

AGENDA

4:30 P.M.

CITY OF SEDONA, CITY COUNCIL MEETING

TUESDAY, AUGUST 9, 2016

NOTES:

- Public Forum:
Comments are generally limited to **3 minutes**.
- Consent Items:
Items listed under Consent Items have been distributed to Council Members in advance for study and will be enacted by one motion. Any member of the Council, staff or the public may remove an item from the Consent Items for discussion. Items removed from the Consent Items may be acted upon before proceeding to the next agenda item.
- Meeting room is wheelchair accessible. American Disabilities Act (ADA) accommodations are available upon request. Please phone 928-282-3113 at least two (2) business days in advance.
- City Council Meeting Agenda Packets are available on the City's website at:

www.SedonaAZ.gov

GUIDELINES FOR PUBLIC COMMENT

PURPOSE:

- To allow the public to provide input to the City Council on a particular subject scheduled on the agenda.
- This is not a question/answer session.

PROCEDURES:

- Fill out a "Comment Card" and deliver it to the City Clerk.
- When recognized, use the podium/microphone.
- State your:
 1. Name and
 2. City of Residence
- Limit comments to **3 MINUTES**.
- Submit written comments to the City Clerk.

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE/MOMENT OF SILENCE/ROLL CALL

2. CITY'S VISION/MOMENT OF ART

3. CONSENT ITEMS - APPROVE

LINK TO DOCUMENT = 

- a. Minutes - July 26, 2016 City Council Special Meeting. 
- b. Minutes - July 26, 2016 City Council Regular Meeting. 
- c. AB 2135 Approval of recommendation regarding a new Series 11 Hotel/Motel Liquor License for Courtyard located at 4105 West State Route 89A, Sedona, AZ (License #11133036). 
- d. AB 2141 Approval of 19 Wine Festival Liquor License applications for the Sedona Winefest scheduled for September 24 & 25, 2016, from 11:00 a.m. to 6:00 p.m. at Posse Ground Park, 525 Posse Ground Road, Sedona, AZ for the following: Alcantra LLC, Arizona Stronghold Vineyards LLC, Burning Tree Cellars LLC, Caduceus Cellars, Carlson Creek Vineyard LLC, Cellar 433, Chateau Tumbleweed, Fire Mountain Wines LLC, Four Eight Wineworks, Javelina Leap Estate Vineyards, Manning & Manning Inc., Oak Creek Vineyards & Winery, Page Springs Cellars & Vineyards, Pierce Wines Arizona, Pillsbury Wine Company, Prescott Winery LLC, Southwest Wine Center, Su Vino Winery, and Village of Elgin Winery. 

4. APPOINTMENTS - None.

5. SUMMARY OF CURRENT EVENTS BY MAYOR/COUNCILORS/CITY MANAGER

6. PUBLIC FORUM

(This is the time for the public to comment on matters not listed on the agenda. The City Council may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. § 38-431.01(H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism, or scheduling the matter for further consideration and decision at a later date.)

7. PROCLAMATIONS, RECOGNITIONS & AWARDS - None.

8. REGULAR BUSINESS

- a. AB 2112 **Presentation/discussion** on the "Senior Valuation Freeze" and "Exemptions for Disabilities and Widow/Widowers" Property Tax Assistance Programs by Pamela Pearsall, Yavapai County Assessor. 
- b. AB 2133 **Discussion/possible direction** regarding the master plan design for the Sedona Dog Park. 
- c. AB 2143 **Public hearing/discussion/possible action** regarding a resolution and ordinance approving changes to the Consolidated Fee Schedule for fees related to the Posse Grounds Pavilion at Barbara Antonsen Park. 
- d. AB 2140 **Discussion/possible action** regarding a Resolution of Intent to sign a Power Sales Contract with the Arizona Power Authority. 

CITY COUNCIL CHAMBERS
102 ROADRUNNER DRIVE, SEDONA, AZ

The mission of the City of Sedona government is to provide exemplary municipal services that are consistent with our values, history, culture and unique beauty.

AGENDA

4:30 P.M.

CITY OF SEDONA, CITY COUNCIL MEETING

TUESDAY, AUGUST 9, 2016

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- e. Reports/discussion on Council assignments.
- f. Discussion/possible action on future meeting/agenda items.

9. EXECUTIVE SESSION

If an Executive Session is necessary, it will be held in the Vultee Conference Room at 106 Roadrunner Drive. Upon a public majority vote of the members constituting a quorum, the Council may hold an Executive Session that is not open to the public for the following purposes:

- a. To consult with legal counsel for advice on matters listed on this agenda per A.R.S. § 38-431.03(A)(3).
- b. Return to open session. Discussion/possible action on executive session items.

10. ADJOURNMENT

Posted: _____

By: _____

Susan L. Irvine, CMC
City Clerk

Note: Pursuant to A.R.S. § 38-431.02(B) notice is hereby given to the members of the City Council and to the general public that the Council will hold the above open meeting. Members of the City Council will attend either in person or by telephone, video, or internet communications. The Council may vote to go into executive session on any agenda item, pursuant to A.R.S. § 38-431.03(A)(3) and (4) for discussion and consultation for legal advice with the City Attorney. Because various other commissions, committees and/or boards may speak at Council meetings, notice is also given that four or more members of these other City commissions, boards, or committees may be in attendance.

A copy of the packet with material relating to the agenda items is typically available for review by the public in the Clerk's office after 1:00 p.m. the Thursday prior to the Council meeting and on the City's website at www.SedonaAZ.gov. The Council Chambers is accessible to people with disabilities, in compliance with the Federal 504 and ADA laws. Those with needs for special typeface print, may request these at the Clerk's Office. All requests should be made **forty-eight hours** prior to the meeting.

CITY COUNCIL CHAMBERS
102 ROADRUNNER DRIVE, SEDONA, AZ

The mission of the City of Sedona government is to provide exemplary municipal services that are consistent with our values, history, culture and unique beauty.

**Action Minutes
Special City Council Meeting
Vultee Conference Room, Sedona City Hall,
106 Roadrunner Drive, Sedona, Arizona
Tuesday, July 26, 2016, 3:00 p.m.**

1. Call to Order

Mayor Moriarty called the meeting to order at 3:00 p.m.

2. Roll Call

Roll Call: Mayor Sandy Moriarty, Vice Mayor John Martinez, Councilor Scott Jablow, Councilor Tom Lamkin, Councilor Jon Thompson, Councilor Jessica Williamson.

Staff in attendance: City Attorney Robert Pickels, Jr., City Clerk Susan Irvine.

3. Executive Session

Motion: Councilor Jablow moved to enter into Executive Session at 3:00 p.m. Seconded by Vice Mayor Martinez. Vote: Motion carried unanimously with six (6) in favor and zero (0) opposed.

Upon a public majority vote of the members constituting a quorum, the Council may hold an Executive Session that is not open to the public for the following purposes:

- a. **Discussion and consultation regarding personnel matters per A.R.S. § 38-431.03(A)(1), specifically to discuss City Attorney Robert Pickels, Jr.'s annual evaluation.**
- b. **Return to open session. Discussion/possible action on executive session items.**

Motion: Councilor Williamson moved to increase City Attorney Robert Pickels, Jr.'s annual salary to \$158,000 effective July 20, 2016. Seconded by Vice Mayor Martinez. Vote: Motion carried unanimously with six (6) in favor and zero (0) opposed.

4. Adjournment

Mayor Moriarty adjourned the meeting at 3:44 p.m.

I certify that the above are the true and correct actions of the Special City Council Meeting held on July 26, 2016.

Susan L. Irvine, CMC, City Clerk

Date

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**Action Minutes
Regular City Council Meeting
City Council Chambers, Sedona City Hall,
102 Roadrunner Drive, Sedona, Arizona
Tuesday, July 26, 2016, 4:30 p.m.**

1. Call to Order/Pledge of Allegiance/Moment of Silence/Roll Call

Mayor Moriarty called the meeting to order at 4:30 p.m.

Roll Call: Mayor Sandy Moriarty, Vice Mayor John Martinez, Councilor Scott Jablow, Councilor Tom Lamkin, Councilor Jon Thompson, Councilor Jessica Williamson.

Staff Present: City Attorney Robert Pickels, Jr., Economic Development Director Molly Spangler, Engineering Supervisor Stephen Craver, Director of Community Development Audree Juhlin, Director of Finance Cherie Wright, City Clerk Susan Irvine.

2. City's Vision

A video of the City's vision was played.

3. Consent Items

- a. **Minutes - July 12, 2016 City Council Special Meeting.**
- b. **Minutes - July 12, 2016 City Council Regular Meeting.**
- c. **Minutes - July 13, 2016 City Council Special Meeting.**
- d. **AB 2144 Approval of a resolution authorizing a modification to the Intergovernmental Agreement between the Arizona Department of Revenue and the City of Sedona providing for administration of the Transaction Privilege Tax (TPT), as required under A.R.S. § 42-6001.**

Motion: Councilor Thompson moved to approve consent items 3a, 3b, 3c, and 3d. Seconded by Councilor Jablow. Vote: Motion carried unanimously with six (6) in favor and zero (0) opposed.

4. Appointments – None.

5. Summary of Current Events by Mayor/Councilors/City Manager

Councilor Jablow gave an update on the progress of the 9-11 Memorial. Councilor Williamson stated that she attended the Dog's Day Out event sponsored by Parks & Recreation and it was a really good event. Vice Mayor Martinez stated that the Day of the Cowboy was held last weekend and was an enjoyable event. Councilor Thompson stated that National Night Out is a week from Saturday from 5:00 to 7:30 p.m., and he encouraged the entire community to come out and support those who protect the citizens. Inspiration of Sedona will screen a free movie called "Dear President Obama" on the issue of fracking on Thursday at 6:30 p.m. at the Church of the Red Rocks. Mayor Moriarty introduced the new Economic Development Director Molly Spangler.

6. Public Forum – None.

7. Proclamations, Recognitions, and Awards - None.

8. Regular Business

- a. **AB 2142 Discussion/possible action regarding approval of a letter to the Arizona Department of Transportation (ADOT) expressing the City's**

support of suicide prevention measures at Midgley Bridge, and specifically supporting the design of a physical barrier on the bridge, as proposed by ADOT.

Presentation by Jesse Gutierrez, Deputy State Engineer with ADOT.

Questions from Council.

Motion: Councilor Williamson moved to approve the letter addressed to the Arizona Department of Transportation (ADOT) from the Mayor supporting the installation of a suicide prevention barrier at Midgley Bridge, and supporting the design concept for the barrier as proposed by ADOT. Seconded by Vice Mayor Martinez. Vote: Motion carried unanimously with six (6) in favor and zero (0) opposed.

b. Reports/discussion on Council assignments

Councilor Thompson stated that he attended a Chamber of Commerce and Marketing Committee meeting and was very impressed with their plans.

c. Discussion/possible action on future meeting/agenda items

Councilor Williamson asked for a future agenda item for the Council to establish relations with Coconino and possibly later Yavapai County to discuss sales tax issues. Councilor Jablow supported this request.

9. Executive Session

Upon a public majority vote of the members constituting a quorum, the Council may hold an Executive Session that is not open to the public for the following purposes:

- a. To consult with legal counsel for advice on matters listed on this agenda per A.R.S. § 38-431.03(A)(3).**
- b. Return to open session. Discussion/possible action on executive session items.**

No Executive Session was held.

10. Adjournment

Mayor Moriarty adjourned the meeting at 4:51 p.m. without objection.

I certify that the above are the true and correct actions of the Regular City Council Meeting held on July 26, 2016.

Susan L. Irvine, CMC, City Clerk

Date



**CITY COUNCIL
AGENDA BILL**

**AB 2135
August 9, 2016
Consent Items**

Agenda Item: 3c
Proposed Action & Subject: Approval of recommendation regarding a new Series 11 Hotel/Motel Liquor License for Courtyard located at 4105 West State Route 89A, Sedona, AZ (License #11133036).

Department	City Clerk
Time to Present	N/A
Total Time for Item	
Other Council Meetings	N/A
Exhibits	Liquor License Application is available for review and inspection in the City Clerk's Office.

City Attorney Approval	Reviewed 8/2/16 RLP	Expenditure Required	\$ 0
City Manager's Recommendation	Approve a new Series 11 liquor license for Courtyard.	Amount Budgeted	\$ 0
		Account No. (Description)	N/A
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: State liquor laws require Sedona's City Council to forward a recommendation for approval or denial of applications for liquor licenses.

The City has received an application for a new Series 11 Hotel/Motel Liquor License for Courtyard located at 4105 West State Route 89A, Sedona, AZ (License #11133036). The liquor license application is available for review and inspection in the City Clerk's office or by email.

A Series 11 Liquor License is a non-transferable, on-sale retail privileges liquor license which allows the holder of a hotel/motel license to sell and serve all types of spirituous liquor solely for consumption on the premises of a hotel or motel that has a restaurant where food is served on the premises. The restaurant on the licensed premises must derive at least forty percent (40%) of its gross revenue from the sale of food. The holder of this license may sell spirituous liquor in sealed containers in individual portions to its registered guests at any time by means of a minibar located in the guest rooms of registered guests. The registered guest must be at least twenty-one (21) years of age. Access to the minibar is provided by a key or

magnetic card device and may not be furnished to a guest between the hours of 2:00 a.m. and 6:00 a.m.

Community Development, Finance, the Sedona Police Department (SPD), and Sedona Fire District (SFD) have conducted a review of the application and did not note any objections regarding its approval. Staff requests that the City Council recommend that this application be approved.

Community Plan Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): Do not recommend approval of the Liquor License for a new Series 11 Hotel/Motel Liquor License for Courtyard located at 4105 West State Route 89A, Sedona, AZ (License #11133036)

MOTION

I move to: approve the recommendation regarding a new Series 11 Hotel/Motel Liquor License for Courtyard located at 4105 West State Route 89A, Sedona, AZ (License #11133036).



**CITY COUNCIL
AGENDA BILL**

**AB 2141
August 9, 2016
Consent Items**

Agenda Item: 3d

Proposed Action & Subject: Approval of 19 Wine Festival Liquor License applications for the Sedona Winefest scheduled for September 24 & 25, 2016, from 11:00 a.m. to 6:00 p.m. at Posse Ground Park, 525 Posse Ground Road, Sedona, AZ for the following: Alcantra LLC, Arizona Stronghold Vineyards LLC, Burning Tree Cellars LLC, Caduceus Cellars, Carlson Creek Vineyard LLC, Cellar 433, Chateau Tumbleweed, Fire Mountain Wines LLC, Four Eight Wineworks, Javelina Leap Estate Vineyards, Manning & Manning Inc., Oak Creek Vineyards & Winery, Page Springs Cellars & Vineyards, Pierce Wines Arizona, Pillsbury Wine Company, Prescott Winery LLC, Southwest Wine Center, Su Vino Winery, and Village of Elgin Winery.

Department	City Clerk
Time to Present	N/A
Total Time for Item	
Other Council Meetings	N/A
Exhibits	Liquor License Application is available for review and inspection in the City Clerk's Office.

City Attorney Approval	Reviewed 8/2/16 RLP	Expenditure Required	\$ 0
City Manager's Recommendation	Approve liquor licenses for Winefest.	Amount Budgeted	\$ 0
		Account No. (Description)	N/A
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: State liquor laws require Sedona's City Council to forward a recommendation for approval or denial of applications for liquor licenses. A Fair/Festival license allows a licensed farm winery or craft distillery to serve products they produce at a festival, sanctioned county or state fair or within the premises of a licensed special event. Liquor produced under the provisions of the farm winery or craft distillery license may be served for consumption on the fair/festival premises or "to-go" in the original, sealed container. This application requires state approval and the approval of the local government where the fair/festival will take place.

This agenda bill allows Council the opportunity to consider the wine festival liquor license applications associated with the annual Sedona Winefest scheduled for September 24 & 25,

2016, from 11:00 a.m. to 6:00 p.m. each day. The following 19 wineries have submitted applications to participate in this year's event: Alcantra LLC, Arizona Stronghold Vineyards LLC, Burning Tree Cellars LLC, Caduceus Cellars, Carlson Creek Vineyard LLC, Cellar 433, Chateau Tumbleweed, Fire Mountain Wines LLC, Four Eight Wineworks, Javelina Leap Estate Vineyards, Manning & Manning Inc., Oak Creek Vineyards & Winery, Page Springs Cellars & Vineyards, Pierce Wines Arizona, Pillsbury Wine Company, Prescott Winery LLC, Southwest Wine Center, Su Vino Winery, and Village of Elgin Winery

The Sedona Wine Festival is produced by Sedona Fair, Inc., a civic non-profit organization. The event is open to the public. Event organizers anticipate approximately 3,000 people in attendance over the course of 2 days. Picture ID will be required to ensure that participants are over 21 years of age to purchase and consume alcohol. Consumption of alcohol will only take place in the enclosed area at Posse Ground Park. Staff will be posted at all exits to ensure that alcohol does not leave the premises.

The overall event will be managed through the issuance of a Temporary Use Permit (TUP). Community Development, Finance, Parks & Recreation, the Sedona Police Department (SPD), and Sedona Fire District (SFD) have conducted a review of the application and did not note any objections regarding its approval. Staff requests that the City Council recommend that this application be approved.

Community Plan Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): Do not approve 19 Wine Festival Liquor License applications for the Sedona Winefest scheduled for September 24 & 25, 2016, from 11:00 a.m. to 6:00 p.m. at Posse Ground Park, 525 Posse Ground Road, Sedona, AZ for the following: Alcantra LLC, Arizona Stronghold Vineyards LLC, Burning Tree Cellars LLC, Caduceus Cellars, Carlson Creek Vineyard LLC, Cellar 433, Chateau Tumbleweed, Fire Mountain Wines LLC, Four Eight Wineworks, Javelina Leap Estate Vineyards, Manning & Manning Inc., Oak Creek Vineyards & Winery, Page Springs Cellars & Vineyards, Pierce Wines Arizona, Pillsbury Wine Company, Prescott Winery LLC, Southwest Wine Center, Su Vino Winery, and Village of Elgin Winery.

MOTION

I move to: approve 19 Wine Festival Liquor License applications for the Sedona Winefest scheduled for September 24 & 25, 2016, from 11:00 a.m. to 6:00 p.m. at Posse Ground Park, 525 Posse Ground Road, Sedona, AZ for the following: Alcantra LLC, Arizona Stronghold Vineyards LLC, Burning Tree Cellars LLC, Caduceus Cellars, Carlson Creek Vineyard LLC, Cellar 433, Chateau Tumbleweed, Fire Mountain Wines LLC, Four Eight Wineworks, Javelina Leap Estate Vineyards, Manning & Manning Inc., Oak Creek Vineyards & Winery, Page Springs Cellars & Vineyards, Pierce Wines Arizona, Pillsbury Wine Company, Prescott Winery LLC, Southwest Wine Center, Su Vino Winery, and Village of Elgin Winery.



