certified or registered United States mail, (iii) upon receipt of confirmation if sent by facsimile, (iv) upon delivery if delivered by commercial courier service, or (v) upon delivery if delivered by e-mail. As proof of service by a commercial courier or email it will be sufficient for the sender to produce a receipt of a reputable courier company showing the correct address of the Authorized Representative on whom notice is served or an email log from the sender's corporate computer showing the correct email address of the Authorized Representative on whom notice is served.

10.2 Confidentiality.

(a) Confidential Information. The Parties shall hold in confidence all information that has been or will be communicated or transmitted to each other in connection with this Agreement ("Confidential Information"), and not disclose, distribute, or disseminate the Confidential Information in any way to any third party, except as provided in this Agreement. Each Party shall not disclose any Confidential Information in any manner whatsoever, in whole or in part, without the prior written consent of the disclosing party; provided, however, that a Party may disclose Confidential Information to individuals confidentially bound to the receiving Party who need to know the Confidential Information in order to accomplish the purpose for which the Confidential Information was disclosed, who are informed of the confidential nature of the Confidential Information, and who agree to be bound by the terms of this provision.

(b) Exclusions. Confidential Information does not include information that (i) is or becomes generally available to the public other than as a result of a disclosure by either Party in contravention of this Agreement, (ii) was known by the receiving Party on a non-confidential basis prior to its disclosure, (iii) is received from a third party without breach of this Agreement, (iv) is independently developed by a Party without reference to the other Party's Confidential Information, or (v) is legally required to be disclosed; provided, however, that the disclosing Party will immediately inform the other Party of the need for such disclosure so that the other Party may seek a protective order or other appropriate mechanism, to maintain the confidentiality of such information.

(c) Public Announcements. The Parties shall use Commercially Reasonable Efforts to cooperate and coordinate external communications and public-relation activities relating to the subject matter contemplated in this Agreement.

(d) Survival. The confidentiality obligations in this Agreement will survive for a period of two (2) years after any termination of this Agreement.

10.3 Order of Precedence. In the event of any conflict between this Agreement and TEP's Rules and Regulations, this Agreement will control. For avoidance of doubt, the TEP Rules and Regulations will control for all matters not specifically addressed by this Agreement.

10.4 Successors and Assigns. This Agreement will be binding on the Parties' respective successors and permitted assigns. No Party may assign its rights or delegate its duties under this Agreement without the prior written consent of the other Party, which consent will not to be unreasonably withheld.

10.5 Governing Law. This Agreement is governed by the laws of the State of Arizona, without regard to the choice of law principles. All claims relating to or arising out of this Agreement, or the breach thereof, whether in contract, tort, or otherwise, will likewise be governed by the laws of Arizona, without regard to choice of law principles.

10.6 Venue. Except for legal proceedings over which the Arizona Corporation Commission has exclusive jurisdiction, venue for any legal proceedings brought by one Party against the other Party under this Agreement will be a court of competent jurisdiction in Pima County, Arizona.

10.7 Force Majeure. Neither Party will be liable to the other Party for damages or delays in performance of this Agreement during any period in which such performance is delayed by Acts of God, acts and/or omissions of federal, state, and local governmental authorities and regulatory agencies, or other events that are beyond the reasonable control of the Party claiming force majeure that could not have been reasonably foreseen or prevented. The delayed Party's time for performance will be suspended by the occurrence of such unforeseen event for the duration of the event; provided, however, that the Party claiming force majeure provides prompt written notice to the other Party of such condition. Nothing contained in this Agreement will be construed to require a Party to settle any strike or labor dispute in which it may be involved. In no event will the inability to make payment or the unavailability of funds be considered an event of force majeure. When such event of force majeure exists, the affected Party shall proceed with reasonable diligence to remedy the conditions causing the force majeure and proceed with the performance of its obligations under this Agreement at the earliest practicable date. Force majeure delays may not in any event exceed July 1, 2021, as it relates to Section

8.1.7.

