

**SECOND AMENDED AND RESTATED NAVAJO
CO-TENANCY AGREEMENT**

AMONG

ARIZONA PUBLIC SERVICE COMPANY

**DEPARTMENT OF WATER AND POWER
OF THE CITY OF LOS ANGELES**

NEVADA POWER COMPANY D/B/A NV ENERGY

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

TUCSON ELECTRIC POWER COMPANY

THE UNITED STATES OF AMERICA

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NAVAJO CO-TENANCY AGREEMENT

1. **PARTIES:** The parties to this Amended and Restated Navajo Co-Tenancy Agreement (“Co-Tenancy Agreement”) are: THE UNITED STATES OF AMERICA (the “United States” or “U.S.”), authorized by the 1968 Colorado River Basin Project Act and, acting through the Secretary of the Interior, his or her duly appointed successor or his or her duly authorized representative; ARIZONA PUBLIC SERVICE COMPANY, an Arizona corporation (“APS”); DEPARTMENT OF WATER AND POWER OF THE CITY OF LOS ANGELES, a department organized and existing under the Charter of the City of Los Angeles, a municipal corporation of the State of California (“LADWP”); NEVADA POWER COMPANY d/b/a NV Energy, a Nevada corporation (“NV Energy”); SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, an agricultural improvement district organized and existing under the laws of the State of Arizona (“SRP”); and TUCSON ELECTRIC POWER COMPANY, an Arizona corporation (“TEP”). The United States, APS, LADWP, NV Energy, SRP, and TEP may each be referred to in this Agreement as a “Participant” and, collectively as “Participants.”
2. **RECITALS:** This Co-Tenancy Agreement is made with reference to the following facts, among others:
 - 2.1. By the Colorado River Basin Project Act (82 Stat. 885) the Congress of the United States authorized the construction, operation and maintenance of the Central Arizona Project. Pursuant to Section 303 of said Act, the Secretary of the Department of the Interior (“Secretary”) is authorized to enter into agreements with non-Federal interests for the delivery of Power and energy over transmission facilities to mutually agreed upon delivery points, as he or she determines are required in connection with the operation of the Central Arizona Project.
 - 2.2. The Secretary determined that the acquisition of a right to a portion of the Capacity of the Transmission System should be a component of the most feasible plan for transporting the Power requirements of the Central Arizona Project and augmenting the Lower Colorado River Basin Development Fund.
 - 2.3. The United States has entered into the Project Agreements for the purpose of providing delivery of Power in accordance with and for the purposes of the Colorado River Basin Project Act and that the United States has entered into Contracts for the Interim Sale of United States' Entitlement in reliance upon the performance of the obligations and duties of the Participants specified in the Project Agreements.
 - 2.4. On March 23, 1976, the Participants entered into the Navajo Project Co-Tenancy Agreement, which was supplemented by Supplement No. 1 and amended by Amendments Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12. The Navajo Project Co-Tenancy Agreement established certain terms and conditions relating to the ownership of the Transmission System and certain rights and obligations under the Project Agreements.

- 2.5. On November 29, 2017, the Co-Tenants entered into the Extension Lease with the Navajo Nation. That Extension Lease includes provisions to extend the term associated with the Tract B of Leased Premises as defined in the Extension Lease and associated rights of way for the Southern Transmission System and Western Transmission System. The Extension Lease has a commencement date of December 23, 2019.
 - 2.6. The Participants desire to enter into this Co-Tenancy Agreement to establish certain terms and conditions relating to their ownership of the Transmission System and to establish certain rights and obligations under the Project Agreements.
 - 2.7. This Co-Tenancy Agreement supersedes and replaces, in its entirety, the March 23, 1976 Navajo Project Co-Tenancy Agreement as amended.
 - 2.8. The purpose of this second amendment and restatement of this Co-Tenancy Agreement is to: 1) update certain terms and conditions relating to the operation and maintenance for the Navajo Transmission Project to make it consistent the current practices on the Navajo Transmission Project agreed upon by the participants; 2) revise the destruction language in Section 12; 3) remove in their entirety Exhibits B, G, and J, and replace them with amended versions; 4) add a new Exhibit K; and, 4) make this agreement consistent with changes being made to the NSTS and WTS Operating Agreements.
 - 2.9. This second amended and restated Co-Tenancy Agreement supersedes and replaces in its entirety the amended and restated Agreement that was effective on December 23, 2019.
3. **AGREEMENT:** The Participants agree as follows:
 4. **EFFECTIVE DATE:** This Co-Tenancy Agreement shall become effective upon execution by the Parties, subject to acceptance by the Federal Energy Regulatory Commission (“FERC”), if applicable. This Co-Tenancy Agreement shall be filed with FERC upon execution in accordance with Article 26, if required.
 5. **DEFINITIONS:** The following terms, when used in this Co-Tenancy Agreement, shall have the meanings specified:
 - 5.1. **ACCOUNTING PRACTICE:** Generally accepted accounting principles, in accordance with FERC Accounts.
 - 5.2. **AUDITING COMMITTEE:** The committee established pursuant to Section 8.3 of this Co-Tenancy Agreement.
 - 5.3. **BREACH:** The failure of a Participant to perform any material term or condition of the Project Agreements.
 - 5.4. **CAPACITY:** Electrical rating expressed in megawatts (mw) or megavolt-amperes (mva).