**CITY COUNCIL
AGENDA BILL**

**AB 2112
August 9, 2016
Regular Business**

Agenda Item: 8a
Proposed Action & Subject: Presentation/discussion on the "Senior Valuation Freeze" and "Exemptions for Disabilities and Widow/Widowers" Property Tax Assistance Programs by Pamela Pearsall, Yavapai County Assessor.

Department	City Clerk's Office
Time to Present	10 minutes
Total Time for Item	15 minutes
Other Council Meetings	N/A
Exhibits	A. Taxpayer Education Property Tax Assistance Programs Press Release B. 2016 Senior Property Valuation Freeze Press Release C. 2016 Exemptions Press Release

City Attorney Approval	Reviewed 8/2/16 RLP	Expenditure Required	\$ 0
City Manager's Recommendation	For presentation and discussion only.	Amount Budgeted	\$ 0
		Account No. (Description)	N/A
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: Yavapai County Assessor, Pamela Pearsall, is conducting outreach throughout the County to educate taxpayers about two property assistance programs. She will make a brief presentation on the Senior Valuation Freeze and the Exemptions for Disabilities and Widow/Widowers and then be available to answer questions.

Community Plan Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): None.

MOTION

I move to: for presentation and discussion only.

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PAMELA J. PEARSALL, ASSESSOR
DAVID HANSON, CHIEF DEPUTY

1015 FAIR STREET, PRESCOTT, AZ 86305 – PHONE 928.771.3220 – FAX 928.771.3181
10 S. 6TH STREET, COTTONWOOD, AZ 86326 – PHONE 928.639.8121 – FAX 928.639.8104



Taxpayer Education Property Tax Assistance Programs

The Yavapai County Assessor, Pamela Pearsall, is striving to educate qualified tax payers about the Property Tax Assistance Programs in Arizona offered through the Assessor's Office. Currently in Arizona there are two (2) programs designed to assist qualified Property Taxpayers; the Senior Valuation Freeze, and Exemptions for: disabilities and widow/widowers.

Assessor Pearsall would like a brief moment, approximately 5 to 10 minutes, to speak to your organization to spread the word about these programs; in hopes that this public outreach will assist in informing qualified taxpayers about these Property Tax Assistance programs.



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PAMELA J. PEARSALL, ASSESSOR
DAVID HANSON, CHIEF DEPUTY

1015 FAIR STREET, PRESCOTT, AZ 86305 – PHONE 928.771.3220 – FAX 928.771.3181
10 S. 6TH STREET, COTTONWOOD, AZ 86326 – PHONE 928.639.8121 – FAX 928.639.8104



FOR IMMEDIATE RELEASE
CONTACT: Sherri Parker (928) 771-3220

Senior Property Valuation Freeze

DEADLINE TO FILE IS SEPTEMBER 1, 2016

Pamela Pearsall, the Yavapai County Assessor is reminding homeowners that the deadline to file applications for the senior property valuation freeze for this year is, September 1, 2016. This is not a tax freeze; taxes will continue to fluctuate in accordance with tax rates. The senior freeze allows homeowners age 65 and older to freeze the taxable value of their residence at the 2016 amount for a period of three-years. That value will remain in effect indefinitely, barring major changes to the property, providing the owner re-qualifies at the end of each three-year period.

To qualify for the valuation freeze the homeowner(s) must meet the following requirements on the date of application: one owner must be at least 65 years old; the owner must have occupied the residence for at least two years; the average of the total income of all owners for the prior three years (2013, 2014, 2015) cannot exceed \$35,184 for one owner, \$43,980 for two or more owners. Please review your current Notice of Value Card. You will be able to compare the 2016 vs. 2017 Limited Property Value to determine what year the freeze will be beneficial to you.

Documents that provide proof of ownership, age, residency, and gross income (taxable and non-taxable) will be required at the time of application. Ownership will be verified at the time of application by referring to current assessor's records. If the residence is titled in a trust, please provide the trust documents showing the trustees. Driver's license and utility bills are examples of acceptable proof of age and residency. Federal Income Tax Returns and year-end statements may be submitted to provide proof of taxable income. Year-end statements will also provide proof of non-taxable income.

Qualified owners must bring all their supporting documentation to either the Prescott or Cottonwood office, please note that supporting documentation is for verification only, no copies will be retained. No mail-in applications will be accepted. Again, the last day the Assessor's Office will accept applications for this year, is September 1, 2016. If homeowners have any questions, please contact the Assessor's Office in Prescott at (928) 771-3220 or in Cottonwood at (928) 639-8121.

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PAMELA J. PEARSALL, ASSESSOR
DAVID HANSON, CHIEF DEPUTY

1015 FAIR STREET, PRESCOTT, AZ 86305 – PHONE 928.771.3220 – FAX 928.771.3181
10 S. 6TH STREET, COTTONWOOD, AZ 86326 – PHONE 928.639.8121 – FAX 928.639.8104



FOR IMMEDIATE RELEASE
CONTACT: Sherri Parker (928) 771-3220

PUBLIC SERVICE ANNOUNCEMENT
IMMEDIATE MEDIA RELEASE

EXEMPTIONS

Pamela Pearsall, Yavapai County Assessor, reminds all widows, widowers, disabled persons, and non-profit organizations that it is now time to file applications for property tax exemption for the 2016 Tax roll. Due to a change to A.R.S. §42-11111, the assessed value limit for property tax exemptions for widow, widowers and disabled persons has increased from \$25,306 to 25,708. This corresponds to an increase in the allowable Limited Property Value (Taxable Value) limit from \$253,060 to \$257,080. The “Household Income Limit” amount for widows, and widowers, and disabled persons has also increased from \$31,035 to \$31,528 (for those with no children under age 18) and from \$37,231 to \$37,823 (for those with children under age 18). Individuals or organizations applying for the first time should call either the Prescott or Cottonwood Office prior to visiting the office so as to determine which documentation will be needed.

Affidavits must be filed with the Assessor between the first business day in January and the last business day in February. Most religious organizations do not have to renew their exemption annually. However, if the religious organization has not provided the office with a copy of their IRS 501C (3), they will receive an affidavit each year to be filed for renewal. Affidavits were mailed to all non-profit organizations that were exempt for the previous tax year. These applicants need only update the information, sign, date, and return their affidavit by the last business day in February. Postcards were mailed to all individuals with Personal Exemptions that were exempt for the previous tax year. If any of the information needs to be updated contact the County Assessor’s office.

Contact the Yavapai County Assessor’s Office for qualification and deadline information. Please call (928) 771-3220 in Prescott or (928) 639-8121 in Cottonwood; both offices are open Monday through Friday 8:00 a.m. through 5:00 p.m. Offices are closed on Weekends and Holidays.

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**CITY COUNCIL
AGENDA BILL**

**AB 2133
August 9, 2016
Regular Business**

Agenda Item: 8b
Proposed Action & Subject: Discussion/possible direction regarding the master plan design for the Sedona Dog Park.

Department	Parks & Recreation and Engineering Services
Time to Present	15 minutes
Total Time for Item	30 minutes
Other Council Meetings	N/A
Exhibits	A. Master Plan Design Map

City Attorney Approval	Reviewed 8/2/16 RLP	Expenditure Required \$ Unknown Amount Budgeted \$ 201,000 Account No. 36-5242-89-6805 (Description) P&R Dev. Imp. Fees Fund – Dog Park Improvements Finance Approval <input checked="" type="checkbox"/>
City Manager's Recommendation	Discuss and give direction on the Dog Park Master Plan.	

SUMMARY STATEMENT

Norris Design has created a master plan for the Sedona Dog Park. The design was created with much community and staff input. Staff is seeking any further feedback that Council would like to give concerning the design so that we can move forward on the bidding process for this project. The construction contract will come back to Council for approval and the project should be completed in FY17.

Background: In FY16, City Council approved \$18,120 for a master plan design to be created for the Sedona Dog Park to address concerns of both citizens and staff. After four community outreach meetings and a year of work, a master plan has been created that addresses all improvements that can be made over time. A construction budget of \$203,010 has already been approved for FY17 to move forward on completing some of the upgrades to the park facility.

The new master plan is all encompassing and includes many more upgrades than will be completed during this current budgeted project. While it would be wonderful to include all recommendations, staff is pleased to be able to improve upon the top three concerns that park users expressed.

Improvements will be made to:

- The parking area
- The water station
- The surface material
- Drainage/erosion.

Improving all of the above will improve the cleanliness of the park, the accessibility of the park, and the overall experience of enjoying the park. Should additional funding become available in the future, we will have a plan of what new amenities can be added or what upgrades can be completed within the dog park.

Community Plan Consistent: Yes - No - Not Applicable

Chapter 6 of the Community Plan. Parks, Recreation and Open Space

- Protect and preserve natural open space.
- Ensure the protection of the environment while providing for responsible outdoor recreation.
- Provide activities and amenities that allow for community interactions and encourage active and healthy lifestyles.

Parks and Recreation Master Plan

Page 94 General Recommendations on Capital Maintenance projects.

2. Enhance and diversify existing parks through upgrading. There are opportunities to develop or enhance existing parks with new or updated amenities and features...

Page 117 Service Standards

Strategy 2.5 Maintain a timely response to and resolution of community issues.

Strategy 2.6 Maintain ongoing public input opportunities to seek feedback and evaluation from the community.

Board/Commission Recommendation: Applicable - Not Applicable

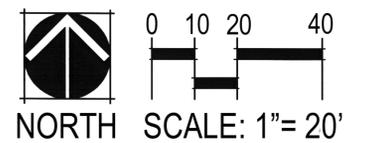
Alternative(s): Make suggestions to changes in the master plan design.

MOTION

I move to: for discussion and possible direction only.

MASTER PLAN

- 1 Improve Parking
- 2 New Concrete Surface
- 3 Improved Decomposed Granite Surface
- 4 New Artificial Turf Area
- 5 Remove Mound
- 6 Enlarge The Common Area
- 7 Decorative Entrance Wall
- 8 Cobble Stone Drainage Area
- 9 Maintenance Shed
- 10 Plant New Shade Trees
- 11 Add Tree Protection
- 12 Water Stations
- 13 Dog Waste Stations (typical)
- 14 New Trash Cans (typical)
- 15 Leash Station
- 16 New Benches & Tables (typical)
- 17 Boulders
- 18 Updated Gate to Upper Seating Area
- 19 Improved Trail
- 20 Mid-Trail Seating Area
- 21 Paver Patio Upper Seating Area
- 22 Rubble Wall
- 23 Existing Fence
- 24 Existing Structures
- 25 Existing Bulletin Board Relocated
- 26 Existing Views
- 27 Existing Park Sign Relocated
- 28 Existing Trails



Posse Grounds Dog Park DOG PARK RENOVATION MASTER PLAN JUNE 2016

6 East Aspen Avenue
Suite 260
Flagstaff, AZ 86001
P 928.233.3021
www.norris-design.com

NORRIS DESIGN
Planning | Landscape Architecture | Project Promotion



1 Improve & Add Additional Parking

- Increase the number of parking spaces by improving the street side parking with gravel surface and adding parking closer to the park entrance with Decomposed Granite (approx. 25 spaces)
- Move ADA parking closer to the Park entrance and provided a concrete path into the Park (2 spaces)

2 New Concrete Surface

- Sedona Red colored concrete surface that provides increased multi-function areas
- Helps to mitigate erosion by channeling water to drainage*
- Provides path through the site avoiding mud and dust

3 Improved Decomposed Granite Surface

- Grade the existing surface and place new compacted light colored decomposed granite surfacing

4 New Artificial Turf Area

- Provides alternative surface for dogs with sensitive pads

5 Remove Mound

- Remove the mound to allow for better movement though the site and increase the usable space

6 Enlarge The Common Area

- The fence to be pushed toward the slope in some areas in order to include both of the existing shade structures in the common area
- Allows for more usable area in the common space where most park users frequent

7 Decorative Entrance Wall

- Provide a more decorative entrance that helps in locating the Dog Parks entry

8 Cobble Stone Drainage Area

- Place cobble stone in low area outside of fence to help mitigate soil erosion and allow for water infiltration

9 Maintenance Shed

- Permanent, upgraded shed for storing cleaning equipment and supplies

10 Plant New Shade Trees

- Plant new shade trees to provide comfortable areas for seating and to help lower the temperature of the surfaces

11 Add Tree Protection

- Add tree fencing to protect trees

12 Water Stations

- Provide two units, one for the common area and another in the small dog area
- Integrated water bowls for dogs
- Water faucet for rinsing and cooling

13 Dog Waste Stations

- Integrated units that provide bags for picking up dog waste as well as a closable trash can

14 New Trash Cans

- Larger trash cans for general waste

15 Leash Station

- Place to leave leashes while off-leash in the park

16 New Benches & Tables

- Bench seating and tables placed around the Park to allow for multiple seating options

17 Boulders

- Scattered boulders for informal seating

18 Updated Gate To Upper Trail Area

- Relocate and enhance gate to Upper Trails
- New, centrally located gate and fence
- New location is less prone to erosion issues

19 Improved Trail

- Remove tripping hazards
- Compact loose scree areas
- Define trail better with strategically placed boulders & logs
- Add stairs (stone or timber) where needed

20 Mid-Trail Seating Area

- Level area for placing decomposed granite to allow room for a bench

21 Paver Patio Upper Seating Area

- Cut into slope and build retaining wall with rubble stone that doubles as a seat wall
- Recycle paver's currently located in the common area for paver patio
- Add shade structure over paver patio

22 Rubble wall

- Native rock used to retain small slopes where required



This Master Plan for Posse Grounds Dog Park has been developed in response to requests from members of the community and civic leaders to improve this beloved park. The dog park is located on the corner of Soldier Pass Road & Carruth Drive and is approximately 1.5 acres with mostly native vegetation. The park is divided by chain link fencing into three spaces, lower flat gathering area, a small dog area, and an upper hillside area with great views of the red rocks. Much of the parks trails and small dog area are on a rocky sloping hillside. The need for improvements is due to the high use of the park and the deterioration of the current facilities. The major issues of focus were the lack of parking, difficulty in locating the park, poor surfacing & erosion, lack of shade, and limited usable space. This Master Plan addresses these issues as well as others communicated during meetings with city staff and through community outreach.

*Water mitigation is necessary in order to prevent erosion to the parks surfaces due to the sloping nature of the site. To control this a drainage system that addresses these issues is required. The system will include but not be limited to concrete drain pans, surface drains & swales that direct the runoff away from or under the common area, and piping.



**CITY COUNCIL
AGENDA BILL**

**AB 2143
August 9, 2016
Regular Business**

Agenda Item: 8c

Proposed Action & Subject: Public hearing/discussion/possible action regarding a resolution and ordinance approving changes to the Consolidated Fee Schedule for fees related to the Posse Grounds Pavilion at Barbara Antonsen Park.

Department	Parks and Recreation
Time to Present	5 minutes
Total Time for Item	30 minutes
Other Council Meetings	N/A
Exhibits	A. Proposed Resolution with Changes to the Consolidated Fee Schedule attached as Exhibit A B. Proposed Ordinance

City Attorney Approval	Reviewed 8/2/16	Expenditure Required	\$ 0
City Manager's Recommendation	Approve the resolution and ordinance making changes to the Consolidated Fee Schedule.	Amount Budgeted	\$ 0
		Account No. (Description)	N/A
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

The Posse Grounds Pavilion located within Barbara Antonsen Park is set to be completed with construction in October of 2016. Even before the facility is open to the public it is necessary to have a Fee Schedule in place. This facility will be operated by the Parks and Recreation Department and like all amenities within the park (ballfields, ramadas, etc.) it will have fees associated with it that will allow individuals or groups the opportunity to reserve the facility.

The proposed changes to the consolidated fee schedule were published on the City's website for more than sixty (60) days. The proposed revisions to the consolidated fee schedule are set forth in the resolution submitted with this agenda bill.

Background:

The City has not had a performance venue with established rental fees before. The Parks Department looked to multiple sources to make sure our proposed fees were fair and in line with best-practices in the industry.

Factors taken into account when determining new fees:

1. Fee structure is comparable to all other Parks and Recreation fees. Divided into similar categories (Hourly Rental, Events Rental).
2. Covering the cost of maintenance and supplies during event rentals.
3. Comparing fees to other facilities within Sedona, surrounding cities and out of state venues of comparable size.
4. Keeping fees affordable so that amenities/facilities can still be available to community users.
5. Response to public feedback from Friends of Posse Grounds.

If adopted, these proposed changes would take effect 30 days following adoption.

Community Plan Consistent: Yes - No - Not Applicable

Council felt that the constructing of this outdoor amphitheater was in line with the Community Plan and the wants/desires of the community. This agenda bill simply creates fees for operating the desired amenity.

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): Adjust fees based on Council feedback.

MOTION

For Resolution:

I move to: approve Resolution No. 2016-__ creating a public record entitled "2016 Amendments to the Sedona Consolidated Fee Schedule".

(After First Reading)

I move to: approve Ordinance No. 2016-__ adopting proposed changes to the Consolidated Fee Schedule.

RESOLUTION NO. 2016-__

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SEDONA,
ARIZONA, ESTABLISHING AS A PUBLIC RECORD PROPOSED AMENDMENTS TO
THE PARKS AND RECREATION CATEGORY OF THE SEDONA CONSOLIDATED
FEE SCHEDULE.**

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA that the document attached hereto as Exhibit A and entitled "*2016 Amendments to the Parks and Recreation Category of the Sedona Consolidated Fee Schedule*" constitutes a public record pursuant to A.R.S. § 9-802 to be incorporated by reference into Ordinance No. 2016-__.

At least one (1) paper copy and one (1) electronic copy of this public record shall be kept in the office of the City Clerk for public use and inspection.

PASSED AND ADOPTED this 9th day of August, 2016 by the Mayor and Council of the City of Sedona, Arizona.