10.8 No Third Party Beneficiaries. This Agreement does not confer any rights or remedies upon any person other than the Parties and their successors and permitted assigns.

10.9 Modification. The Parties cannot modify or supplement this Agreement except by written instrument signed by the Parties.

10.10 Waiver. Any failure of either Party to waive or enforce any of the provisions of this Agreement or to require compliance with any of its terms at any time during the term of this Agreement will in no way affect the validity of this Agreement or any part of this Agreement, and will not be deemed a waiver of the right of such Party thereafter to enforce any and each such provisions.

10.11 Severability. If any term, provision, covenant, or condition of this Agreement is determined by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Agreement will remain in full force and effect and in no way will be affected, impaired, or invalidated by reason of such holding.

10.12 Counterparts. This Agreement may be executed in counterparts, including by the exchange of pdf signature pages, each of which will be deemed an original and all of which taken together will constitute one and the same instrument.

10.13 Conflict of Interest. This Agreement is subject to cancellation pursuant to the provisions of Arizona Revised Statute ("ARS") § 38-511 regarding conflict of interest.

10.14 Inspection and Audit. TEP shall keep all books, accounts, reports, files and other records relating to this Agreement for five (5) years after any termination of this Agreement. In addition, TEP agrees that such books, accounts, reports, files and other records are subject to audit pursuant to ARS § 35-214.

10.15 No Boycott of Israel. As required by ARS §§ 35-393 to 35-393.01, TEP certifies it is not currently engaged in a boycott of Israel and will not engage in a boycott of Israel during the Term. However, unless and until the District Court's injunction in Jordahl v. Brnovich et al., Case No. 3:17-cv-08263 (D. Ariz.) is stayed or lifted, ARS § 35-393.01 (A) is unenforceable and the State of Arizona will take no action to enforce it.

10.16 Confidentiality and Public Information. Notwithstanding Section 10.2 (Confidentiality), TEP acknowledges that all UA agreements are subject to applicable public records laws including ARS § 39-121 et seq.

10.17 Non-Discrimination. The Parties shall comply with all applicable state and federal statutes and regulations governing equal employment opportunity, non-discrimination, and immigration.

10.18 State Obligation. The Parties acknowledge that the performance by the Arizona Board of Regents for and on behalf of UA may be dependent upon the appropriation of funds by the State Legislature of Arizona or the availability of funding from other sources. If, for the purposes contemplated in this Agreement, (i) the Legislature fails to appropriate the necessary funds, (ii) UA's

appropriation reduces during the applicable fiscal year, or (iii) funding becomes otherwise legally unavailable, the Arizona Board of Regents may reduce the scope of this Agreement if appropriate or cancel the Agreement without further duty or obligation. The Arizona Board of Regents shall notify TEP as soon as reasonably possible after it is aware of any of the funding changes described in this Section 10.18.

10.19 Arbitration. The Parties agree to arbitrate disputes filed in Arizona Superior Court that are subject to mandatory arbitration pursuant to ARS § 12-133.

10.20 Entire Agreement. This Agreement is the final integration of the agreement between the Parties with respect to the matters covered by it and supersedes any prior understanding or agreements, oral or written, with respect thereto.

[Signature page follows]

Execution Version

The Parties are signing this Agreement on the date stated in the preamble.

TUCSON ELECTRIC POWER COMPANY

ARIZONA BOARD OF REGENTS ON BEHALF OF THE
UNIVERSITY OF ARIZONA

By:

Dallas J. Dukes

By:

Name:

Dallas J. Dukes

Name:

Title:

VP Energy Programs & Pricing

Title:

[Signature page to Special Contract]

The Parties are signing this Agreement on the date stated in the preamble.

TUCSON ELECTRIC POWER COMPANY

ARIZONA BOARD OF REGENTS ON BEHALF OF THE
UNIVERSITY OF ARIZONA

By: _____

By: Lisa N. Rulney

Name: _____

Name: Lisa N. Rulney

Title: _____

Title: Senior VP for Business Affairs & CFO

[Signature page to Special Contract]

**ANNEX 1
DEFINITIONS**

"ACC" means the Arizona Corporation Commission, as set forth in the Recitals to this Agreement.