- 5.5. CAPITAL IMPROVEMENTS: Any Units of Property, land or land rights which are added to the Transmission System, the betterment of land or land rights or the enlargement or betterment of any Units of Property constituting a part of the Transmission System, and the replacement of any Units of Property for other Units of Property or the replacement of land or land rights constituting a part of the Transmission System, irrespective of whether such replacement constitutes an enlargement or betterment of that which it replaces, which additions, betterments, enlargements and replacements in accordance with Accounting Practice would be capitalized.
- 5.6. RESERVED
- 5.7. RESERVED
- 5.8. RESERVED
- 5.9. COMPONENT OF THE TRANSMISSION SYSTEM (“Components”): Any of the components of the Transmission System as described in Exhibit B hereto.
- 5.10. CONTRACTING OFFICER: The Secretary, his or her duly appointed successor or his or her duly authorized representative.
- 5.11. CO-TENANCY AGREEMENT: This Navajo Co-Tenancy Agreement.
- 5.12. CO-TENANTS: Any one or all of the Participants other than the United States.
- 5.13. DEFAULT: The failure of a breaching Participant to cure a Breach in accordance with Section 17 of this Co-Tenancy Agreement.
- 5.14. DISPUTE: A disagreement, dispute, controversy, or claim arising under or relating to the Project Agreements that has been identified by a Participant in a written notice submitted to all other Participants.
- 5.15. RESERVED
- 5.16. ENGINEERING AND OPERATING COMMITTEE: The committee established pursuant to Section 8.2 of this Co-Tenancy Agreement.
- 5.17. EXTENSION LEASE: The Extension Lease dated November 29, 2017 with a commencement date of December 23, 2019, by and between the Navajo Nation and the Co-Tenants.
- 5.18. FERC ACCOUNTS: The Federal Energy Regulatory Commission’s “Uniform System of Accounts Prescribed for Public Utilities and Licensees (Class A and Class B),” in effect on December 23, 2019, and as such system of accounts may be in effect from time to time. References in this Co-Tenancy Agreement to specific FERC Account number(s) shall mean the FERC Account number(s) in effect as of

the effective date of this Co-Tenancy Agreement or any successor FERC Account number(s).

- 5.19. FERC ELECTRIC INTEREST RATE: The quarterly electric interest rate calculated by FERC in accordance with 18 C.F.R. § 35.19a, which may be amended from time to time.
- 5.20. RESERVED
- 5.21. LEASED PREMISES: Shall have the same meaning as set forth in the Extension Lease, as may be amended from time to time.
- 5.22. LIBERTY SUBSTATION AGREEMENT: The Contract for Installation, Operation, Maintenance and Replacement of a Phase Shifting Transformer at Liberty Substation (Contract No. 14-06-300-2438).
- 5.23. MINIMUM RESTORATION LEVEL: The capacity level that meets the long-term transmission obligations of the Participants without changing the Participant ownership or Responsibility for Cost percentages. Changes to the Minimum Restoration Level shall be made in accordance with the procedure specified in Exhibit K of this Co-Tenancy Agreement.
- 5.24. NAVAJO NATION: The Navajo Nation (formerly known as the Navajo Tribe of Indians), and includes any political subdivision, including but not limited to any Chapter, Township, Township Commission or taxing authority of the Navajo Nation.
- 5.25. OPERATING AGENT: The Participant(s) responsible for the operation and maintenance of a Component of the Transmission System in accordance with the Southern Transmission System Operating Agreement or the Western Transmission System Operating Agreement.
- 5.26. OPERATING EMERGENCY: An unplanned event or circumstance which reduces or may reduce the amount of transmission Capacity of the Transmission System that may otherwise be made available under prudent operating criteria.
- 5.27. OPERATING WORK: Engineering, contract preparation, purchasing, repair, supervision, training, expediting, inspection, testing, protection, operation, retirement, maintenance, use, management and making Capital Improvements, or any other work undertaken by the Operating Agent that is required by the Project Agreements, good utility practice or Applicable Standards or that is necessary for the safe and reliable operation of the Transmission System.
- 5.28. PARTICIPANT(S): One or more entities, including the United States, APS, LADWP, NV Energy, SRP, and TEP.
- 5.29. POWER: Power will be measured in units of Kilowatts (kW) or megawatts (MW).