Sandra J. Moriarty, Mayor

ATTEST:

Susan L. Irvine, CMC, City Clerk

APPROVED AS TO FORM:

Robert Pickels, Jr., City Attorney

EXHIBIT A

CITY OF SEDONA PROPOSED CHANGES TO CONSOLIDATED FEE SCHEDULE PARKS & RECREATION ONLY

Parks and Recreation		
Fee Description	Current Base Fee	Additions and Limits
<u>Posse Grounds Pavilion</u>		<u>Brand new facility, scheduled to open in October 2016</u>
<u>Hourly Rental Fee</u>		
<ul style="list-style-type: none"> • <u>City-sponsored or non-profit</u> 		<u>\$5 per hour, \$50 (Deposit)</u>
<ul style="list-style-type: none"> • <u>Private parties/organizations</u> 		<u>\$20 per hour, \$100 (Deposit)</u>
<ul style="list-style-type: none"> • <u>Commercial/profit</u> 		<u>\$25 per hour, \$100 (Deposit)</u>
<u>Events Rental Fee</u>		
<ul style="list-style-type: none"> • <u>City-sponsored or non-profit</u> 		<u>\$250 day rental (up to 7 hours), \$300 Extended Hours (over 7 hours), \$300 (Deposit)</u>
<ul style="list-style-type: none"> • <u>Private parties/organizations or Commercial/Profit Making</u> 		<u>\$370 day rental (up to 7 hours), \$445 Extended Hours (over 7 hours), \$300 (Deposit)</u>

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ORDINANCE NO. 2016-__

**AN ORDINANCE OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SEDONA,
ARIZONA, ADOPTING PROPOSED AMENDMENTS TO THE PARKS AND
RECREATION CATEGORY OF THE SEDONA CONSOLIDATED FEE SCHEDULE.**

BE IT RESOLVED BY THE MAYOR AND THE COUNCIL OF THE CITY OF SEDONA,
ARIZONA, THAT:

Section 1: Adoption of Consolidated Fee Schedule

That document made a public record by Resolution 2016-__, and entitled "*2016 Amendments to the Parks and Recreation Category of the Sedona Consolidated Fee Schedule*" is hereby approved and will become effective on September 8, 2016.

Section 2: Repeal

All other code provisions, ordinances or parts of ordinances in conflict with the provisions of this Ordinance are hereby repealed to the extent of such conflict as of the effective date hereof.

PASSED AND ADOPTED by the Mayor and Council of the City of Sedona, Arizona, this 9th day of August, 2016.

Sandra J. Moriarty, Mayor

ATTEST:

Susan L. Irvine, CMC, City Clerk

APPROVED AS TO FORM:

Robert L. Pickels, Jr., City Attorney

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**CITY COUNCIL
AGENDA BILL**

**AB 2140
August 9, 2016
Regular Business**

Agenda Item: 8d
Proposed Action & Subject: Discussion/possible action regarding a Resolution of Intent to sign a Power Sales Contract with the Arizona Power Authority.

Department	Wastewater
Time to Present	15 minutes
Total Time for Item	30 minutes
Other Council Meetings	AB 2034 November 12, 2015
Exhibits	<ul style="list-style-type: none"> A. Resolution B. APA Power Sales Contract C. APS Letter D. APS Corporation Commission submittal E. APS Service Agreement Blank F. APA Post-2017 Power Allocation Recipients (Sedona on Schedule D) G. 10 – year estimated Cost Benefit Analysis

City Attorney Approval	Reviewed 8/2/16 RLP	Expenditure Required
		\$ 8,733 estimated 2018
City Manager's Recommendation	Consider approval of a Resolution of Intent to contract Hoover power through APA.	Amount Budgeted
		\$ N/A
		Account No. (Description)
		Finance <input checked="" type="checkbox"/>
		Approval

SUMMARY STATEMENT

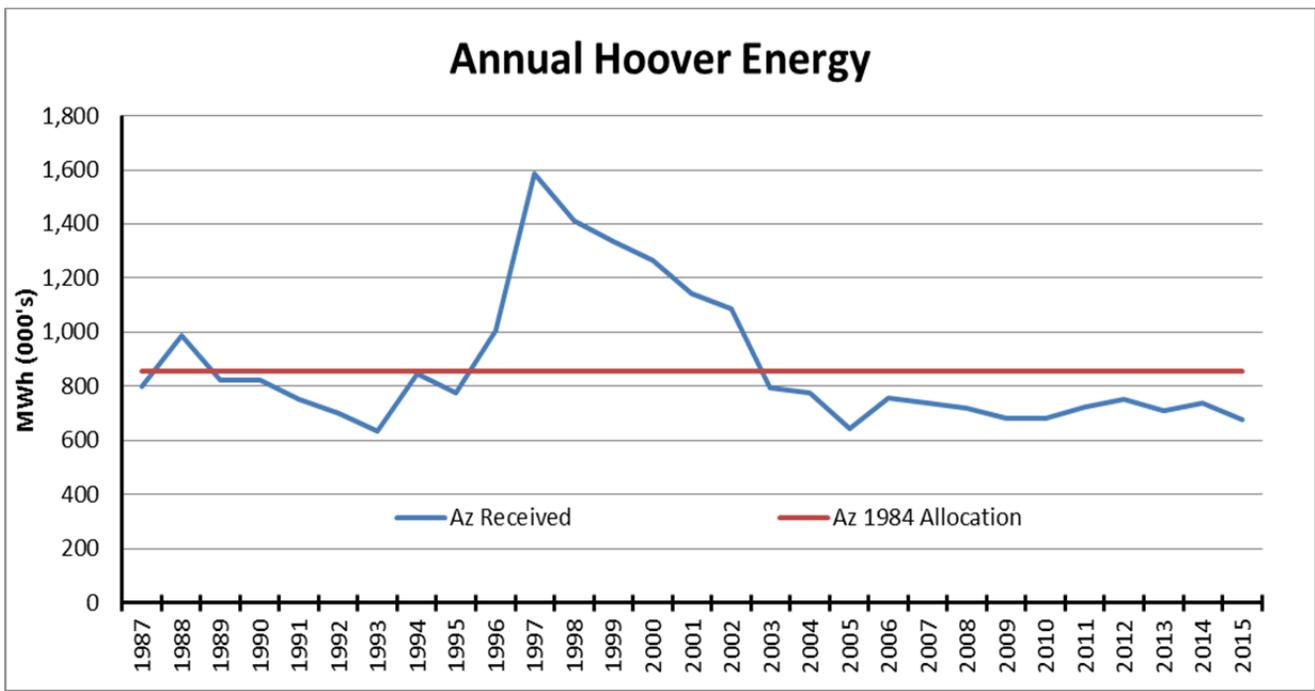
The City continues to pursue acceptance of a 50-year allocation of electric power from Hoover Dam. The allocation is being provided to the City of Sedona by the Arizona Power Authority. The City will need to sign a Power Sales Contract with the Authority. The Authority requires a resolution of intent in order to determine how many entities intend to accept their allocation. Failure to approve the resolution of intent will result in reallocation of Sedona's allocation to others.

Background:

- Arizona Power Authority has received a 50-year allocation of power from the Hoover Dam from Western Area Power Authority, a federal power marketing agency.
- The timeframe for the allocation is October 2017 – September 2067

- City of Sedona has been offered an allocation by the APA of 111 KW demand capacity and 242,184 kWh energy quantity. The resolution allows the City's allocation to increase by 10% if power is not claimed by other Hoover recipients.
- The City is being asked to provide a resolution stating its intention to sign a Power Services Contract. The actual contract must be signed by September 14th to receive the power.

The chart below shows the quantity of power allocated to Arizona (857,989 MWh – Mega Watt hours) in red and the amount actually received based power produced by Hoover Dam in blue. This chart demonstrates that power received is close but sometimes less than the power allocated.



Important Context

- The overall savings associated with Hoover power depends on how much power is available, and when it is used. The table below illustrates credits and costs during the summer and winter seasons.

	May - October	November – April
APS credit on bill for Hoover Power 2017(est.)	\$0.06655/kWh	\$0.05215/kWh
Cost of Hoover power in 2018	\$0.03971/kWh	\$0.03971/kWh
Cost of Hoover power in 2027	\$0.01751/kWh	\$0.01751/kWh
Current APS energy generation costs	\$0.07156/kWh	\$0.05215/kWh

- If there is less Hoover power available than what is allocated to the City, the City can elect to take other power from APA (called “firming”). The other power is very likely to cost less than the credit offered by APS; meaning the City retains some savings.

Anticipated Benefits

- A 50-year supply of lower cost energy
- The City is using a hydro-power, a clean/renewable energy source
- Lower costs help hold down wastewater rates

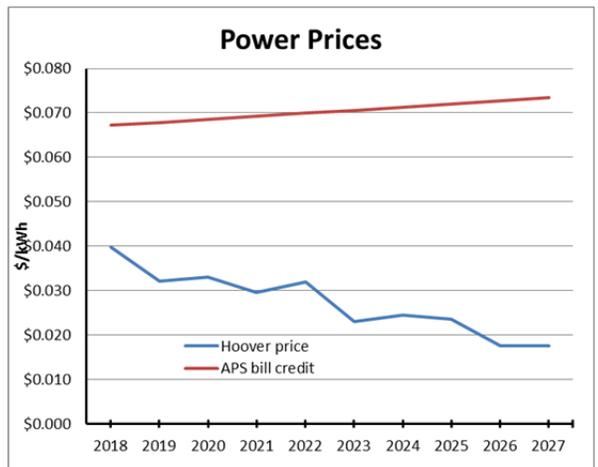
Anticipated Savings

The table below shows the estimated savings over a 10-year period based on projected availability of power. The table assumes that power would be used mostly during summer months (when the credit is higher) with some power be delivered from firming. This kind of active management offers the higher levels of savings than a more passive management model (such as taking power in equal installments throughout the year).

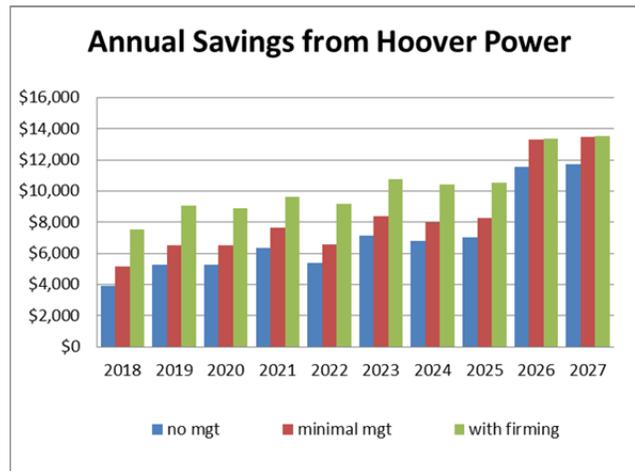
Sedona Profit From Hoover

Year	From Hoover Power	From Seasonal Layoff	From Firming	Total Profit
2018	\$5,136	\$1,248	\$2,401	\$8,785
2019	\$6,491	\$1,224	\$2,563	\$10,279
2020	\$6,502	\$1,250	\$2,401	\$10,153
2021	\$7,642	\$1,248	\$2,401	\$11,292
2022	\$6,563	\$1,198	\$2,628	\$10,389
2023	\$8,363	\$1,230	\$2,394	\$11,987
2024	\$8,007	\$1,213	\$2,398	\$11,617
2025	\$8,256	\$1,218	\$2,267	\$11,741
2026	\$13,303	\$1,741	\$40	\$15,084
2027	\$13,476	\$1,758	\$36	\$15,270

Savings associated with the use of Hoover power should increase over time based on the projected reductions in power cost and increases to the value of the APS credit. The chart below indicates the increasing gap between the cost of power and the value of the APS credit.



The chart below indicates the variability of savings under three scenarios: no management, minimal management and with additional firming. As you can see, all scenarios have positive savings.



Risks

- APA costs such as administration and bond costs are fixed. If the amount of energy in a given year drops below the Bureau of Reclamation estimates, the unit cost for power rises. The cost for power also decreases if the amount of energy expands.
- Using firming as a way to ensure the City receives its full allocation potentially results in savings, but the savings from the firming increment is less than the savings from the Hoover Dam hydroelectric power increment.
- Attempts to actively manage use of Hoover power by taking less of the allocation in the winter months (when the credit is worth less) risks that the remaining allocation won't be available in the summer months (when the credit is worth more).
- In a very extreme situation, a drought could limit the availability of Hoover power but the City could still be billing some nominal amount for maintenance and/or fixed costs. However, this is very unlikely in any given year. If this happened at all during the 50 year contract any losses would be mitigated by savings from other years.

Requirements to Receive Power

In order to receive the power the City must demonstrate that it is ready, willing, and able to receive the allocation. This means:

- Ready – Has physical ability to receive the power. In our case, APS will take the City's power into its system at Mead Substation and provide credits on the city's electric bill. A letter has been provided to the City by Arizona Public Service stating its willingness to accept the power for transmission.
- Willing – the City desires to receive power. This would be evidenced by approval of the Resolution of Intent being presented to Council at this meeting.
- Able – The City has ability to pay for the power. APA requires demonstration of this through reporting timely payment of city 2016 electric utility bills.

The City must also meet the following schedule for submittal of documents and information:

- 8/31 submit to APA a City resolution of intent to sign Power Sales Contract

- 8/31 proof that Sedona pays its electric bills. See APA email from 7/25 stipulating some statement from APS that you have paid thus far in 2016 on retail bills.
- 9/14 signed final contract due to APA. The final contract would contain any increases in the City allocation resulting from others not accepting their allocation.

Community Plan Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): The City may decline to accept the allocation of energy from Hoover Dam.

MOTION

I move to: approve Resolution 2016-__ declaring the intent of the City of Sedona, Arizona to sign a power sales contract with the Arizona Power Authority for the purchase of Hoover capacity and Hoover energy.

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RESOLUTION NO. 2016-__

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SEDONA,
ARIZONA DECLARING ITS INTENT TO SIGN A POWER SALES CONTRACT WITH
THE ARIZONA POWER AUTHORITY FOR THE PURCHASE OF HOOVER
CAPACITY AND HOOVER ENERGY.**

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

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

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

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

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

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

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

WHEREAS, any person or operating unit authorized by Title 30 to enter into a contract with the Authority for the sale and transmission of Hoover power, and any municipality, district, or public utility authorized by Title 45 may enter into a contract with

the Authority for the sale and transmission of capacity and energy from the Uprating Program;

WHEREAS, in order to provide for the payment of its cost of purchasing Hoover Capacity and Hoover Energy from the Western Area Power Administration (“Western”) as well as to provide for the payment of its bonds and notes, the Authority has determined to enter into contracts with the entities whom the Authority has allocated Hoover Capacity and Hoover Energy pursuant to Title 30 and Title 45 and non-tribal entities to whom Western has allocated Hoover D-1 Capacity and Hoover D-1 Energy pursuant to the 200 Act and associated federal regulations;

WHEREAS, the Power Sales Contracts, the revenues derived from such contracts, and the Authority’s Electric Service Contract are to be pledged and assigned by the Authority pursuant to Title 45 as security for the payment of any bonds or notes of the Authority issued or to be issued; and

WHEREAS, the Authority has required demonstration that the City of Sedona has the ability to receive its allocation of Hoover Energy, and Arizona Public Service has provided written assurance that it will transmit and distribute Hoover Energy to the City of Sedona;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA, that they intend to execute a Power Sales Contract with the Authority for the purchase of Hoover Capacity and Hoover Energy.

BE IT FURTHER RESOLVED that an Electrical Supply Agreement with Arizona Public Service may be executed for the delivery of Hoover Energy to the City of Sedona.

BE IT FURTHER RESOLVED that the Power Sales Contract with the Authority may be executed with an allocation of up to ten percent greater than the allocation amounts currently contemplated in the draft Power Sales Contract presented to the Mayor and City Council this date.

APPROVED AND ADOPTED by the Mayor and City Council of the City of Sedona, Arizona this 9th day of August, 2016.

Sandra J. Moriarty, Mayor

ATTEST:

APPROVED AS TO FORM:

Susan L. Irvine, CMC, City Clerk

Robert L. Pickels, Jr. City Attorney

POWER SALES CONTRACT

BETWEEN

ARIZONA POWER AUTHORITY

AND

CITY OF SEDONA

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Exhibit A – Delivery Conditions

Exhibit B – Customer Hoover Capacity and Hoover Energy Allocation

Exhibit C – Capacity and Energy Schedule

Exhibit D - Notices

Attachment 1 – Hoover Capacity and Hoover Energy Allocations for Authority Customers

ARIZONA POWER AUTHORITY
Power Sales Contract

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

WITNESSETH:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WHEREAS, the Authority will execute a contract with Western for the period commencing October 1, 2016, and continuing through September 30, 2067, which provides for the purchase by the Authority of Arizona’s share of Hoover Capacity, Hoover Energy and Hoover C Energy;

WHEREAS, on September 15, 2015, the Authority adopted Resolution 15-18, Policy on Collection and Distribution of Repayable Advances, specifying the obligations of New Customers and Recapture Customers for payment of Repayable Advances (now known as “Repayable Capital Investments”), and the Authority’s procedure for distributing any reimbursed Repayable Advances to Existing Non-Recapture Customers;

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

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

WHEREAS, the Power Sales Contracts, the revenues derived from such contracts, and the Authority's Electric Service Contract are to be pledged and assigned by the Authority pursuant to Title 45 as security for the payment of any bonds or notes of the Authority issued or to be issued.

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

SECTION 1. Definitions

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

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

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

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

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

Balancing Authority means the responsible entity or sub-metered system that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority area, and supports interconnection frequency in real time.

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

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

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

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

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

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

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

Capacity and Energy Schedule means the schedule that the Authority and the Customer develop annually showing Customer's Entitlement, which schedule is based upon Western's Master Schedule, and other operational reports from Western and Reclamation, as such schedule may be revised based on a change in the availability of Hoover Capacity, Hoover Energy or Hoover C Energy, or upon the request of the Customer. Exhibit C sets forth the format of the Capacity and Energy Schedule.

Capacity Rate means the rate that the Authority uses to calculate the Demand Charge, as set forth in Section 11(b).

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

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

Contingent Capacity means the Hoover Capacity allocated to the Contractor pursuant to Section 2 of the 2011 Act and the Conformed Criteria.

Contract means this Power Sales Contract.

Contractor means an entity, including the Authority, that has a fully executed contract with Western for electric service from the Boulder Canyon Project for the period commencing October 1, 2016, and continuing through September 30, 2067.

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

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

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

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

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

Customer Consultation Committee means the committee of Authority staff and Customer representatives described in Section 35 hereof.

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

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

Demand Related Revenue Requirements means all Revenue Requirements determined by the Authority to be associated with the capacity charges paid by the Authority to Western, as set forth in Section 11(b) of this Contract.

Electric Service Contract means Contract No. 16-DSR-12626 between the Authority and Western, effective October 1, 2016, and authorized by the 2011 Act, pursuant to which the Authority purchases Hoover Capacity, Hoover Energy and Hoover C Energy, as the same may be amended or supplemented.

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

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

Energy Rate means the rate that the Authority uses to calculate the Energy Charge, as modified from time-to-time by the Authority during the Contract Year, as set forth in Section 11(b) of this Contract.

Energy Related Revenue Requirements means all Revenue Requirements determined by the Authority to be associated with the energy charges paid by the Authority to Western, as set forth in Section 11(b) of this Contract.