"Adjustment Notice" has the meaning set forth in Section 2.2.2.

"Agreement" has the meaning set forth in the preamble to this Agreement, and includes all annexes and exhibits.

"Applicable Delivery Points" has the meaning set forth in Section 2.1.

"ARS" means Arizona Revised Statutes, as set forth in Section 10.13.

"Authorized Representatives" has the meaning set forth in Section 10.1.

"Billing Representatives" has the meaning set forth in Section 3.4.5.

"CEC" means Certificate of Environmental Compatibility, as set forth in Section 6.2.2.

"Commercially Reasonable Efforts" has the meaning set forth in Section 1.3.

"Committee" means the Arizona Power Plant and Transmission Line Siting Committee, as set forth in Section 6.2.2.

"Compliance Report" has the meaning set forth in Section 2.3.3.

"Confidential Information" has the meaning set forth in Section 10.2(a).

"Contract Capacity Commitment" has the meaning set forth in Exhibit B.

"Dispute" has the meaning set forth in Section 7.1.

"Dispute Notice" has the meaning set forth in Section 7.1.1.

"Dispute Response" has the meaning set forth in Section 7.1.1.

"Due Date" has the meaning set forth in Section 3.4.2.

"Execution Date" has the meaning set forth in the preamble to this Agreement.

"Effective Date" has the meaning set forth in Section 1.1.

"Feeders" has the meaning set forth in Section 6.2.4.

"Good Utility Practice" has the meaning set forth in Section 2.4.1.

"kV" has the meaning set forth in the Recitals to this Agreement.

"Monthly Invoice" has the meaning set forth in Section 3.4.1.

"MW" has the meaning set forth in the Recitals to this Agreement.

"MWh" has the meaning set forth in Section 2.2.2.

"Party" has the meaning set forth in the preamble to this Agreement.

"Parties" has the meaning set forth in the preamble to this Agreement.

"Payment Dispute" has the meaning set forth in Section 3.4.3.

"Payment Dispute Notice" has the meaning set forth in Section 3.4.3.

"Power Supply Rate" has the meaning set forth in Exhibit B.

"PPFAC" means the Purchased Power and Fuel Adjustment Clause, as set forth in Exhibit B.

"REC" has the meaning set forth in Section 2.3.1.

"REC Bank" has the meaning set forth in Section 2.3.2.

"Renewable Delivery Loss Charge" has the meaning set forth in Exhibit B.

"Renewable Delivery Loss Rate" has the meaning set forth in Exhibit B.

"Retirement-Eligible Load" has the meaning set forth in Section 2.3.2(a)(iii).

"Renewable Energy Credit" has the meaning set forth in Section 2.3.1.

"Renewable Energy Surcharge" has the meaning set forth in the Tariff.

"Renewable Energy Term" has the meaning set forth in Section 1.2.

"Renewable Integration Charge" has the meaning set forth in Exhibit B.

"Renewable Integration Charge Rate" has the meaning set forth in Exhibit B.

"Renewable Power Supply Charge" has the meaning set forth in Exhibit B.

"Scope 2 Commitment" has the meaning set forth in the Recitals to this Agreement.

"Scope 2 Emissions" has the meaning set forth in the Recitals to this Agreement.

"Settlements and Billing Charges" has the meaning set forth in Exhibit B.

"Shortfall" has the meaning set forth in Section 2.4.3.

"Solar Capacity Commitment" has the meaning set forth in Exhibit B.

"Solar DLR%" has the meaning set forth in Exhibit B.

"Solar Project" has the meaning set forth in the Recitals to this Agreement.

"Solar Project Energy Rate" has the meaning set forth in Exhibit B.

"Solar Project Generation" has the meaning set forth in Exhibit B.