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

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

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

Forecasted Monthly Hoover Energy Entitlement means the forecasted Hoover Energy portion of Customer's Entitlement to be made available at the Point of Delivery, for each month of the then Contract Year as estimated by the Authority at the start of such Contract Year, taking into account lake levels, outages, and other events that may limit from time-to-time the actual Hoover Capacity and Hoover Energy available to the Customer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Legal Opinion means the document to be prepared by counsel for the Customer pursuant to Section 30.

Load means electric power or electric energy required to meet a Customer's demand for electric service.

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

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

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

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

Net Repayable Advance means the difference between the amount that New Customers and Recapture Customers must pay under Section 21(a) of this Contract and the amount of any Repayable Capital Investments that the Authority must pay Western under Section 20.5.4 of the Restated Agreement.

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

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

Operating Reserves - Spinning means Boulder Canyon Project generation that is synchronized to the electric power system and fully available to respond in accordance with applicable regulatory standards and requirements.

Operating Reserves - Supplemental means Boulder Canyon Project generation capable of being synchronized to the electric power system that is fully available to respond in accordance with applicable regulatory standards and requirements.

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

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

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

Readvances means available funds appropriated by the Secretary of the Treasury for replacements related to the Boulder Canyon Project. Those replacements funded with readvances are amortized and repaid by the contractors over fifty (50) years.

Recapture Customer means a Customer that received an allocation of Hoover B Capacity and Hoover B Energy from the Authority under the Post-2017 Marketing Plan, and received only a Schedule B capacity and energy allocation from the Authority under the "Final Hoover Power Marketing Post-1987" document published on June 7, 1985, but had its Schedule B allocation under the "Final Hoover Power Marketing Post-1987" document recaptured by the Authority. The two entities that qualify as Recapture Customers are City of Mesa and Ak-Chin Tribe.

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

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

Repayable Capital Investments means the amount calculated by Reclamation pursuant to Section 20.4 of the Restated Agreement for the purpose of determining payment obligations and reimbursements due, if any under Section 20.5 of the Restated Agreement.

Replacement Capital Investments means ninety-six percent of the sum of the BCP multi-year and annual replacement amounts, together with interest during construction on those expenditures that are for BCP replacement items not placed in service in the year such expenditures are made.

Reserves means Operating Reserves - Spinning and Operating Reserves - Supplemental.

Restated Agreement means the Amended and Restated⁴ Implementation Agreement No. 95-PA0-10616, including all exhibits and attachments thereto.

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

- (1) payments of Debt Service and payments that the Authority is required to make into the Debt Service Account in the Debt Service Fund or the Subordinated Indebtedness Fund under the terms of the Bond Resolution to pay Debt Service;
- (2) amounts required under the Bond Resolution to be paid or deposited into any fund or account established by the Bond Resolution (other than the Debt Service Account or the Subordinated Indebtedness Fund referred to in clause (1) above), including, but not limited to, any amounts required to be paid or deposited by reason of the transfer of moneys from the Debt Service Reserve Account in the Debt Service Fund to the Debt Service Account in the Debt Service Fund, and any amounts required to be paid into the Monthly Payment Reserve Account;
- (3) additional amounts that must be collected by the Authority in order to meet the requirement of any rate covenant with respect to coverage of Debt Service on Bonds contained in the Bond Resolution or which the Authority deems advisable in the marketing of its Bonds or the management of its financial operations;
- (4) costs incurred in connection with interest rate exchanges, futures contracts or other financing arrangements permitted under the Bond Resolution;
- (5) costs of letters of credit, lines of credit, insurance and any other means of providing credit enhancement or credit support in connection with the issuance, sale and marketing of Bonds;
- (6) amounts, if any, that the Authority is required to pay pursuant to the Electric Service Contract, including, without limitation, and to the extent the same is required to be a Revenue Requirement, the cost of Hoover C Energy to the extent such cost is not otherwise recovered by the Authority from the sale of Hoover C Energy;
- (7) amounts, if any, that the Authority is required to pay pursuant to the Restated Agreement, including, but not limited to, its portion of Replacement Capital Investments, Working Capital requirements, and operating reserves;
- (8) amounts attributable to the Authority's respective contribution to the cost of the Multi-Species Conservation Program, in accordance with the 2011 Act, the Multi-Species Conservation Program Agreement, and this Contract.

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

(10) an amount, if needed, not to exceed 3% of the Revenue Requirements, to be utilized by the Authority for power development activities that the Authority is authorized to undertake pursuant to Title 30 and Title 45; provided that any expenditures shall be undertaken pursuant to specific direction provided by the Commission according to an appropriate administrative process; and provided further if any such activities are developed into revenue producing power arrangements then the net revenue, if any, from such revenue producing power arrangements shall be credited against Revenue Requirements in such amounts and in such Contract Years as shall be determined by the Authority.

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

Scheduling and Accounting Procedures means the operating arrangements and scheduling and accounting procedures developed by the Authority and its Scheduling Entity(ies) as part of any SEA to schedule Hoover Capacity and deliver Hoover Energy, Hoover C Energy, and other resources available under this Contract. The Scheduling and Accounting Procedures are intended to implement the terms of this Contract, any SEA, and the Electric Service Contract, but are not intended to modify or amend any of these agreements. In the event of a conflict between the terms of this Contract, any SEA, or the Electric Service Contract and the Scheduling and Accounting Procedures, the respective agreement will control.

Scheduling Entity means one or more entities designated by the Authority to coordinate scheduling of Hoover Capacity, Hoover Energy, and Hoover C Energy deliveries to Authority Customers.

Scheduling Entity Agreement (SEA) means that separate agreement that the Authority will execute with the Authority's Scheduling Entity(ies) regarding scheduling and delivery of Hoover Capacity, Hoover Energy, Hoover C Energy, and other resources available to the Authority for use by the Customer under the Electric Service Contract.

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

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

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

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

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

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

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

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

SECTION 2. Term of Contract

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

(b) The date of initial service hereunder shall be October 1, 2017; provided, that for Customers allocated Hoover D-1 Capacity and Hoover D-1 Energy, this Contract shall not go into effect if the Customer does not have the necessary arrangements for transmission and/or distribution service in place by October 1, 2016.

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

(d) In the event of a recapture in accordance with Section 7(b), this Contract shall terminate on the effective date of the contract selling all of the Customers Allocation. In the event of a recapture under Section 27 where all of a Customer's Hoover Capacity and Energy is subsequently reallocated for the unexpired term of the Customer's Contract, this Contract shall terminate on the effective date of the reallocation as provided in written notice from the Authority. The Customer shall remain responsible for all payments under this Contract unless and until a reallocation of the Customer's Allocation is implemented.

(e) If Hoover D-1 Capacity or Hoover D-1 Energy is made available under this Contract, any termination of this Contract pursuant to either Section 2(c) or Section 2(d) shall require approval by Western, as set forth in the Electric Service Contract.

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

(a) During the term of this Contract, the Authority agrees to sell to Customer the Customer's Allocation at the Point of Delivery, subject to adjustment in accordance with Section 4 and Section 5 hereof.

(b) The Customer agrees to purchase the Hoover Capacity and Hoover Energy that comprises Customer's Allocation at the rates and charges set forth in Section 11 of this Contract, and in accordance with this Contract. The Customer's obligation to make the payments pursuant to Section 11 of this Contract shall be payable irrespective of whether any Hoover Capacity or Hoover Energy is received from, or delivered by, the Authority hereunder, and, except as provided in Section 7 and 28, such payments shall not be subject to any reduction, whether by offset, counterclaim or otherwise, and shall not be conditioned upon the performance by the Authority under this Contract or any other agreement or instrument.

SECTION 4. Hoover Capacity Available to the Customer

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

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

SECTION 5. Hoover Energy Available to the Customer

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

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

Allocations of Hoover Energy, as set forth in Attachment 1. If necessary, from time-to-time, the Authority will furnish the Customer a revised Capacity and Energy Schedule that reflects any increase or decrease in Hoover Energy.

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

(d) The Customer may, at any time during a Contract Year, request that the Authority revise the amount of Hoover Energy that the Customer is scheduled to receive during any month or months of such Contract Year as set forth in the Capacity and Energy Schedule; provided that no such scheduling revision shall decrease the amount of Hoover Energy any other Customer is scheduled to receive without the consent of such other Customer(s). The Authority shall have the right to accept or deny such requests in its sole discretion, which acceptance shall not be unreasonably withheld.

(e) The Customer shall have the right to a pro-rata share of available Ancillary Services, based upon the Customer's Allocation. The Customer may access such Ancillary Services through the use of a dynamic signal. To exercise this right, the Customer must notify the Authority of its intent to use these Ancillary Services and, if a dynamic signal will be used, must participate in the establishment of a dynamic signal. Any agreement related to use of Ancillary Services or establishment of a dynamic signal will be subject to review by the Authority, which approval shall not be unreasonably withheld.

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

(g) If it is necessary for a new dynamic signal to be established with a Balancing Authority or other capable entity(ies) in order for the Customer to use the Ancillary Services granted under this Contract, then the Customer will be responsible for paying any and all costs related to its establishment and use of the new dynamic signal. If more than one

Customer is involved in establishing a new dynamic signal, the cost for establishing any such signal shall be paid by the participating Customers.

(h) The Customer, through use of a dynamic signal, shall have the right on a pro-rata basis to Loaded Synchronized Generation, Operating Reserves - Spinning, and Operating Reserves – Supplemental, the sum of which shall not exceed the portion of the Customer's Allocation of Hoover Capacity that is available. The Customer shall have the right to Synchronized Generation in a range from zero (0) to full Synchronized Generation and the reverse. With the use of these Ancillary Services and associated energy losses, the Hoover Energy portion of Customer's Entitlement may be reduced in the next Billing Period, or as soon thereafter as possible, to the extent and at the time that Western reduces the Authority's Available Energy under the Electric Service Contract.

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

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

SECTION 6. Firming Capacity and Firming Energy

(a) Pursuant to a prior written agreement between the Customer and the Authority, and as allowed by law, the Authority will purchase capacity to firm the Hoover Capacity portion of Customer's Allocation.

(b) Pursuant to a prior written agreement between the Customer and the Authority, and as allowed by law, the Authority will purchase energy to firm the Hoover Energy portion of Customer's Allocation up to the equivalent of 100 percent capacity factor of the Customer's Allocation.

(c) The Customer will pay in advance for any such purchases by the Authority.

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

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

(a) The Customer may tender or relinquish ("lay off") Hoover Capacity or Hoover Energy for resale by the Authority. The Authority will use its best efforts to sell the Customer's tendered or relinquished Hoover Capacity or Hoover Energy and will apply the net proceeds from the sale towards the Customer's payment obligations under this Contract. The Customer tendering or relinquishing Hoover Capacity or Hoover Energy will still be obligated to pay for any and all Hoover Capacity and Hoover Energy making up the balance of the Customer's Entitlement. No tender or relinquishment of Hoover Capacity or Hoover Energy shall relieve the Customer of its obligations under this Contract. The Authority retains the option to recapture pursuant to Section 27 a tender or relinquishment of Hoover Capacity and Hoover Energy pursuant to this Section 7 that exceeds three (3) consecutive Contract Years.

(b) The tender or relinquishment of Customer's Hoover Capacity and Hoover Energy shall be deemed a recapture if the tender or relinquishment is for the unexpired term of the Purchaser's Contract, and the Authority has contracted to sell the tendered or relinquished Hoover Capacity and Energy under the same terms and conditions as those contained in this Contract.

(c) If Hoover D-1 Capacity or Hoover D-1 Energy is made available under this Contract, the Customer may permanently relinquish Customer's Allocation of Hoover D-1 Capacity and Hoover D-1 Energy to Western. If Western offers Customer's Hoover D-1 Capacity and Hoover D-1 Energy to the other non-tribal Western allottees in the State of Arizona that have executed a Power Sales Contract with the Authority, and one or more of these allottees accept Customer's Hoover D-1 Capacity and Hoover D-1 Energy, then the Customer's contractual obligation for Hoover D-1 Energy will terminate. In the event that the entire relinquished allocation is not reallocated within the State of Arizona, the Customer's contractual obligation for Hoover D-1 Capacity and Hoover D-1 Energy will terminate if Western allocates the remaining Hoover D-1 Capacity and Hoover D-1 Energy in other parts of the Boulder Canyon Project marketing area. The Customer will remain responsible for all payments under this Contract unless and until a reallocation of the Customer's Allocation is implemented. If Customer's Contract includes Hoover D-2 Capacity and Hoover D-2 Energy in addition to Hoover D-1 Capacity and Hoover D-1 Energy, then Customer's Contract will remain effective with respect to Customer's Hoover D-2 Capacity and Hoover D-2 Energy.

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

Consistent with the Authority's regulations, the Customer may participate in programs designed to maximize the value of Customer's Allocation. With respect to any of these programs, the Authority may request that the Customer file copies of all relevant agreements with the Authority. The Customer may participate in such programs, as follows:

(a) With the Authority's prior written approval, not to be unreasonably withheld, power pooling agreements that provide for the Customer to aggregate or commingle the Customer's Hoover Capacity or Hoover Energy with the Hoover Capacity or Hoover Energy of other Customers; and

(b) With the Authority's approval, not to be unreasonably withheld, banking of Hoover Energy, displacements, exchange of banked Hoover Energy among Customers, and exchanges of Hoover Capacity or Hoover Energy among Customers.

SECTION 9. Environmental Attributes Available to the Customer

The Authority will use best efforts to maintain the right to any and all Environmental Attributes available to it under the Electric Service Contract. Customer shall have the right to use a pro-rata share of any Environmental Attributes associated with the Customer's Allocation that are available to the Authority pursuant to the Electric Service Contract or otherwise. Customer's pro-rata share will be equal to Customer's Allocation as compared to all Customer Allocations. The Customer will not be deemed to have elected not to use Environmental Attributes unless the election is made in writing. If the Customer elects not to use its pro-rata share of Environmental Attributes, then the Authority will use its best efforts to market or create value, to the extent allowed by the Electric Service Contract, for any portion of the Customer's share of Environmental Attributes that the Customer elects not to use. Any sale of Environmental Attributes shall be pursuant to a separate agreement among the Authority, the relevant purchasing entity, and the relevant Customers. Such Environmental Attributes (such as renewable energy credits) shall be expressed in MWh, with one (1) MWh of Environmental Attribute produced for each one (1) MWh of energy generated by the renewable energy resource.

SECTION 10. Transmission of Hoover Capacity and Hoover Energy

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

(b) If the Customer is unable to independently procure transmission service to transmit the Customer's Entitlement from the Point of Delivery to any Additional Delivery Location(s), then upon request of the Customer, the Authority will use its best efforts to procure transmission service for the Customer by executing a Wheeling Agreement; provided, however,

that the Customer agrees to pay all costs associated with transmission of Hoover Capacity and Hoover Energy for the Customer from the Point of Delivery to the Customer's Additional Delivery Location(s) under any Wheeling Agreement(s). The Customer further agrees that it will adhere to any transmission service specifications set forth in any Wheeling Agreement(s) and will adhere to applicable limitations and requirements of a Host Utility's Bill Crediting program, if applicable.

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

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

(b) The Authority will establish and maintain rates under this Contract and the other Contracts that will provide revenues that are sufficient to meet the estimated Revenue Requirements of the Authority. The capacity charges and the energy charges paid by the Authority to Western for Hoover Capacity and Hoover Energy under the Electric Service Contract shall be assigned to the Demand Related Revenue Requirements and Energy Related Revenue Requirements, respectively. The balance of the Authority's Revenue Requirements shall be assigned to Demand Related Revenue Requirements and Energy Related Revenue Requirements in the same percentage proportion that Western assigns costs to capacity and energy charges in the Electric Service Contract. The Authority shall determine the Capacity Rate for each Billing Period by dividing the estimated Demand Related Revenue Requirements by the product of the number of months in such Contract Year times the total aggregate sum of the Average Monthly Hoover Capacity Entitlement of all the Customers. The Authority shall determine the Energy Rate by dividing the estimated Energy Related Revenue Requirements by the total aggregate amount of the Forecasted Monthly Hoover Energy Entitlement estimated by the Authority to be scheduled and delivered to all Customers during such Contract Year, as modified from time-to-time by the Authority during such Contract Year.

(c) If, at any time after the adoption of the Annual Budget, the Authority estimates that the Revenue Requirements or revenues to be furnished for the Contract Year or any part thereof for which such Annual Budget applies will be greater or less than the Revenue Requirements or revenues set forth in the Annual Budget, then the Authority may prepare an

amended Annual Budget and revise the Capacity Rate and Energy Rate in accordance with such amended Annual Budget. Any amended Annual Budget shall be adopted by the Commission, but with reasonable notice to, and opportunity for comments from, the Customers and thereafter transmitted to each Customer and shall supersede the Annual Budget or any amended Annual Budget previously provided.

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

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

(f) The Customer shall pay the sum of (i) the Demand Charge (ii) the Energy Charge, and (iii) any charge for Hoover C Energy purchased by the Customer under Section 5(j), as adjusted for any credits specified in this Section 11(f). Amounts, if any, derived by the Authority from the sale of the Customer's share of Environmental Attributes, Ancillary Services, or the dynamic signal to one or more Balancing Authorities, shall be used by the Authority to reduce the Customer's Demand Charge, Energy Charge, and Hoover C Energy charge in proportion to the Customer's pro-rata share of the Environmental Attributes, Ancillary Services, or the dynamic signal that is sold.

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

(h) Monthly payments required to be paid to the Authority pursuant to this Section 11 shall be due and payable to the Authority at the address of the Authority set forth in Section 32 of this Contract or the account of the Authority via wire transmission, on or before the later of (i) the 15th day after the date of such monthly statement or (ii) the 15th day after the date such statement is mailed or electronically mailed, as indicated by the postmark date or electronic mail date stamp; provided, that, if said 15th day is a Saturday, Sunday or a day on which banks in the State of Arizona are authorized to be closed, the next following day on which banks in the State of Arizona are authorized to be open shall be the day that such payment is due.

(i) If payment in full is not actually received by the Authority on or before the close of business on the due date of such payment as provided in paragraph (h) of this Section 11, the Authority shall charge the Customer an initial late payment charge equal to two percent

(2%) of the unpaid amount. Each day after the due date of such payment as provided in paragraph (h) of this Section 11, a charge of five hundredths percent (0.05%) of the principal sum unpaid shall be added until the amount due, including the two percent (2%) initial late payment charge, is paid in full. Payments received will first be applied to the charges for late payment assessed on the principal and then to payment of the principal. Remittances received by mail or wire transmission will be accepted without assessment of such charges if the postmark or date stamp indicates that the payment was mailed or wired on or before the due date of such payment as provided in paragraph (h) of this Section 11.

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

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

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

receive any Hoover Capacity and Hoover Energy in the next Contract Year, the Authority shall pay to the Customer any credit due the Customer and the Customer shall pay to the Authority any amounts owing the Authority all as determined by such detailed statement of the actual aggregate Demand Related Revenue Requirements and Energy Related Revenue Requirements, or Customer's Entitlement.

SECTION 12. Scheduling Entity Agreement

(a) Pursuant to Section 6.11.5 of the Electric Service Contract, the Authority will designate one or more Scheduling Entities responsible for scheduling the Authority's Hoover Capacity, Hoover Energy, Hoover C Energy, and other resources available to the Authority for use by the Customer under the Electric Service Contract.

(b) The Authority will, by October 1, 2017, execute a Scheduling Entity Agreement (SEA) with one or more Scheduling Entities that will require each Scheduling Entity, as applicable, to adhere to Western's Metering and Scheduling Instructions, as set forth in Attachment 6 of the Electric Service Contract.

(c) The Authority will work with each Scheduling Entity to develop operating arrangements, scheduling, and accounting procedures, as may be necessary to implement each SEA or to supplement Western's Metering and Scheduling Instructions. Such procedures will be attached to each SEA as "Scheduling and Accounting Procedures." These Scheduling and Accounting Procedures may, from time-to-time, be revised by the Authority and the Scheduling Entity as necessary to implement the SEA.

(d) Authority staff will work in consultation with the Customers, to develop the Scheduling and Accounting Procedures concerning delivery of Hoover Capacity, Hoover Energy, Hoover C Energy, and other resources available to the Customer under this Contract. The Authority will review, and update as appropriate, Authority billing procedures.

SECTION 13. Covenants of the Customer

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

(b) Except as noted in Sections 7 and 8, the Customer shall not sell, transfer, exchange or otherwise dispose of any of the Hoover Capacity, Hoover Energy, and Hoover C Energy made available to the Customer hereunder other than for resale to its customers in the Customer's service area or its own use, unless such sale, transfer, exchange or other disposition is approved by the Authority. Such approval shall be in the sole discretion of the Authority and not unreasonably withheld.

(c) The Customer shall not sell or otherwise dispose of all or substantially all of its business or utilities operations from which it derives revenues to satisfy its obligations to the Authority under this Contract except on ninety (90) days prior written notice to the Authority and, in any event, shall not so sell or otherwise dispose of the same unless all of the following conditions are met: (i) the Customer shall assign this Contract and its rights and interest hereunder to the purchaser of its business or utilities operations and such purchaser shall assume all obligations of the Customer under this Contract; (ii) if and to the extent necessary to reflect such assignment and assumption, the Authority and such purchaser shall enter into an agreement supplemental to this Contract to clarify the terms on which Hoover Capacity and Hoover Energy is to be sold hereunder by the Authority to such purchaser; (iii) the Authority shall by resolution determine (which determination shall not be unreasonably withheld) that such sale or other disposition will not adversely affect the value of this Contract as security for the payment of Bonds and; (iv) the Authority receives an opinion of Bond Counsel that such sale or other disposition will not adversely affect the exemption of interest on Bonds from federal income taxation. For the purposes of this Section 13(c), sale or other disposition of substantially all of its business operations shall mean a sale or other disposition by the Customer that adversely affects Customer's ability to continue to make its payments under this Contract. If Hoover D-1 Capacity or Hoover D-1 Energy is made available under this Contract, any assignment of this Contract and associated rights and interests therein pursuant to Section 13(c)(i) shall also require approval from Western.

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

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

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

SECTION 14. Facilities, Ownership, and Liability

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

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

(b) All meters and other facilities furnished by the Authority shall be and remain the property of the Authority and the right to remove, replace or repair such meters and other facilities is expressly reserved. The Customer shall exercise due care to protect such property on the Customer's premises and in the event of loss or damage to such property caused by Customer's negligence, the Customer shall be liable for any damage to said property; similarly, the Authority shall exercise due care to protect the Customer's property on the Authority's premises and in the event of loss or damage to the Customer's property caused by Authority's negligence, the Authority shall be liable for any damage to Customer's property.

SECTION 15. Uncontrollable Force

Neither the Authority nor the Customer shall be considered to be in default in respect to any obligation hereunder, other than the obligation of the Customer to pay for the Hoover Capacity, Hoover Energy and Hoover C Energy during any Billing Period as provided in Section 11(f), or make any payment required under Section 21, if prevented from fulfilling such obligations by reason of an uncontrollable force. The term "uncontrollable force" means any cause beyond the control of the party affected, including but not restricted to, failure of or threat of failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, restraint by court order or public authority and action or nonaction by, or failure to obtain the necessary authorizations or approvals from, any governmental agency or authority, which by exercise of due diligence such party could not reasonably have been expected to avoid and which by exercise of due diligence it shall be unable to overcome. Nothing contained herein shall be construed to require a party to settle any strike or labor dispute in which it may be involved. Either party rendered unable to fulfill any of its obligations under the contract by reason of an uncontrollable force shall give prompt written notice of such fact to the other party and shall exercise due diligence to remove such inability with all reasonable dispatch.

SECTION 16. Contingency Planning

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

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

SECTION 17. Assignment

(a) This Contract shall inure to the benefit of and shall be binding upon the respective successors and assigns of the parties to this Contract; provided, however, that, except for the assignment by the Authority authorized by clause (b) of this Section 17 and except for any assignment in connection with the sale, lease or other disposition of all or substantially all of the Customer's business or utilities operations as provided in Section 13(c) or 13(d) hereof, neither this Contract nor any interest herein shall be transferred or assigned by either party hereto

except with the consent in writing of the other party hereto, which consent shall not be unreasonably withheld. If Hoover D-1 Capacity or Hoover D-1 Energy is made available under this Contract, any assignment of this Contract or any interest therein under this Section 17(a) shall also require approval from Western, as set forth in Section 30 of the Electric Service Contract. No assignment or transfer of this Contract shall relieve the parties of any obligation hereunder, unless and until an assignment of the Customer's Allocation is implemented. Any assignment or transfer of this Contract must not violate Section 9.2 of the Electric Service Contract concerning resale of Hoover Capacity, Hoover Energy and Hoover C Energy.

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

SECTION 18. Records and Accounts

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

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

(c) In response to any public records law request for information related to the Customer's conduct of its business or utility operations that may be contained in records obtained by the Authority during any inspection under subsection (b), the Authority will actually notify the Customer within three (3) business days of receipt of such request, and will, if possible, give the Customer notice of the estimated date that the Authority will disclose any documents the Authority deems subject to disclosure.

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

SECTION 19. Information

The Authority and the Customer will promptly furnish to each other such information as may be reasonably requested from time to time in order to carry out more effectively the intent and purpose of this Contract. In addition, the Customer further agrees to furnish at its own expense such information and documents, including financial statements, legal opinions and engineering reports, as the Authority may reasonably request in connection with the offering and sale of Bonds by the Authority or as may be required by the federal securities laws, including in particular Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934, as amended. Any Legal Opinion delivered in substantially the form required by Section 30 of this Contract by the Authority or the Customer, as the case may be, shall be deemed in compliance with and satisfaction of this Section 19.

SECTION 20. Bonds

Any Bonds that the Authority sells and issues in accordance with the provisions of the Bond Resolution to acquire and construct projects contemplated by the Bond Resolution and any other projects, works or facilities associated with the sale and delivery of Hoover Capacity, Hoover Energy, and Hoover C Energy to the Customer, shall be secured by the pledge made pursuant to the provisions of Section 17(b) of this Contract of the payments required to be made by the Customer under this Contract, as such payments may be increased and extended by reason of the issuance of such Bonds. Any such Bonds issued in accordance with the provisions of this Section 20 and secured by the pledge of such payments may, unless otherwise determined by the Authority, rank equally as to the security afforded by the provisions of this Contract with all Bonds theretofore issued pursuant to and secured in accordance with the provisions of the Bond Resolution.

SECTION 21. New Customer and Recapture Customer Obligations

(a) If the Customer is either a New Customer or Recapture Customer, as defined by this Contract, the Customer agrees to pay to the Authority an amount related to Repayable Capital Investments, as provided in this Section 21. The Customer's payment obligation will be calculated as follows:

$$P = (0.5 \times RCI \times C) + (0.5 \times RCI \times E) \text{ where:}$$

P = Payment Obligation

RCI = The total amount of Repayable Capital Investments as of September 30, 2017.

C = Customer's percentage of all Contingent Capacity allocated under the 2011 Act.

E = Customer's percentage of Firm Energy allocated under the 2011 Act.

The Authority will divide the Customer's share by the number of years that Western determines to collect Repayable Capital Investments from the Authority, which period shall be no longer than five years commencing October 1, 2017. The Authority will divide the Customer's annual payment obligation by twelve, and will bill monthly in arrears over the collection period starting at the end of the first month of the collection period commencing October 1, 2017.

(b) The Authority will timely issue the New Customer or Recapture Customer a statement for collection of the amount due under Section 21(a) on the same schedule that the Authority renders the statement required under paragraph (g) of Section 11. The Customer shall pay the Authority monthly in the same manner and on the same schedule that the Customer is required to submit payments under paragraph (h) of Section 11. If payment in full is not actually received by the Authority on or before the close of business on the due date of such payment, as provided in paragraph (b) of Section 11, the Authority shall charge the customer late payment charges in the same manner and at the same rate(s) as set forth in paragraph (i) of Section 11. Any dispute as to any portion of any statement issued under this Section 21(b) shall be handled consistent with the dispute resolution process set forth in paragraph (j) of Section 11.

(c) Consistent with Authority Resolution No. 15-18, within a reasonable time after close of the Contract Year on September 30, 2018, and the close of each Contract Year thereafter through September 30, 2022, the Authority will directly distribute any Net Repayable Advance to each Existing Non-Recapture Customer in an amount equal to one-half times the Net Repayable Advance multiplied by the ratio of the amount of the Customer's post-1987 capacity allocation as of September 30, 2017, to the Authority's total post-1987 capacity allocation plus one-half times the Net Repayable Advance multiplied by the ratio of the amount of the Customer's post-1987 energy allocation as of September 30, 2017, to the Authority's total post-1987 energy allocation.

(d) If the Customer is either a New Customer or Recapture Customer, as defined by this Contract, the Customer agrees to pay a pro-rata share of the Transitional Items billed to the Authority by Reclamation pursuant to the Restated Agreement. Each New Customer and Recapture Customer's share of the Transitional Items billed to the Authority shall be calculated by multiplying the total amount that Reclamation bills the Authority for Transitional Items by the ratio of the New Customer or Recapture Customer's Hoover Capacity and Energy compared to all Hoover Capacity and Hoover Energy held by New Customers and Recapture Customers. Any Transitional Items amount that Reclamation returns to the Authority pursuant to Section 16 of the Restated Agreement will be distributed pro rata to Existing Non-Recapture Customers in an amount equal to one-half times the amount of the returned Transitional Items multiplied by the ratio of the amount of the Customer's post-1987 capacity allocation as of September 30, 2017, to the Authority's total post-1987 capacity allocation plus one-half times the amount of the returned Transitional Items multiplied by the ratio of the amount of the Customer's post-1987 energy allocation as of September 30, 2017 to the Authority's total post-1987 energy allocation.

SECTION 22. Default by the Customer

The following shall constitute a default under this Contract:

(a) Failure of the Customer to pay the Authority any of the payments required under this Contract within ten (10) days following receipt of written notice from the Authority to the Customer of such failure.

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

SECTION 23. Remedies of the Authority

In the event of any default referred to in Section 22 of this Contract, the Authority shall have, in addition to any other rights or remedies it may have under law, the following rights and remedies:

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

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

(c) whether or not the Authority shall have ceased and discontinued delivering or making available for delivery Hoover Capacity, Hoover Energy, or Hoover C Energy pursuant to clause (b) above, if an event of default described in Section 22 shall continue for sixty (60) days, the Authority may at any time thereafter while such default shall be continuing, upon written notice to the Customer, terminate this Contract: provided, however, that any such termination shall not relieve the Customer of the obligation to pay any amounts required to be paid under this Contract with respect to any amounts due on and prior to such date of such termination or the date the delivery of Hoover Capacity, Hoover Energy, and Hoover C Energy was discontinued pursuant to subsection (b) above if such date of discontinuance was earlier than the date of termination.

SECTION 24. Default by the Authority

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

SECTION 25. Abandonment of Remedy

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

SECTION 26. Waivers

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

SECTION 27. Recapture of Hoover Capacity and Hoover Energy

If for any reason all or a portion of Customer's Allocation has exceeded the Load of the Customer, for a period of three (3) consecutive Contract Years, the Authority may recapture, in accordance with this Section 27, the portion of Customer's Allocation that has so exceeded Load. The Authority shall give the Customer at least sixty (60) days' notice of a hearing relating to a determination to effect recapture pursuant to this Section 27. At such hearing, the Authority shall determine if the Customer's Allocation can be reasonably expected to exceed in whole or in part the Customer's Load in the future. The Authority will also consider the Customer's participation in any temporary resource management programs that may have affected or will affect the Customer's Load. At the hearing, the Customer shall be given the opportunity to show cause why Customer's Allocation should not be reduced. Any portion of Customer's Allocation, or all of Customer's Allocation, as the case may be, the Authority determines to be excess shall be recaptured by the Authority. Any such recapture shall be effective sixty (60) days following written notice to the Customer of the Authority's determination to recapture. Any such recapture of Hoover Capacity and Hoover Energy shall result in a reduction of the Customer's Allocation to the extent of the recapture. If Hoover D-1 Capacity or Hoover D-1 Energy is made available under this Contract, any reduction in the Customer's Allocation of Hoover D-1 Capacity or Hoover D-1 Energy under this Section 27 shall also require approval from Western, as set forth in Section 30 of the Electric Service Contract.

SECTION 28. Effects of Recapture or Reduced Allocation of Hoover Capacity or Hoover Energy

(a) In the event that the Customer's Allocation of Hoover Capacity or Hoover Energy is recaptured or forfeited in whole or in part or is reduced in part or reduced to zero pursuant to the provisions of this Contract, the rights and obligations of the Customer under this Contract, including, but not limited to, its right to receive Hoover Capacity and Hoover Energy and its obligation to pay for Hoover Capacity and Hoover Energy, shall be reduced in proportion to such recapture, forfeiture or reduction, as the case may be; provided, however, that the reduction in the obligation to pay shall not occur unless and until a reallocation of Customer's Allocation has been implemented.

(b) If Customer's Allocation of Hoover Capacity and Hoover Energy is recaptured in whole or reduced to zero, this Contract shall not terminate; provided, however, that in the event of such recapture or reduction to zero, if the Customer is not in default of this Contract and a reallocation of Customer's Allocation has been implemented, the Customer shall have the right, upon written notice to the Authority, to terminate this Contract, and upon such termination the Customer shall no longer have any rights or obligations under this Contract.

SECTION 29. Power Purchase Certificate

The Authority shall not be required to sell any Hoover A Capacity and Hoover A Energy to the Customer unless the Customer holds a power purchase certificate issued by the Authority pursuant to Article 3, Title 30 of the Arizona Revised Statutes. The Customer must maintain the certificate and comply with its requirements, including serving sufficient Load located within the area covered by the certificate to fully use all of Customer's Entitlement of Hoover A Capacity and Hoover A Energy, in order to continue purchasing Hoover A Capacity and Hoover A Energy from the Authority.

SECTION 30. Opinion as to Validity

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

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

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

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

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

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

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

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

SECTION 31. Relationship to and Compliance with Other Instruments

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

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

SECTION 32. Notices

(a) Any notice, demand or request provided for in this Contract, or served, given or made in connection with this Contract, other than payments required by Section 11 or Section 21, shall be in writing and shall be deemed properly served, given, or made if delivered in person or sent by United States mail or other qualified and recognized delivery service,

postage prepaid, or sent by electronic mail if the recipient confirms receipt, to the persons as set forth in Exhibit D. A party may at any time, by written notice, change the designation or the address of the person to whom notices are to be sent. Each party agrees to promptly notify the other party of a change in the information in Exhibit D.

(b) All notices or other writings will be deemed served on the (i) day that they are personally served, (ii) five days after the notice is deposited, postage prepaid, in the United States mail or with another qualified and recognized delivery service, or (iii) if served electronically, on the day that the recipient confirms receipt.

SECTION 33. Severability

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

SECTION 34. Energy Planning and Management Program

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

SECTION 35. Customer Consultation Committee and Participation

(a) The Authority shall establish a Customer Consultation Committee, which shall be made up of Authority staff and representatives of any Customer wishing to participate. The purpose of the Customer Consultation Committee is to provide a mechanism to inform the Customer Consultation Committee members of issues under discussion among two or more of the Authority, Western, Reclamation and other entities contracting directly with Western, relating to the Electric Service Contract, the Restated Agreement or otherwise related to the Boulder Canyon Project.

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

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

(d) The Customer representatives on the Customer Consultation Committee, with input from the Authority, may select up to five (5) persons to attend, with the Authority, any meeting among the Authority and Western, Reclamation or other entities contracting directly with Western relating to the above-described issues. The Authority shall provide an opportunity for at least one of the five persons to represent Customers receiving Hoover D-1 Capacity and Hoover D-1 Energy. The Authority shall allow such attendance provided that nothing herein prevents the Authority from inviting and allowing more than five (5) Customer Representatives to any meeting among the Authority and Western, Reclamation, or other entities contracting directly with Western relating to the above-described issues. In the event the Customer members are unable to agree on the Customer attendees, the Authority shall select the Customer attendees.

SECTION 36. Table of Contents and Section Headings

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

SECTION 37. Amendment

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

SECTION 38. Applicable Law

(a) This Contract shall be governed by, construed and enforced in accordance with the laws of the State of Arizona subject to any limitation on the Customer's limited waiver of sovereign immunity as set forth in Section 44.

(b) Any reference in this Contract to any federal or state act, statute, or regulation shall be deemed to be a reference to such act, statute, or regulation and all amendments and supplements thereto in existence on the date of execution of this Contract, unless specifically noted otherwise; provided, that nothing in this Contract limits the authority of the United States Congress or the Arizona State Legislature. In the event that a change in any act, statute, or regulation materially impairs any right, benefit or interest of the Customer, or imposes any material increase in cost, or reduction in allocation of capacity or energy, or otherwise materially changes an obligation of the Customer hereunder, the parties shall promptly meet and discuss in good faith regarding possible changes to this Contract to mitigate the impact of such a change in any act, statute, or regulation. The rights and remedies under this Section 38(b) are cumulative and in addition to, not exclusive or in substitution for, any other rights or remedies available under law or equity.