"Solar Project In-Service Date" has the meaning set forth in the Recitals to this Agreement.

"Solar Project Rating" has the meaning set forth in Exhibit B.

"Substation Property" has the meaning set forth in Section 6.1.

"Target Amount" has the meaning set forth in Section 2.2.2.

"Tariff" has the meaning set forth in Section 3.1.1.

"TEP" has the meaning set forth in the preamble to this Agreement.

"TEP Rules and Regulations" has the meaning set forth in the Recitals to this Agreement.

"Term" has the meaning set forth in Section 1.2.

"Transformer Charge" has the meaning set forth in Section 3.3.

"UA" has the meaning set forth in the preamble to this Agreement.

"UA AHSC" has the meaning set forth in Section 2.1.

"UA CHRP" has the meaning set forth in Section 2.1.

"UA Equivalent RECs" has the meaning set forth in Section 2.3.2(a)(ii).

"UA Green Energy Charge" has the meaning set forth in Section 3.2.

"UA Load" has the meaning set forth in Section 2.3.2(a)(i).

"UA North Substation" has the meaning set forth in the Recitals to this Agreement.

"UA Renewable Generation" has the meaning set forth in Exhibit B.

"UA Renewable Project Rate" has the meaning set forth in Exhibit B.

"UA Solar Energy" has the meaning set forth in Section 2.2.1.

"UA-TEP Renewable Energy Project" has the meaning set forth in the Recitals to this Agreement.

"UA Wind Energy" has the meaning set forth in Section 2.2.1.

"Vintage" has the meaning set forth in Section 2.3.2(a)(ii).

"Wind Capacity Commitment" has the meaning set forth in Exhibit B.

"Wind DLR%" has the meaning set forth in Exhibit B.

"Wind Project" has the meaning set forth in the Recitals to this Agreement.

"Wind Project Energy Rate" has the meaning set forth in Exhibit B.

"Wind Project Generation" has the meaning set forth in Exhibit B.

"Wind Project In-Service Date" has the meaning set forth in the Recitals to this Agreement.

"Wind Project Rating" has the meaning set forth in Exhibit B.

"138kV Transmission Lines" has the meaning set forth in Section 6.2.1.

"75-MVA Equipment" has the meaning set forth in Section 3.3.

EXHIBIT A
REC BANK EXAMPLE

	(1)	(2)	(3)	(4)
Hypothetical Example for December 2018	UA Load	UA Equivalent RECs	UA Load Less UA Equivalent RECs	Cumulative Monthly Bank Balance
	kWh	kWh	kWh	kWh
Beginning Balance				0
January	9,373,108	13,951,415	4,578,307	4,578,307
February	8,834,835	14,082,039	5,247,205	9,825,512
March	9,852,729	17,195,295	7,342,566	17,168,077
April	11,696,425	15,880,717	4,184,292	21,352,369
May	11,800,069	16,308,648	4,508,579	25,860,948
June	12,790,191	13,715,939	925,747	26,786,695
July	14,989,751	14,582,513	(407,238)	26,379,458
August	19,034,818	12,745,377	(6,289,441)	20,090,016
September	16,186,839	13,835,726	(2,351,113)	17,738,903
October	12,822,316	15,845,146	3,022,830	20,761,733
November	10,525,258	13,909,893	3,384,636	24,146,369
December	8,900,228	15,469,225	6,568,997	30,715,366
Totals for Year	146,806,568	177,521,934		30,715,366

Source Data:

- (1) Based on metered data from Applicable Delivery Points. Minimum value is zero.
 (2) Based on UA Wind Energy and UA Solar Energy. Minimum value is zero.
 (3) UA Load Less UA Equivalent RECs = Column 2 - Column 1.
 (4) Cumulative Monthly Bank Balance = Column 3 Current Month + Column 4 Prior Month.

Notes:

- In the example above, the Retirement-Eligible Load at the end of 2018 is 146,806,568 kWh.
 - In the example above, TEP would roll forward the remaining 30,715,366 kWh to January 2019.