SECTION 39. Recitals, Exhibits and Attachment

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

SECTION 40. Entire Contract

This Contract, together with the attached Exhibits A, B, C, and D and Attachment 1 constitute the entire understanding between the Parties with respect to the subject matter contained herein and supersede any prior understandings, negotiations, or agreements, whether written or oral, respecting the subject matter; provided however, that by mutual agreement, the Parties may revise Exhibits A, B, or D without the necessity of revising the entire Contract. The Parties agree that the Authority may, in its sole discretion, periodically revise the format of Exhibit C in consultation with the Customer without the necessity of revising the entire Agreement. The initial Attachment 1 is incorporated into this Contract until superseded by a subsequent attachment. In the event of changed conditions or circumstances, the Authority may change or modify Attachment 1. The Authority shall provide to the Customer written notice of, and opportunity to comment on any change or modification of Attachment 1 at least thirty (30) days prior to the effective date of such revised attachment. The Authority will, in good faith, consider any comments submitted. In the event of any conflict between either the Exhibits or Attachment 1 and this Contract, the Contract will control.

SECTION 41. Execution in Counterpart

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

SECTION 42. Conflict of Interest

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

SECTION 43. Arbitration in Superior Court

As required by A.R.S. Section 12-1518, and subject to the limitation on Customer's remedies set forth in Section 24, the Authority and the Customer agree to make use of arbitration in disputes that are subject to mandatory arbitration pursuant to A.R.S. Section 12-133.

SECTION 44. Dispute Resolution With Tribal Entities

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

SECTION 45. Equal Employment Practices

(a) The Customer, unless otherwise exempt by federal or state law, will not discriminate against any employee or applicant for employment because of race, age, color, religion, sex or national origin. The Customer will take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, age, color, religion, sex or national origin. Such action shall include but not be limited to the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Customer agrees to post in conspicuous places available to employees and applicants for employment notices to be provided by the Authority setting forth the provisions of this nondiscrimination clause.

(b) The Customer will in all solicitations or advertisements for employees placed by or on behalf of the Customer state that all qualified applicants will receive consideration for employment without regard to race, age, color, religion, sex or national origin.

(c) The Customer will send to each labor union or representative of workers with which it has an understanding a notice to be provided by the Authority advising the labor union or workers' representative of the Customer's commitments under this section and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Customer will furnish all information and reports required by the Authority and will permit access to its books, records, and accounts by the Authority and the Arizona Civil Rights Division for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(e) In the event of the Customer's noncompliance with this section or with any such rules, regulations or orders of the Arizona Civil Rights Division said noncompliance will be considered a material breach of the contract and this contract may be cancelled, terminated or suspended in whole or in part, and the Customer may be declared ineligible for future government contracts until said Customer has been found to be in compliance with this section and the rules and regulations of the Arizona Civil Rights Division contained in or adopted pursuant to Chapter 9 of Title 41 of the Arizona Revised Statutes or any amendments thereto, and such sanctions may be imposed and remedies invoked as provided in Part II of Executive Order 2009-9 and the rules and regulations of the Arizona Civil Rights Division contained in or adopted pursuant to Chapter 9 of Title 41 of the Arizona Revised Statutes or any amendments thereto.

SECTION 46. Restated Agreement

To the extent applicable, the Customer authorizes the Authority to execute the Restated Agreement on its behalf.

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

ARIZONA POWER AUTHORITY

Joe A. Albo
Chairman

Attest:

Heather J. Cole
Executive Secretary

CITY OF SEDONA

Justin Clifton, City Manager

Attest:

Secretary

Approved as to Form (if required by Customer):

DELIVERY CONDITIONS

1. This Exhibit A, under and as part of this Contract, shall become effective October 1, 2017, and shall remain in effect until superseded by another Exhibit A; as approved by the Authority and the Customer; provided that this Exhibit A or any superseding Exhibit A shall be terminated upon expiration of this Contract

2. **POINT OF DELIVERY:** The Authority shall make Hoover Capacity and Energy available to the Customer at the Mead 230kV Bus.

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

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

Hoover A Capacity (kW)	Hoover B Capacity (kW)	Hoover D Capacity (kW)	Total Capacity (kW)
		111	111

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

Hoover A Energy (kWh)	Hoover B Energy (kWh)	Hoover D Energy (KWh)	Total Energy (kWh)
		242,184	242,184

ARIZONA POWER AUTHORITY
CAPACITY AND ENERGY SCHEDULE

The format of this Exhibit C is set forth as follows. The Authority will annually complete this Exhibit C with Customer's Entitlement, and will periodically revise Customer's Entitlement throughout the Contract Year.

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

<u>Capacity Entitlement</u>				
<u>Hoover A</u>	<u>Hoover B</u>	<u>Hoover D</u>		<u>Total at</u>
<u>Capacity</u>	<u>Capacity</u>	<u>Capacity</u>		<u>Point of</u>
<u>(kW)</u>	<u>(kW)</u>	<u>(kW)</u>		<u>Delivery</u>
				<u>(kW)</u>

2. **Energy Entitlement:** Hoover Energy in kilowatt hours (kWh) to be delivered at the Point of Delivery for each month of the Contract Year shall be:

<u>Energy Entitlement</u>					
	<u>Hoover A</u>	<u>Hoover B</u>	<u>Hoover C</u>	<u>Hoover D</u>	
<u>Winter</u>	<u>Energy</u>	<u>Energy</u>	<u>Energy</u>	<u>Energy</u>	<u>Total at</u>
<u>Season</u>	<u>(kWh)</u>	<u>(kWh)</u>	<u>(kWh)</u>	<u>(kWh)</u>	<u>Point</u>
					<u>of Delivery</u>
					<u>(kWh)</u>
October					
November					
December					
January					
February					
Total Seasonal Entitlement:					

Energy Entitlement

<u>Summer</u> Season	Hoover A <u>Energy</u> (kWh)	Hoover B <u>Energy</u> (kWh)	Hoover C <u>Energy</u> (kWh)	Hoover D <u>Energy</u> (kWh)	Total at Point <u>of Delivery</u> (kWh)
March					
April					
May					
June					
July					
August					
September					

Total Seasonal
Entitlement:

TOTAL ANNUAL
ENERGY
ENTITLEMENT
(kWh):

Exhibit D

Notices

This Exhibit D, under and as part of this Contract, shall become effective October 1, 2017, and shall remain in effect until superseded by another Exhibit D as approved by the Parties in accordance with Section 40 of this Contract, provided, however, that this Exhibit D or any superseding Exhibit D shall be terminated upon the expiration or earlier termination of the Contract.

For the purposes of this Contract, all notices and official communications from the Customer to the Authority will be addressed and sent to the Authority as follows:

ARIZONA POWER AUTHORITY
c/o Executive Director
1810 West Adams Street
Phoenix, Arizona 85007
E-mail: Contractnotices@powerauthority.org

For the purposes of this Contract, all notices and official communications from the Authority to the Customer will be addressed and sent to the Customer as follows:

**Mr. Justin Clifton, City Manager
City of Sedona
102 Roadrunner Drive
Sedona, AZ 86336**

	Schedule A Allocations				Schedule B Allocations				Schedule D2 Allocations				Amounts At Generation	
	kW		KWh		kW		KWh		kW		KWh		Schedule D1 Allocations	
													kW	KWh
Agula Irrigation District	2,449	7,874,115	3,878	4,113,711	-	-	-	-	-	-	-	-	-	-
Aha Macav Power Service	-	-	-	-	332	724,371	-	-	-	-	-	-	-	-
Ak-Chin Tribe	-	-	102	108,200	-	-	-	-	-	-	-	-	-	-
Avra Valley Irrigation and Drainage District	630	2,025,599	-	-	-	-	-	-	-	-	-	-	-	-
Avra Water Co-op, Inc.	-	-	-	-	100	218,184	-	-	-	-	-	-	-	-
Buckeye Water Conservation & Drainage District	2,979	9,578,190	-	-	-	-	-	-	-	-	-	-	-	-
Central Arizona Water Conservation District	-	-	161,600	171,422,311	-	-	-	-	-	-	-	-	-	-
Chandler Heights Citrus Irrigation District	930	2,990,170	-	-	-	-	-	-	-	-	-	-	-	-
City of Avondale	-	-	-	-	547	1,193,468	-	-	-	-	-	-	-	-
City of Buckeye	-	-	-	-	670	1,461,834	-	-	-	-	-	-	-	-
City of Chandler Municipal Utilities Department	-	-	-	-	-	-	-	-	676	1,475,854	-	-	-	-
City of Flagstaff	-	-	-	-	172	375,277	-	-	201	438,826	-	-	-	-
City of Glendale	-	-	-	-	-	-	-	-	426	930,050	-	-	-	-
City of Globe	-	-	-	-	113	246,548	-	-	115	251,070	-	-	-	-
City of Maricopa	-	-	-	-	164	357,822	-	-	-	-	-	-	-	-
City of Mesa	-	-	1,497	1,587,990	-	-	-	-	-	-	-	-	-	-
City of Peoria	-	-	-	-	-	-	-	-	691	1,508,602	-	-	-	-
City of Phoenix	-	-	-	-	-	-	-	-	3,000	6,549,646	-	-	-	-
City of Safford	-	-	2,101	2,228,702	-	-	-	-	-	-	-	-	-	-
City of Scottsdale	-	-	-	-	-	-	-	-	2,366	5,165,487	-	-	-	-
City of Sedona	-	-	-	-	111	242,184	-	-	-	-	-	-	-	-
City of Sierra Vista	-	-	-	-	204	445,096	-	-	-	-	-	-	-	-
City of Tempe Public Works Department	-	-	-	-	-	-	-	-	241	526,155	-	-	-	-
City of Tucson Water Department	-	-	-	-	-	-	-	-	1,248	2,724,653	-	-	-	-

	Schedule A Allocations			Schedule B Allocations			Schedule D2 Allocations			Schedule D1 Allocations		
	kW	KWh		kW	KWh		kW	KWh		kW	KWh	
City of Williams	-	-		-	-		825	1,800,020		-	-	
City of Yuma	-	-		-	-		996	2,173,114		-	-	
Cortaro-Marana Irrigation District	6,439	20,702,909		-	-		-	-		-	-	
Duncan Valley Electric Cooperative, Inc.	-	-		-	-		700	1,527,289		-	-	
Electrical District No. 2, of Pinal County	19,445	62,520,276		-	-		-	-		-	-	
Electrical District No. 3, Pinal County	15,896	51,109,401		-	-		-	-		-	-	
Electrical District No. 4, Pinal County	19,445	62,520,276		-	-		-	-		-	-	
Electrical District No. 5, Pinal County	14,767	47,479,399		-	-		-	-		-	-	
Electrical District No. 6, Pinal County	8,358	26,872,947		-	-		-	-		-	-	
Electrical District No. 7, Maricopa County	10,498	33,753,554		-	-		-	-		-	-	
Electrical District No. 8, Maricopa County	13,387	43,042,373		10,917	11,580,553		-	-		-	-	
Franklin Irrigation District	303	974,217		-	-		-	-		-	-	
Gila Valley Irrigation District	910	2,925,865		-	-		-	-		-	-	
Graham County Electric Cooperative, Inc.				-	-		1,000	2,181,842		312	681,163	
Grover's Hill Irrigation District	100	321,524		-	-		-	-		-	-	
Harquahala Valley Power District	2,490	8,005,939		-	-		-	-		-	-	
Hohokam Irrigation and Drainage District	100	321,524		-	-		-	-		-	-	
Hualapai Tribe				-	-		100	218,184		-	-	
Hyder Valley Irrigation and Water Delivery District	100	321,524		-	-		-	-		-	-	
Maricopa County Municipal Water Conservation District	8,838	28,416,261		-	-		-	-		-	-	
Markham Irrigation and Water Conservation District	100	321,524		-	-		-	-		-	-	
McMullen Valley Water Conservation and Drainage District	3,800	12,217,899		5,342	5,666,695		-	-		-	-	
Metropolitan Domestic Water Improvement District	-	-		-	-		-	-		179	390,796	
Mohave Electric Cooperative, Inc.	-	-		-	-		1,000	2,181,842		1,145	2,499,781	

	Schedule A Allocations		Schedule B Allocations		Schedule D2 Allocations		Schedule D1 Allocations	
	kW	KWh	kW	KWh	kW	KWh	kW	KWh
Mohave Valley Irrigation and Drainage District	390	1,253,942	-	-	-	-	-	-
Navopache Electric Cooperative, Inc.	-	-	-	-	1,000	2,181,842	888	1,938,695
Northern Arizona Irrigation District Power Pool	-	-	-	-	-	-	246	537,071
Ocotillo Water Conservation District	2,115	6,800,225	-	-	-	-	-	-
Page Own System & Operating (Muni)	-	-	1,050	1,113,821	-	-	-	-
Queen Creek Irrigation District	1,770	5,690,969	-	-	-	-	-	-
Roosevelt Irrigation District	3,219	10,349,847	-	-	-	-	-	-
Roosevelt Water Conservation District	6,759	21,731,784	-	-	-	-	-	-
Salt River Project	38,782	124,693,307	-	-	-	-	-	-
San Tan Irrigation District	520	1,671,923	-	-	-	-	-	-
Silverbell Irrigation & Drainage District	710	2,282,818	-	-	-	-	-	-
Silvercreek Irrigation District	100	321,524	-	-	-	-	-	-
St. David Irrigation District	81	260,434	-	-	-	-	-	-
Sulfur Springs Valley Electric Cooperative, Inc.	-	-	-	-	1,000	2,181,842	2,731	5,962,361
Tonopah Irrigation District	1,549	4,980,402	-	-	-	-	-	-
Town Of Fredonia	-	-	-	-	100	218,184	-	-
Town of Gilbert	-	-	-	-	1,000	2,181,842	-	-
Town of Oro Valley	-	-	-	-	203	442,914	-	-
Town of Payson	-	-	-	-	173	377,459	119	259,803
Town of Thatcher	-	-	1,060	1,124,429	-	-	-	-
Town of Wickenburg	-	-	2,313	2,453,588	-	-	-	-
Utrico Electric Cooperative, Inc.	-	-	-	-	1,000	2,181,842	3,000	6,549,646
Wellton-Mohawk Irrigation and Drainage District	2,910	9,356,339	-	-	-	-	-	-
TOTAL	190,869	613,689,000	189,860	201,400,000	11,510	25,113,000	17,584	38,389,659



Charles A. Miessner
Manager
Rates & Regulation

Mail Station 9708
PO Box 53999
Phoenix, Arizona 85072-3999
Tel 602-250-3081
Charles.Miessner@aps.com

June 14, 2016

Mr. Charles Mosley
Director of Wastewater
City of Sedona
7500 W SR 89A
Sedona, AZ 86336

RE: Preference Power

Dear Mr. Mosley,

Under APS's proposed Preference Power program APS will take delivery of the preference power, up to the customer's allotment, at the Mead substation near Boulder City Nevada. APS will transport it to the customer's business location at no additional charge above the current retail rate for power transmission and delivery as shown in APS's filing with the Arizona Corporation Commission (ACC) on February 18, 2016.

In the unlikely event that the ACC does not approve APS's proposed program by October 2017 APS will provide transmission and distribution of the preference power under the existing Preference Power program rate rider as a bridge for a period of one year. If after one year APS's proposed program is not approved by the ACC the customer may continue to take preference power under the current Preference Power program, however, the delivery point will change from the Mead substation to a delivery point near the customer's site as determined by APS.

If you have any questions regarding this information, please contact Charles Miessner at (602)250-3081.

Sincerely,

A handwritten signature in black ink, appearing to be "C. Miessner", followed by a long horizontal line extending to the right.

Charles A. Miessner

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ORIGINAL

NEW APPLICATION



0000168446

1 Thomas L. Mumaw
 2 Pinnacle West Capital Corporation
 3 400 North 5th Street, MS 8695
 4 Phoenix, Arizona 85004
 5 Tel: (602) 250-3630
 6 Fax: (602) 250-3393
 7 E-Mail: Thomas.Mumaw@pinnaclewest.com
 8 Attorney for Arizona Public Service Company

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2016 FEB 18 P 3:41

AZ CORP COMMISSION
DOCKET CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

9 DOUG LITTLE, Chairman
 10 BOB STUMP
 11 BOB BURNS
 12 TOM FORESE
 13 ANDY TOBIN

FEB 18 2016

DOCKETED BY	<i>XL</i>
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E-01345A-16-0056

12 IN THE MATTER OF THE APPLICATION
 13 OF ARIZONA PUBLIC SERVICE
 14 COMPANY FOR APPROVAL OF
 15 REVISIONS TO PREFERENCE POWER
 16 RIDER, SCHEDULE PPR

DOCKET NO. E-01345A-16-_____

APPLICATION

I. INTRODUCTION

17 Arizona Public Service Company ("APS or Company") hereby requests approval
 18 from the Arizona Corporation Commission ("Commission") for revisions to its
 19 Preference Power Rate Rider, Schedule PPR. This rate rider provides a bill crediting
 20 program for certain retail customers that have received an allocation of hydro power
 21 from the Western Area Power Administration ("WAPA").

22 The proposed revisions are necessary to accommodate a new allocation of
 23 preference power that has recently been made available from the Hoover Dam. While
 24 deliveries of the new preference power will not begin until October 2017, the retail
 25 customers are required to complete their contractual and bill crediting arrangements in
 26 2016. Therefore, APS is requesting that the Commission approve the proposed revisions
 27
 28

1 at this time so that the potential participants can be informed of the changes as they are
2 completing their contractual commitments.
3

4 II. BACKGROUND

5 APS's current rate rider for preference power was approved by the Commission
6 in Decision No. 70521 (September 30, 2008); Docket E-01345A-08-0365 to allow retail
7 customers to take advantage of Arizona's allocation of hydro-electric power from
8 federal dams. The rider allows customers to credit the preference power capacity and
9 energy that are scheduled each month against the unbundled generation charges on their
10 bill. Currently there is only one retail customer taking service under the rider.

11 In 2014, WAPA awarded additional allocations of preference power from the
12 Hoover Dam directly to various wholesale and retail customers. They also awarded
13 some of the additional preference power to the Arizona Power Authority ("APA"), the
14 state agency accountable for coordinating the preference power for the state, to allocate
15 to customers in a subsequent process. These additional allocations were completed in
16 2015. As a result of these allocations, APS believes that 10 to 15 new retail customers,
17 primarily city governments, will be taking service under the revised preference power
18 rider.
19

20 III. PROPOSED REVISIONS

21 In this Application, APS proposes a number of revisions to the rider that will: (1)
22 accommodate the delivery of power from the Hoover Dam location, (2) clarify how the
23 preference power is scheduled and credited each month; (3) provide additional
24 flexibility to customers if the preference power provided by WAPA is less than their
25 expected allocation; and (4) simplify how the generation bill credits are calculated and
26 applied.
27
28

1 Concerning the point of delivery, APS proposes to take delivery of the Hoover
2 Dam power at the Mead substation, which is near the dam in Boulder City, Nevada.
3 Because APS's transmission grid is already interconnected at this point; and the total
4 potential level of preference power for retail customers is relatively low, e.g., less than
5 20 MW, APS can deliver the power from Mead to the customer's site at no additional
6 charge above the current retail rate for power transmission and delivery, which the
7 preference power customers are already paying on their bill. This is a benefit to the
8 participating customers because they do not have to arrange for, or pay an upcharge for,
9 this delivery.

10 The revised rate rider clarifies how APS will manage and schedule the preference
11 power for the customer each month on a turn-key basis. APS will prepare and
12 coordinate an hourly schedule of the preference power each month according to the
13 hours that APS most needs it – typically in our peak load hours. This helps APS receive
14 the most capacity value out of the preference power and justifies the customer receiving
15 both a capacity and energy credit off of their bill.

16 The revisions also clarify how the seasonal and annual allocation limits for each
17 customer, as specified by WAPA, are coordinated by APS. Under APS's proposal,
18 customers may shift some of their allocation from winter months to summer months, as
19 long as the total allotment for the year is not exceeded. To the extent this shifting can be
20 accommodated by WAPA, it provides additional flexibility to APS customers and also
21 benefits APS by shifting preference power to the months where system loads and power
22 costs are the highest.

23 The revised rate rider also allows preference power customers to participate in an
24 energy "firming" option supported by WAPA and APA. This option allows customers
25 to find additional sources of energy, such as non-hydro power or preference power
26 purchased from another customer, in a given month when the availability of preference
27 power is below their allotment. This option will make the preference power bill credit
28

1 more stable and predictable over time, which is important to the recipients as they make
2 contractual commitments to WAPA for the next 50 years. The increased stability also
3 provides increased capacity value, which is beneficial to APS and its non-preference
4 power customers.

5 Lastly, the revised rate rider simplifies how the credits are applied to the
6 customer's bill. Under the current program, the customer's credit depends on their
7 specific retail rate and kWh and kW consumption levels for the billing account they
8 have designated for the program. In contrast, the credit rates for the proposed rider are
9 based on the size of the customer's preference power allotment, not the specific bill that
10 it's applied to, which makes it much easier for the customer to calculate and track.

11 For example, credit rates are provided for medium, large and extra-large
12 preference power allotments, which correspond to the unbundled generation charges for
13 medium, large and extra-large customers in retail rates. A customer's credit amount on
14 their bill will be the applicable credit rate (\$ per kWh) multiplied times the monthly
15 preference power kWh. The customer will also receive credit for the kWh charges from
16 Adjustment Schedule PSA-1, which is revised annually.

17 18 IV. CONCLUSION

19 The Preference Power Rider Schedule PPR with the proposed revisions is
20 attached along with the existing schedule for comparison. A redline version is not
21 provided because of the extent of the language changes in the schedule.

22 Although APS will waive any requirement that the Commission act on this
23 proposed tariff within thirty (30) days under A.R.S. Section 40-367 and 40-250(B), APS
24 does request that the rider become effective prior to the end of the third quarter of 2016
25 so that the new participants can be informed of the program changes as they are
26 completing their contractual commitments for the preference power.

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RESPECTFULLY SUBMITTED this 18th day of February, 2016.

By: Thomas L. Mumaw
Thomas L. Mumaw

Attorney for Arizona Public Service
Company

ORIGINAL and thirteen (13) copies
of the foregoing filed this 18th day of
February, 2016, with:

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

J. Shahan

PROPOSED REVISIONS



RATE RIDER SCHEDULE PPR PREFERENCE POWER RIDER

This rate rider is for retail customers that were awarded hydro power from a federal dam. It explains how APS will deliver the power to the customer and net it off of their retail bill. This program supports Arizona's effort to take full advantage of the State's allocation of hydro-electric power from Hoover Dam, Parker Davis Dam and Glen Canyon Dam.

APPLICATION

This Rate Schedule PPR Preference Power Rider ("Schedule PPR") is applicable to APS's ("Company") retail Standard Offer customers who receive a firm electric service allocation of preference power from the Western Area Power Administration ("WAPA"), an agency of the U.S. Department of Energy or the Arizona Power Authority ("APA"). Schedule PPR is applicable to all Preference Power allocations awarded from WAPA or APA after January 1, 2007.

Schedule PPR may be used with the following retail rate schedules: E-34, E-35, E32-L, E32-M, E32TOU-L, E32TOU-M and E-221 or successor rate schedules.

All provisions of the customer's retail rate schedule will apply in addition to Schedule PPR.

Definitions

1. Preference Power Allotment ("Allotment", "Preference Power"): Hydro power, energy and capacity, awarded to the customer from WAPA as recorded in the Federal Register or from the Arizona Power Authority ("APA"), as specified in Electrical Supply Agreement.
2. Hydro Power: Electricity produced from generators that are run by moving water.
3. Firming Power: In any given month or year the actual amount of Preference Power that the customer receives may be less than their Allotment. In this case the customer is allowed to arrange for other power, up to the energy and capacity specified in the Allotment, to make up the difference.
4. Layoff Power: Preference Power purchased from, or sold to, another allottee. Layoff Power purchased from another allottee may be used as Firming Power. Any Layoff Power purchases made above the customer's Allotment are not eligible for bill crediting under this program.

Preference Power Program

1. APS will schedule all of the Preference Power, including any Firming Power and Layoff Power, according to APS's system requirements and manage any delivery and coordination details. Any Preference Power not scheduled by APS, or not available during the Company's desired time periods, will not be eligible for bill crediting under this program.
2. APS will take delivery of the Preference Power, up to the customer's Allotment, at a delivery point specified by APS in an Electrical Supply Agreement and transport it to the customer's business location at no additional charge above the current retail rate for power transmission and delivery. The standard delivery point for Preference Power from the Hoover Dam will be the Mead substation near Boulder City Nevada.
3. The customer will designate one retail account, as the primary account to receive the Preference Power. The customer may also designate a back-up account in the event the load from the designated primary account falls below the Preference Power Allotment in an occasional month. If the customer's Preference Power Allotment is greater than any single account then up to three accounts may be used.



**RATE RIDER SCHEDULE PPR
PREFERENCE POWER RIDER**

4. The customer may change their Preference Power account designations once per calendar year.
5. The amount of Preference Power including any Firming or Layoff Power will be limited to the customer's annual and seasonal Allotment. However, the customer may schedule additional Preference Power during the summer season (March – September) and less during the winter (October – February), as long as the annual total does not exceed the Allotment.
6. The amount of the Preference Power credit will also be limited to the kWh on the customer's monthly retail bill for the designated account(s).

Bill Credit

The customer's monthly bill will first be calculated without the Preference Power according to the customer's standard retail rate schedule.

The Preference Power capacity and energy scheduled for the month will then be credited off of the retail capacity and energy charges for generation service based on the credit rates in this rate rider. The Preference Power energy will also be credited off of the kWh charges in Adjustment Schedule PSA-1, which are revised annually.

The credit rates include the unbundled generation capacity demand charges and energy charges consistent with APS's retail rates for medium, large and extra-large business customers and adjusted for average system kWh line losses. The capacity demand charges in the retail rates are converted to equivalent energy (kWh) amounts based upon class billing determinants in the most recent rate case.

The credit rates will be revised from time to time to reflect changes in the retail rates as approved by the Arizona Corporation Commission.

The credit rates are based on the size of the capacity Allotment, not the specific retail rate for the designated account(s).

Preference Power Credit Rates (\$/kWh)
(excluding credit for schedule PSA-1)

Preference Power Allotment	Summer (May - October)	Winter (November - April)
1MW and above	0.05137	0.05137
401 kW to 1 MW	0.05831	0.04192
0 - 400 kW	0.06655	0.05215

Contract

Customer must enter into an "Electrical Supply Agreement for Customers with Preference Power" with the Company prior to receiving service under Schedule PPR. This agreement will specify, among other things, the customer accounts receiving Preference Power and the amount of the Preference Power Allotment.

EXISTING SCHEDULE



RATE RIDER SCHEDULE PPR PREFERENCE POWER RIDER

APPLICATION

This Rate Schedule PPR Preference Power Rider ("Schedule PPR") is applicable to all Standard Offer customers ("Customer") who receive a Firm Electric Service allocation of preference power ("Preference Power") from the Western Area Power Administration ("WAPA"), an agency of the U.S. Department of Energy. All provisions of Customer's current applicable rate schedule will apply in addition to this Schedule PPR. Schedule PPR may be used in conjunction with all non-residential rate schedules that have unbundled charges.

Schedule PPR is applicable to new Preference Power allocations received from WAPA after January 1, 2007. Customer must enter into an "Electrical Supply Agreement" for "Customers with Preference Power" ("Agreement") with the Company prior to receiving service under Schedule PPR.

DETERMINATION OF GENERATION NET POWER

The Company will provide delivery and transmission services for Customer's Total Power, and will provide generation services for the Customer's Net Power, according to the following definitions:

1. Total Power equals Customer's demand ("Total Demand") and energy ("Total Energy") for the billing period, as metered by the Company.
2. Preference Power equals the demand ("Preference Demand") and energy ("Preference Energy") from Customer's Firm Electric Service allocation for the billing period, as scheduled by the Company. Preference Power will be reduced for electrical losses as specified in the Agreement.
3. Net Power equals Total Power less Preference Power. Net Demand equals Total Demand less Preference Demand. Net Energy equals Total Energy less Preference Energy for the billing period. If Total Power is less than Preference Power for a billing period, then Net Power shall equal zero for the billing period.

RATES

Service under this rate schedule shall be billed according to Customer's current applicable rate schedule, except as follows:

1. The eligibility for placement on a rate schedule will be determined by Total Demand.
2. The unbundled generation kWh charges in Customer's current applicable rate schedule will be applied to the Net Energy used.
3. The determination of billing kW for generation services shall be based on Net Demand computed in accordance with the provisions of Customer's current applicable rate schedule. The determination of billing kW for transmission and delivery services shall be based on Total Demand computed in accordance with the provisions of Customer's current applicable rate schedule.
4. The kWh charges under Adjustment Schedule PSA-1 and Adjustment Schedule EIS will be applied to the Net Energy determination.
5. All other kWh and kW charges in Customer's current applicable rate schedule and any other applicable adjustment schedules will be applied to the Total Energy or Total Demand, as applicable.



Site ID:

ELECTRICAL SUPPLY AGREEMENT, Customers with Preference Power

The parties to this Agreement are ARIZONA PUBLIC SERVICE COMPANY, an Arizona corporation, hereinafter called "APS" and [insert customer name], [insert relevant facility], hereinafter called "Customer." In consideration of the services to be performed by APS, the parties agree as follows:

1. SPECIFICATION

- 1.1 APS shall supply, and Customer shall take, all electric service required for operation of Customer's facility, located at [facility address], up to a maximum of [xxxx] kW, subject to the physical limitations of APS's existing system and further subject to the provisions of Sections 1.3 and 1.6 hereof. Credit for received Preference Power will be applied to the Customer's bill in accordance with APS's Rate Schedule PPR Preference Power Rider and Attachment A to this Agreement.
1.2 The minimum quantity of electric service contracted for under this Agreement and to be received by Customer shall be [xxxx] kW.
1.3 For the purpose of affording APS a reasonable opportunity to plan for additional demand on its system, Customer agrees to provide APS with at least 60 days advance written notification of any increased use of electricity over and above the maximum kW specified in Section 1.1 above, and shall be liable to APS for any damages to APS resulting from its failure to give such notice.
1.4 The point of delivery and measurement for all electric service supplied under this Agreement shall be at one central point designated as the secondary side of the APS transformers supplying Customer's load at the point where APS's service wire connects to Customer's installation, unless another point of delivery is designated as follows:
1.5 The electric service supplied under this Agreement shall be in the form of 3-phase alternating currents at approximately 60 Hertz and approximately [xxxxxxxx] volts.
1.6 Such electric service shall be supplied in accordance with the applicable APS Rate Schedule, Rate Schedule PPR Preference Power Rider, and Service Schedule 1, "Terms and Conditions for Standard Offer and Direct Access Service," as such Schedules may change from time to time. Changes made to such Schedules shall amend and apply to this Agreement to the same extent as though they had been originally incorporated as a part of this Agreement. Copies of the Rate Schedule E-[xx], Rate Schedule PPR Preference Power Rider, and Service Schedule 1 now in effect are attached to and made a part of this Agreement.
1.7 The electric service supplied hereunder may be interrupted or curtailed in accordance with APS's Service Schedule 5 "GUIDELINES FOR ELECTRIC CURTAILMENT," as filed with the Arizona Corporation Commission, which is subject to change as provided by law.

2. TERM OF AGREEMENT

The term of this Agreement shall be for a period of two years (the "Initial Term") with an effective date of [xxxxxxxx], Thereafter, this Agreement shall be automatically extended until either party gives the other party at least thirty (30) days prior written notice of its desire to terminate this Agreement. This term does not preclude Customer from selecting Direct Access service during the Initial Term and any extension thereof.

3. ACCELERATION

In addition to any other rights and remedies of APS, any breach or default by Customer necessitating cancellation of this Agreement shall cause all amounts for service, initial charges, minimum guarantee, or other amounts stated in the Rate Schedule and Service Schedule 1 that are independent of energy delivered to become immediately due and payable to APS.

4. DEPOSITS

Customer agrees that, in addition to any other rights that APS may have regarding the application of Customer deposits, APS is hereby entitled to apply any or all funds deposited with APS pursuant to this Agreement against any or all sums past due and owing to APS from Customer; provided, however that such past due sums are for the same class of service as that provided under this Agreement.

5. GENERAL PROVISIONS

- 5.1 In the event that either party shall successfully bring suit to compel performance or for breach of this Agreement, that party shall be entitled to recover reasonable attorney’s fees in addition to the amount of judgement and costs.
- 5.2 A waiver of any default of the other party or any other matter arising in connection with this Agreement, at any time by either party, shall not be construed as a waiver of any subsequent default or matter.
- 5.3 THERE ARE NO UNDERSTANDINGS, AGREEMENTS, REPRESENTATIONS, OR WARRANTIES, EXPRESSED OR IMPLIED (INCLUDING WARRANTIES REGARDING MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE), NOT SPECIFIED IN THIS AGREEMENT, THE REFERENCED SCHEDULES, ANY OTHER REFERENCED OR ATTACHED DOCUMENTS, OR IN THE APPLICABLE RULES OF THE ARIZONA CORPORATION COMMISSION CONCERNING THE SALE AND DELIVERY OF ELECTRICITY BY APS TO CUSTOMER. THIS AGREEMENT, WHICH INCORPORATES THE REFERENCED SCHEDULES, ANY OTHER REFERENCED OR ATTACHED DOCUMENTS, AND THE APPLICABLE RULES OF THE ARIZONA CORPORATION COMMISSION, STATES THE ENTIRE OBLIGATION OF APS IN CONNECTION WITH SUCH SALES AND DELIVERIES.
- 5.4 This Agreement will be interpreted in accordance with the substantive and procedural laws of the State of Arizona without giving effect to the doctrine of conflict of laws.

6. ATTACHMENTS

The following additional documents are attached to and hereby made part of this Agreement:

- APS’s Rate Tariff E-[xx]
- APS’s Rate Schedule PPR Preference Power Rider
- APS’s Service Schedule 1 (Terms and Conditions for Standard Offer and Direct Access Service)
- APS’s Service Schedule 5 (Guidelines for Electric Curtailment)

7. EXECUTION

This Agreement has been executed by duly authorized representatives of the parties, as set forth below:

ARIZONA PUBLIC SERVICE		CUSTOMER	
Signature	_____	Signature	_____
Name	_____	Name	_____
Title	_____	Title	_____
Date	_____	Date	_____
Signed	_____	Signed	_____
		Mailing Address	_____

		BILLING ADDRESS	_____

ATTACHMENT A**TO ELECTRIC SUPPLY AGREEMENT, CUSTOMERS WITH PREFERENCE POWER
BETWEEN
ARIZONA PUBLIC SERVICE COMPANY (“APS”)
AND [INSERT CUSTOMER NAME] (“CUSTOMER”)
Dated [Insert Date]****A. Preference Power**

Customer has entered into an agreement (Contract No.xxxxxxxx) with the Western Area Power Administration (“Western”) to receive capacity and energy (“preference power”) from the [insert relevant preference power project] delivered at [insert relevant substation] and [insert relevant voltage]. APS will schedule such preference power for the Customer and receive the preference power at the [insert relevant voltage] and [insert relevant delivery point]. In accordance with Rate Schedule PPR Preference Power Rider, APS will provide a bill credit to the Customer’s account for the preference power capacity and energy received at the relevant substation to Customer’s [insert relevant facility] account, located at [insert relevant location].

B. Scheduling of Preference Power

APS will schedule the preference power received from Western for Customer in accordance with Customer’s Metering and Scheduling Instructions with Western, which is included in Contract No. [xxxxxx]. The current rate of delivery from Western is [xxxx] kW for both summer and winter. The current maximum delivery of monthly energy is:

C. Changes to Section B Above.

APS will credit Customer’s monthly electric bill per the above Section B unless actual monthly power scheduling from Western deviates from Section B. In those cases, the actual monthly Western power schedule will be used to credit the monthly electric bill. In no case will crediting Customer’s retail bill with preference power result in a negative balance of generation demand or energy to Customer. APS will notify Customer if a monthly imbalance occurs. Customer will be solely responsible for contacting Western to reconcile the imbalance.