EXHIBIT B
UA GREEN ENERGY CHARGE

Exhibit B describes the defined variables and calculations that are used to derive the UA Green Energy Charge. Exhibit B is divided into six sections, as follows:

Section 1	Renewable Project Commitments
Section 2	Renewable Power Supply Charge
Section 3	Renewable Integration Charge
Section 4	Renewable Delivery Loss Charge
Section 5	Settlements and Billing Charges
Section 6	UA Green Energy Charge

Section 1 - Renewable Project Commitments

A. Wind Project Overview

The Wind Project is summarized in Table 1 below:

Table 1 - Wind Project Overview	
Wind Project Name	Oso Grande Wind
Project Location	Chavez, Lea, and Eddy Counties, New Mexico
Wind Project Rating, kW	247,400*
*247,400 kW is the anticipated rating for the Wind Project. TEP will confirm the actual value, based upon the as-built rating, once the Wind Project In-Service Date occurs.	

B. UA Wind Energy

The UA Wind Energy is the proportionate amount of the electricity generated from the Wind Project that will be allocated to the UA, based on the following formula:

$$\text{UA Wind Energy} = \frac{\text{Wind Capacity Commitment}}{\text{Wind Project Rating}} \times (\text{Wind Project Generation})$$

C. Wind Capacity Commitment is the equivalent amount of capacity from the Wind Project Rating that TEP is committing to UA as part of the UA Wind Energy. For numerical purposes, the Wind Capacity Commitment is 26,000 kW.

D. Wind Project Generation is the metered output from the Wind Project.

E. Solar Project Overview

The Solar Project is summarized in Table 2 below:

Table 2 - Solar Project Overview	
Solar Project Name	Wilmot Solar
Project Location	Pima County, Arizona
Solar Project Rating, kW	100,000*
*100,000 kW is the anticipated rating for the Solar Project. TEP will confirm the actual value, based upon the as-built rating, once the Solar Project In-Service Date occurs.	

F. UA Solar Energy

The UA Solar Energy is the proportionate amount of the electricity generated from the Solar Project that will be allocated to the UA, based on the following formula:

$$\text{UA Solar Energy} = \frac{\text{Solar Capacity Commitment}}{\text{Solar Project Rating}} \times (\text{Solar Project Generation})$$

- G. Solar Capacity Commitment** is the equivalent amount of capacity from the Solar Project Rating that TEP is committing to UA as part of the UA Solar Energy. For numerical purposes, the Solar Capacity Commitment is 26,000 kW, but may adjust in accordance with Section 2.2.2.

- H. Solar Project Generation** is the metered output from the Solar Project.

Section 2 - Renewable Power Supply Charge

A. Renewable Power Supply Charge Formula:

The Renewable Power Supply Charge is the amount that TEP will charge UA for UA's consumption of renewable power, based on the following formula calculated hourly:

$$\begin{aligned} & (\text{Minimum}[(\text{UA Renewable Generation}), (\text{UA Load})] \times \text{UA Renewable Project Rate}) \\ & + \\ & (\text{UA Load} - (\text{Minimum}[(\text{UA Renewable Generation}), (\text{UA Load})]) \times \text{Power Supply Rate}) \end{aligned}$$

- B. UA Renewable Generation** is the sum of the UA Wind Energy and UA Solar Energy.
- C. UA Load** is the aggregated retail kWh sold by TEP to UA, as measured at the Applicable Delivery Points.
- D. UA Renewable Project Rate** is the weighted average rate for the UA Wind Project and UA Solar Project, based on the following formula:

$$\frac{[\text{UA Wind Energy} \times \text{Wind Project Energy Rate}] + [\text{UA Solar Energy} \times \text{Solar Project Energy Rate}]}{[\text{UA Wind Energy} + \text{UA Solar Energy}]}$$