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Arizona Power Authority Schedule A
190,869 kW & 613,689,000 kWh Available

Scenario 5

Schedule A

Schedule B

Schedule D

Applicant		Historical 1987		Adjusted 1987		Requested 2017		Normalized 5-Yr	Allocated 2017	
No.	Name	Capacity (kW)	Energy (kWh)	Capacity (kW)	Energy (kWh)	Capacity (kW)	Energy (kWh)	Avg. Peak (kW)	Capacity (kW)	Energy (kWh)
101	Aguila Irrigation District	2,450	8,389,000	2,474	7,954,495	6,290	12,716,000	8,129	2,449	7,874,115
102	Avra Valley Irrigation and Drainage District	630	2,168,000	636	2,044,890	630	2,168,000	1,933	630	2,025,599
103	Buckeye Water Conservation & Drainage District	2,980	10,201,000	3,009	9,674,647	2,980	10,201,000	7,223	2,979	9,578,190
105	Chandler Heights Citrus Irrigation District	930	3,164,000	939	3,019,107	930	3,164,000	1,060	930	2,990,170
106	Cortaro-Marana Irrigation District	6,440	22,003,000	6,504	20,911,899	7,874	26,645,000	8,548	6,439	20,702,909
107	Electrical District No. 2 of Pinal County	19,450	66,473,000	19,642	63,153,678	28,070	74,482,000	46,795	19,445	62,520,276
108	Electrical District Number Three of the County of Pinal, Arizona	15,900	54,351,000	16,057	51,627,055	15,900	54,351,000	189,340	15,896	51,109,401
109	Electrical District No. Four, Pinal County, Arizona	19,450	66,473,000	19,642	63,153,678	19,450	66,473,000	53,415	19,445	62,520,276
110	Electrical District No. Five, Pinal County, Arizona	14,770	50,476,000	14,916	47,958,470	14,770	50,476,000	25,447	14,767	47,479,399
111	Electrical District No. 6, Pinal County, Arizona	8,360	28,579,000	8,443	27,146,243	8,360	28,579,000	28,359	8,358	26,872,947
112	Electrical District Number Seven of the County of Maricopa, Arizona	10,500	35,902,000	10,604	34,094,369	10,500	35,902,000	10,921	10,498	33,753,554
113	Electrical District Number Eight	13,390	45,749,000	13,522	43,476,430	24,442	55,037,300	67,472	13,387	43,042,373
114	Harquahala Valley Power District	2,490	8,495,000	2,515	8,086,320	2,490	8,495,000	24,061	2,490	8,005,939
115	Maricopa County Municipal Water Conservation District Number One	8,840	30,215,000	8,927	28,702,417	8,840	30,215,000	21,038	8,838	28,416,261
116	McMullen Valley Water Conservation and Drainage District	3,800	12,974,000	3,838	12,340,078	9,181	17,996,800	17,407	3,800	12,217,899
117	Ocotillo Water Conservation District	2,390	8,175,000	2,414	7,761,581	2,390	8,175,000	2,136	2,115	6,800,225
118	Queen Creek Irrigation District	1,770	6,043,000	1,788	5,748,843	1,770	6,043,000	7,522	1,770	5,690,969
119	Roosevelt Irrigation District	3,220	11,020,000	3,252	10,455,950	3,220	11,020,000	18,721	3,219	10,349,847
120	Roosevelt Water Conservation District	6,760	23,106,000	6,827	21,950,420	6,828	21,950,700	9,878	6,759	21,731,784
121	Salt River Project Agricultural Improvement and Power District	38,790	132,589,000	39,174	125,953,680	39,174	125,959,437	6,335,602	38,782	124,693,307
122	San Tan Irrigation District	520	1,777,000	525	1,687,999	520	1,777,000	1,656	520	1,671,923
123	Silverbell Irrigation & Drainage District	710	2,417,000	717	2,305,325	1,400	3,066,000	1,380	710	2,282,818
124	Tonopah Irrigation District	1,550	5,297,000	1,565	5,031,845	1,550	5,297,000	9,331	1,549	4,980,402
125	Wellton-Mohawk Irrigation and Drainage District	2,910	9,953,000	2,939	9,449,580	2,939	9,455,000	11,738	2,910	9,356,339
126	Franklin Irrigation District	-	-	-	-	800	1,300,000	733	303	974,217
127	Gila Valley Irrigation District	-	-	-	-	2,500	6,000,000	2,197	910	2,925,865
128	Grover's Hill Irrigation District	-	-	-	-	210	215,000	78	100	321,524
129	Hohokam Irrigation and Drainage District	-	-	-	-	50,112	34,330,835	7,198	100	321,524
130	Hyder Valley Irrigation and Water Delivery District	-	-	-	-	4,250	1,306,158	455	100	321,524
131	Markham Irrigation and Water Conservation District	-	-	-	-	230	650,000	249	100	321,524
132	Mohave Valley Irrigation and Drainage District	-	-	-	-	1,682	3,937,633	941	390	1,253,942
134	St. David Irrigation District	-	-	-	-	90	180,000	81	81	260,434
135	Silvercreek Irrigation District	-	-	-	-	300	800,000	266	100	321,524
Total Schedule A		189,000	645,989,000	190,869	613,689,000	280,672	718,363,863	6,921,308	190,869	613,689,000



Arizona Power Authority Schedule B
189,860 kW & 201,400,000 kWh Available

Scenario 5

Schedule A

Schedule B

Schedule D

Applicant		Historical 1987		Adjusted 1987		Requested 2017		Normalized 5-Yr	Allocated 2017	
No.	Name	Capacity (kW)	Energy (kWh)	Capacity (kW)	Energy (kWh)	Capacity (kW)	Energy (kWh)	Avg. Peak (kW)	Capacity (kW)	Energy (kWh)
101	Aguila Irrigation District	3,840	4,327,000	3,878	4,113,711	6,290	12,716,000	8,129	3,878	4,113,711
104	Central Arizona Water Conservation District	161,600	182,235,000	163,199	173,118,501	163,198	173,123,250	424,974	161,600	171,422,311
113	Electrical District Number Eight	10,810	12,185,000	10,917	11,580,553	24,442	55,037,300	67,472	10,917	11,580,553
116	McMullen Valley Water Conservation and Drainage District	5,290	5,970,000	5,342	5,666,695	9,181	17,996,800	17,407	5,342	5,666,695
201	Page Own System & Operating (Muni)	1,040	1,173,000	1,050	1,113,821	6,000	6,800,000	26,561	1,050	1,113,821
202	City of Safford	2,080	2,345,000	2,101	2,228,702	2,080	2,345,000	19,609	2,101	2,228,702
203	Town of Thatcher	1,050	1,185,000	1,060	1,124,429	1,050	1,185,000	5,683	1,060	1,124,429
204	Town of Wickenburg	2,290	2,580,000	2,313	2,453,588	2,290	2,580,000	5,171	2,313	2,453,588
214	City of Mesa	-	-	-	-	3,000	6,549,704	68,377	1,497	1,587,990
404	Ak-Chin Tribe	-	-	-	-	2,000	4,380,000	4,635	102	108,200
Total Schedule B		188,000	212,000,000	189,860	201,400,000	219,531	282,713,054	648,018	189,860	201,400,000



Arizona Power Authority Schedule D
11,510 kW & 25,113,000 kWh Available

Scenario 5

Schedule A

Schedule B

Schedule D

Applicant		Historical 1987		Adjusted 1987		Requested 2017		Normalized 5-Yr	Allocated 2017	
No.	Name	Capacity (kW)	Energy (kWh)	Capacity (kW)	Energy (kWh)	Capacity (kW)	Energy (kWh)	Avg. Peak (kW)	Capacity (kW)	Energy (kWh)
205	City of Avondale	-	-	-	-	6,282	2,582,984	4,708	547	1,193,468
206	City of Buckeye	-	-	-	-	8,697	24,085,648	5,773	670	1,461,834
208	City of Flagstaff	-	-	-	-	503	1,097,065	1,479	172	375,277
209	Town Of Fredonia	-	-	-	-	1,500	3,200,000	853	100	218,184
210	Town of Gilbert	-	-	-	-	3,000	15,432,000	16,849	1,000	2,181,842
212	City of Globe	-	-	-	-	1,684	5,503,389	977	113	246,548
213	City of Maricopa	-	-	-	-	2,848	5,998,373	1,415	164	357,822
216	Town of Oro Valley	-	-	-	-	2,500	250,000	1,746	203	442,914
218	Town of Payson	-	-	-	-	2,359	5,064,000	1,486	173	377,459
222	City of Sedona	-	-	-	-	1,388	3,287,381	954	111	242,184
223	City of Sierra Vista	-	-	-	-	3,102	10,998,773	1,759	204	445,096
225	City of Williams	-	-	-	-	7,473	39,954,000	7,105	825	1,800,020
226	City of Yuma	-	-	-	-	14,438	50,862,193	8,576	996	2,173,114
302	Duncan Valley Electric Cooperative, Inc.	-	-	-	-	11,510	25,113,000	6,027	700	1,527,289
303	Graham County Electric Cooperative, Inc.	-	-	-	-	11,510	25,113,000	41,911	1,000	2,181,842
304	Mohave Electric Cooperative, Inc.	-	-	-	-	11,510	25,113,000	197,968	1,000	2,181,842
305	Navopache Electric Cooperative	-	-	-	-	11,510	25,113,000	78,442	1,000	2,181,842
306	Sulphur Springs Valley Electric Cooperative, Inc.	-	-	-	-	11,510	25,113,000	202,050	1,000	2,181,842
307	Trico Electric Cooperative, Inc.	-	-	-	-	11,510	25,113,000	176,133	1,000	2,181,842
402	Avra Water Co-op, Inc.	-	-	-	-	200	436,000	410	100	218,184
403	Aha Macav Power Service	-	-	-	-	2,000	17,520,000	2,862	332	724,371
405	Hualapai Tribe	-	-	-	-	100	218,322	3,295	100	218,184
Total Schedule D		-	-	-	-	127,134	337,168,128	762,777	11,510	25,113,000



Arizona Power Authority Schedule A
190,869 kW & 613,689,000 kWh Available

Scenario 5

Schedule A

Schedule B

Schedule D

Applicant Data					
No.	Name	5-Year Average Peak (kW)	Federal Power Received (not including A and B) (kW)	Normalized 5-Year Average Peak (kW)	2014 Peak Demand (kW)
101	Aguila Irrigation District	8,129	-	8,129	8,992
102	Avra Valley Irrigation and Drainage District	1,933	-	1,933	2,226
103	Buckeye Water Conservation & Drainage District	7,223	-	7,223	6,182
105	Chandler Heights Citrus Irrigation District	1,271	211	1,060	1,062
106	Cortaro-Marana Irrigation District	8,548	-	8,548	6,695
107	Electrical District No. 2 of Pinal County	56,181	9,386	46,795	57,530
108	Electrical District Number Three of the County of Pinal, Arizona	198,931	9,591	189,340	170,221
109	Electrical District No. Four, Pinal County, Arizona	56,153	2,738	53,415	29,000
110	Electrical District No. Five, Pinal County, Arizona	27,407	1,960	25,447	15,000
111	Electrical District No. 6, Pinal County, Arizona	32,334	3,975	28,359	8,640
112	Electrical District Number Seven of the County of Maricopa, Arizona	13,387	2,466	10,921	13,201
113	Electrical District Number Eight	67,472	-	67,472	73,174
114	Harquahala Valley Power District	24,061	-	24,061	15,562
115	Maricopa County Municipal Water Conservation District Number One	23,986	2,948	21,038	16,177
116	McMullen Valley Water Conservation and Drainage District	17,407	-	17,407	20,491
117	Ocotillo Water Conservation District	2,751	615	2,136	2,619
118	Queen Creek Irrigation District	8,520	998	7,522	896
119	Roosevelt Irrigation District	21,493	2,772	18,721	19,305
120	Roosevelt Water Conservation District	11,128	1,250	9,878	404
121	Salt River Project Agricultural Improvement and Power District	6,421,661	86,059	6,335,602	6,560,975
122	San Tan Irrigation District	2,122	466	1,656	1,999
123	Silverbell Irrigation & Drainage District	1,380	-	1,380	1,441
124	Tonopah Irrigation District	9,331	-	9,331	5,400
125	Wellton-Mohawk Irrigation and Drainage District	15,078	3,340	11,738	14,280
126	Franklin Irrigation District	733	-	733	796
127	Gila Valley Irrigation District	2,197	-	2,197	2,374
128	Grover's Hill Irrigation District	78	-	78	203
129	Hohokam Irrigation and Drainage District	8,198	1,000	7,198	8,121
130	Hyder Valley Irrigation and Water Delivery District	455	-	455	237
131	Markham Irrigation and Water Conservation District	249	-	249	203
132	Mohave Valley Irrigation and Drainage District	941	-	941	1,541
134	St. David Irrigation District	81	-	81	81
135	Silvercreek Irrigation District	266	-	266	291



Arizona Power Authority Schedule B
189,860 kW & 201,400,000 kWh Available

Scenario 5

Schedule A

Schedule B

Schedule D

Applicant Data					
No.	Name	5-Year Average Peak (kW)	Federal Power Received (not including A and B) (kW)	Normalized 5-Year Average Peak (kW)	2014 Peak Demand (kW)
101	Aguila Irrigation District	8,129	-	8,129	8,992
104	Central Arizona Water Conservation District	424,974	-	424,974	438,972
113	Electrical District Number Eight	67,472	-	67,472	73,174
116	McMullen Valley Water Conservation and Drainage District	17,407	-	17,407	20,491
201	Page Own System & Operating (Muni)	26,561	-	26,561	28,854
202	City of Safford	20,239	630	19,609	20,489
203	Town of Thatcher	6,968	1,285	5,683	6,820
204	Town of Wickenburg	7,171	2,000	5,171	7,168
214	City of Mesa	83,068	14,691	68,377	82,740
404	Ak-Chin Tribe	7,048	2,413	4,635	7,688



Arizona Power Authority Schedule D
11,510 kW & 25,113,000 kWh Available

Scenario 5

Schedule A

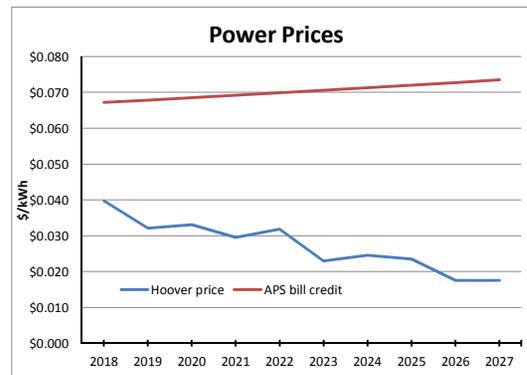
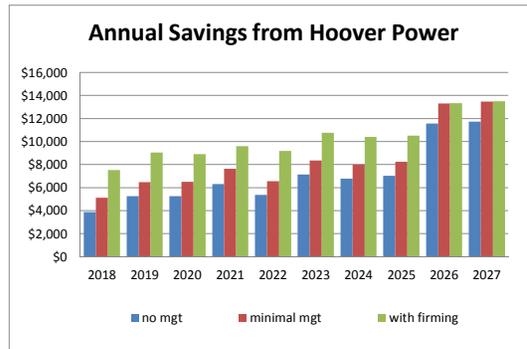
Schedule B

Schedule D

Applicant Data					
No.	Name	5-Year Average Peak (kW)	Federal Power Received (not including A and B) (kW)	Normalized 5-Year Average Peak (kW)	2014 Peak Demand (kW)
205	City of Avondale	4,708	-	4,708	5,006
206	City of Buckeye	5,773	-	5,773	5,675
208	City of Flagstaff	1,680	201	1,479	1,704
209	Town Of Fredonia	2,853	2,000	853	2,696
210	Town of Gilbert	17,849	1,000	16,849	19,150
212	City of Globe	1,092	115	977	1,170
213	City of Maricopa	1,415	-	1,415	1,981
216	Town of Oro Valley	1,746	-	1,746	1,431
218	Town of Payson	1,605	119	1,486	1,595
222	City of Sedona	954	-	954	965
223	City of Sierra Vista	1,759	-	1,759	1,463
225	City of Williams	8,105	1,000	7,105	8,243
226	City of Yuma	9,576	1,000	8,576	9,557
302	Duncan Valley Electric Cooperative, Inc.	6,027	-	6,027	6,411
303	Graham County Electric Cooperative, Inc.	42,223	312	41,911	41,675
304	Mohave Electric Cooperative, Inc.	199,113	1,145	197,968	193,373
305	Navopache Electric Cooperative	83,533	5,091	78,442	79,632
306	Sulphur Springs Valley Electric Cooperative, Inc.	204,781	2,731	202,050	201,638
307	Trico Electric Cooperative, Inc.	179,133	3,000	176,133	183,479
402	Avra Water Co-op, Inc.	410	-	410	390
403	Aha Macav Power Service	4,552	1,690	2,862	4,122
405	Hualapai Tribe	4,053	758	3,295	4,304

17 31 45 59 73 87 101 115 129 143

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Energy used Area 4 pumps (kWh)	503,795	508,833	513,922	519,061	524,252	529,494	534,789	540,137	545,538	550,994
Hoover energy allocated (kWh)	242,184	242,184	242,184	242,184	242,184	242,184	242,184	242,184	242,184	242,184
Hoover energy received (kWh)	186,999	181,572	183,511	192,419	172,484	175,373	171,147	170,130	240,804	240,804
Hoover credit from APS (\$)	\$12,562	\$12,320	\$12,576	\$13,318	\$12,058	\$12,382	\$12,205	\$12,253	\$17,517	\$17,692
Costs of Hoover power (\$)	\$7,427	\$5,828	\$6,074	\$5,676	\$5,495	\$4,019	\$4,198	\$3,997	\$4,214	\$4,216
Profit from Hoover (\$)	\$5,136	\$6,491	\$6,502	\$7,642	\$6,563	\$8,363	\$8,007	\$8,256	\$13,303	\$13,476
Firming Energy purchased (kWh)	55,185	60,612	58,673	49,765	69,700	66,811	71,037	72,054	1,380	1,380
Profit from Firming Energy (\$)	\$2,401	\$2,563	\$2,401	\$1,961	\$2,628	\$2,394	\$2,398	\$2,267	\$40	\$36
Total Profit (\$)	\$7,537	\$9,055	\$8,903	\$9,603	\$9,191	\$10,757	\$10,405	\$10,524	\$13,343	\$13,513
Profit without energy management (\$)	\$3,887	\$5,267	\$5,252	\$6,319	\$5,365	\$7,132	\$6,794	\$7,039	\$11,562	\$11,718
Profit with minimal management (\$)	\$5,136	\$6,491	\$6,502	\$7,642	\$6,563	\$8,363	\$8,007	\$8,256	\$13,303	\$13,476
APS Average preference power credit (\$/kWh)	\$0.067	\$0.068	\$0.069	\$0.069	\$0.070	\$0.071	\$0.071	\$0.072	\$0.073	\$0.073



Sedona profit from Hoover

Year	(\$)				Hoover Price \$/kWh	APS Credit \$/kWh
	From Hoover Power	From Seasonal Layoff	From Firming	Total Profit		
2018	\$3,887	\$1,248	\$2,401	\$7,537	\$0.040	\$0.067
2019	\$5,267	\$1,224	\$2,563	\$9,055	\$0.032	\$0.068
2020	\$5,252	\$1,250	\$2,401	\$8,903	\$0.033	\$0.069
2021	\$6,319	\$1,248	\$2,401	\$9,968	\$0.029	\$0.069
2022	\$5,365	\$1,198	\$2,628	\$9,191	\$0.032	\$0.070
2023	\$7,132	\$1,230	\$2,394	\$10,757	\$0.023	\$0.071
2024	\$6,794	\$1,213	\$2,398	\$10,405	\$0.025	\$0.071
2025	\$7,039	\$1,218	\$2,267	\$10,524	\$0.023	\$0.072
2026	\$11,562	\$1,741	\$40	\$13,343	\$0.017	\$0.073
2027	\$11,718	\$1,758	\$36	\$13,513	\$0.018	\$0.073