- E. Wind Project Energy Rate** is the rate charged for each kWh of energy from the Wind Project defined by year of the Renewable Energy Term in Table 3 below:
- F. Solar Project Energy Rate** is the rate charged for each kWh of energy from the Solar Project defined by year of the Renewable Energy Term in Table 3 below:

Table 3 - Renewable Energy Rates

Renewable Energy Rates	Years 1-3	Years 4-20
Wind Project Energy Rate, \$/kWh	0.02815	0.02990
Solar Project Energy Rate, \$/kWh	0.02568	0.02568

- G. Power Supply Rate** is the rate based on the Base Power Charge pursuant to Tariff plus the Purchased Power and Fuel Adjustment Clause ("PPFAC") in accordance with the then-applicable Rider-1-PPFAC or its successor. The Power Supply Rate is subject to modification by the ACC.

Table 4 shows the hourly detail for the Renewable Power Supply Charge for a sample day.

Table 4 – Renewable Power Supply Charge for a Sample Day

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Hour Ending	UA CHRP	UA AHSC	UA Load	UA Wind Energy	UA Solar Energy	UA Equivalent RECs	Wind Project Energy Rate	Solar Project Energy Rate	UA Renewable Project Rate	Power Supply Rate	Renewable Power Supply Charge
	kWh	kWh	kWh	kWh	kWh	kWh	¢/kWh	¢/kWh	¢/kWh	¢/kWh	Dollars
1	6,768	3,167	9,935	3,094	-	3,094	0.04000	0.03000	0.04000	0.03500	\$383.20
2	6,725	3,069	9,793	1,924	-	1,924	0.04000	0.03000	0.04000	0.03500	\$352.39
3	7,142	3,268	10,410	2,288	-	2,288	0.04000	0.03000	0.04000	0.03500	\$375.80
4	-	-	-	3,510	-	3,510	0.04000	0.03000	0.04000	0.03500	\$0.00
5	-	-	-	5,850	-	5,850	0.04000	0.03000	0.04000	0.03500	\$0.00
6	7,056	3,263	10,319	5,824	-	5,824	0.04000	0.03000	0.04000	0.03500	\$390.28
7	7,358	3,140	10,499	3,354	-	3,354	0.04000	0.03000	0.04000	0.03500	\$384.22
8	7,531	3,263	10,794	4,550	4,384	8,934	0.04000	0.03000	0.03509	0.03500	\$378.63
9	7,430	3,180	10,611	3,770	17,794	21,564	0.04000	0.03000	0.03175	0.03500	\$336.87
10	7,358	3,212	10,570	1,430	21,954	23,384	0.04000	0.03000	0.03061	0.03500	\$323.57
11	7,488	3,272	10,760	520	23,195	23,715	0.04000	0.03000	0.03022	0.03500	\$325.16
12	7,632	2,922	10,554	1,040	23,247	24,287	0.04000	0.03000	0.03043	0.03500	\$321.13
13	7,661	3,315	10,976	1,300	22,929	24,229	0.04000	0.03000	0.03054	0.03500	\$335.16
14	7,762	3,120	10,882	858	22,394	23,252	0.04000	0.03000	0.03037	0.03500	\$330.47
15	8,654	3,797	12,452	442	21,876	22,318	0.04000	0.03000	0.03020	0.03500	\$376.02
16	8,698	3,758	12,455	468	20,501	20,969	0.04000	0.03000	0.03022	0.03500	\$376.43
17	8,755	3,548	12,304	676	15,987	16,663	0.04000	0.03000	0.03041	0.03500	\$374.10
18	8,870	3,507	12,377	1,950	3,203	5,153	0.04000	0.03000	0.03378	0.03500	\$426.94
19	8,712	3,273	11,985	1,976	-	1,976	0.04000	0.03000	0.04000	0.03500	\$429.37
20	8,323	3,214	11,537	1,690	-	1,690	0.04000	0.03000	0.04000	0.03500	\$412.26
21	7,920	3,368	11,288	-	-	-	0.04000	0.03000	-	0.03500	\$395.08
22	7,848	3,318	11,166	-	-	-	0.04000	0.03000	-	0.03500	\$390.79
23	7,574	3,168	10,743	1,898	-	1,898	0.04000	0.03000	0.04000	0.03500	\$385.48
24	7,243	3,100	10,343	2,730	-	2,730	0.04000	0.03000	0.04000	0.03500	\$375.66
Total	170,510	72,242	242,753	51,142	197,465	248,607					\$8,159.01

Source Data:

- (1) Based on UA CHRP metered data. Minimum value is zero.
 (2) Based on UA AHSC metered data. Minimum value is zero.
 (3) UA Load = Column 1 + Column 2
 (4) Based on UA Wind Energy. Minimum value is zero.
 (5) Based on UA Solar Energy. Minimum value is zero.
 (6) UA Equivalent RECs = Column 4 + Column 5.
 (7) This rate is based on Wind Project Rate and is subject to change under the terms of the contract. (Rate is for illustrative purposes and doesn't reflect actual rates)
 (8) This rate is based on Solar Project Rate and is subject to change under the terms of the contract. (Rate is for illustrative purposes and doesn't reflect actual rates)
 (9) UA Renewable Project Rate = ((Column 4 x Column 7) + (Column 5 x Column 8)) / (Column 6). Rate is zero if both Column 4 and 5 are zero.
 (10) This rate is based on UA's applicable Power Supply Tariff Rate and is subject to regulatory changes. (Rate is for illustrative purposes and doesn't reflect actual rates)
 (11) Renewable Power Supply Charge = (Minimum(Column 3, Column 6) x Column 9) + (Column 3 - Minimum(Column 3, Column 6) x Column 10).

Special Notes

Hour ending 4 and 5 are examples of zero UA Load.
 Hour ending 21 and 22 are examples of zero UA Renewable Generation.

Section 3 - Renewable Integration Charge**A. Renewable Integration Charge:**

The Renewable Integration Charge is the product of the Contract Capacity Commitment and the Renewable Integration Charge Rate, based on the following formula calculated monthly:

$$\text{Contract Capacity Commitment} \times \text{Renewable Integration Charge Rate}$$

- B. Contract Capacity Commitment** is the sum of the Wind Capacity Commitment and Solar Capacity Commitment, based on the following formula:

$$[\text{Wind Capacity Commitment} + \text{Solar Capacity Commitment}]$$

- C. Renewable Integration Charge Rate** is the rate charged on a \$/kW-month basis as defined by year of the Renewable Energy Term in Table 5 below.

Table 5 - Renewable Integration Charge Rates

Renewable Integration Charge Rates	Years 1-3	Years 4-20
Renewable Integration Charge Rate, \$/kW-month	\$1.81	\$2.26

Section 4 - Renewable Delivery Loss Charge**A. Renewable Delivery Loss Charge:**

The Renewable Delivery Loss Charge is the hourly rate charged for delivery losses, based on the following formula:

$$\text{Renewable Delivery Loss Rate} \times \text{Minimum } [(\text{UA Renewable Generation}), (\text{UA Load})] \times \text{Power Supply Rate}$$

- B. Renewable Delivery Loss Rate** is the weighted average loss rate for the UA Wind Project and UA Solar Project, based on the following formula:

$$\text{Renewable Delivery Loss Rate} = \frac{[\text{UA Wind Energy} \times \text{Wind DLR\%}] + [\text{UA Solar Energy} \times \text{Solar DLR\%}]}{\text{UA Wind Energy} + \text{UA Solar Energy}}$$

- C. Wind DLR%** is the Wind Project delivery loss rate defined in Table 6 below. This rate is fixed for the Renewable Energy Term.
- D. Solar DLR%** is the Solar Project delivery loss rate defined in Table 6 below. This rate is fixed for the Renewable Energy Term.

Table 6 - Renewable Delivery Loss Rates

Renewable Delivery Loss Rates	Rate %
Wind DLR%	10.35%
Solar DLR%	6.12%