- 5.30. **PROJECT AGREEMENTS:** This Co-Tenancy Agreement, the §323 Grants, the Navajo Southern Transmission System Operating Agreement, the Navajo Western Transmission System Operating Agreement, other grants of rights-of-way and easements for the Transmission System facilities, the Extension Lease, and the Liberty Substation Agreement.
- 5.31. **RESONSIBILITY FOR COSTS:** The percentage of financial responsibility of each Participant and any third party interconnectors for costs of Operating Work concerning each Component of the Transmission System.
- 5.32. **SECRETARY:** The Secretary of the Interior.
- 5.33. **§323 GRANTS:** Grants of easements and rights-of-way by the United States to the Co-Tenants for rights-of-way across Navajo Nation lands pursuant to 25 U.S.C. §323.
- 5.34. **SOUTHERN TRANSMISSION SYSTEM (“STS”):** The Southern Transmission System including the Navajo 500 kV Switchyard as described in Exhibit B hereto.
- 5.35. **TRANSMISSION FACILITIES:** Those facilities for transmitting electrical generation commonly known as the Southern Transmission System, the Western Transmission System, and all related facilities located on the Transmission Site.
- 5.36. **TRANSMISSION SITE:** The portion of the Leased Premises on which the STS and WTS and their related rights-of way are located, including the STS Site and the WTS Site as defined in the Extension Lease. The Transmission Site consists of the lands legally described as Tract B on Exhibit A of the Extension Lease.
- 5.37. **TRANSMISSION SYSTEM:** The transmission system as described in Exhibit B.
- 5.38. **TRANSMISSION WORK:** Engineering, design, contract preparation, purchasing, construction, supervision, expediting, inspection, accounting, testing, protection, operation, repair, maintenance, replacement, or reconstruction, of or for the Transmission System.
- 5.39. **UNITS OF PROPERTY:** Units of property as described in the Federal Energy Regulatory Commission’s “List of Units of Property for Use in Connection with Uniform System of Accounts Prescribed for Public Utilities and Licensees,” in effect as of the date of this Co-Tenancy Agreement, and as such list may be amended from time to time.
- 5.40. **WESTERN TRANSMISSION SYSTEM (“WTS”):** The Western Transmission System as described in Exhibit B.

6. OWNERSHIPS AND TITLES

- 6.1. The Co-Tenants own undivided interests as tenants in common in the Components of the Transmission System as shown in Exhibit A hereto.

- 6.2. The ownerships and titles described in this Co-Tenancy Agreement shall be determined to have vested simultaneously in the Co-Tenants so that the estate of each shall be determined to be concurrent as to right and priority.
- 6.3. In the event any Co-Tenant transfers or assigns any of its rights, title or interest in and to the Transmission System in accordance with the terms and conditions of this Co-Tenancy Agreement, the Participants and any successor shall jointly make, execute and deliver a supplement to this Co-Tenancy Agreement in recordable form which shall describe with particularity and detail the rights, titles and interests of each Co-Tenant and any successor following such transfer or assignment.

7. USE OF THE TRANSMISSION SYSTEM

- 7.1. Each Participant shall have the right to use the Transmission System to transmit to its designated delivery points under normal operating conditions Power in an amount equivalent to the product of its Responsibility for Costs in each line segment of the Transmission System and the associated rating (Western Electricity Coordinating Council approved or Engineering and Operating Committee approved, as applicable) of such line segment or to reserve the Transmission System for such transmission without regard to the origin, source, ownership or type of generation used to produce such Power.
- 7.2. The Participants' designated points of delivery shall be as identified in Exhibit I.
- 7.3. Each Participant shall be entitled to interconnect its transmission system with the Transmission System at its designated points of delivery, and the costs of such interconnection shall be paid by such Participant.
- 7.4. All generator interconnections to the Transmission System, whether from a Participant or third party, will follow the same process as approved by the Engineering and Operating Committee.
- 7.5. Unless otherwise agreed by the Engineering and Operating Committee, when the Capacity available to the Participants in any segment of the Transmission System is insufficient to accommodate all the firm use of the Transmission System pursuant to Section 7.1 hereof, then the use of the available Capacity of that segment of the Transmission System will be allocated in proportion to the Participants' Responsibility for Costs in such segment.
- 7.6. Notwithstanding the provisions of this Section 7, LADWP shall have the right to use the McCullough Facilities or to interconnect its transmission system therewith for purposes other than those of the Transmission System established pursuant to the Project Agreements; provided, that such use or interconnection shall not unreasonably interfere with the rights, titles or interests of the other Participants in the Transmission System as established pursuant to Project Agreements.

8. ADMINISTRATION

- 8.1. As a means of securing effective cooperation and interchange of information and of providing consultation on a prompt and orderly basis among the Participants in connection with various administrative and technical issues that may arise from time to time in connection with the terms and conditions of the Project Agreements, the Engineering and Operating Committee and the Auditing Committee shall have the responsibilities set forth in Sections 8.2 and 8.3 hereof.
- 8.2. The Engineering and Operating Committee shall be chaired by the STS Operating Agent and shall consist of two (2) representatives designated by each Participant. Each Participant's designated representative shall be authorized by the Participant to act on its behalf with respect to those matters delegated to the Engineering and Operating Committee. The Engineering and Operating Committee shall:
 - 8.2.1. Provide liaison between the Participants at the management level.
 - 8.2.2. Provide liaison among the Participants and between them and the Operating Agents for the Transmission System with respect to the engineering, construction, operation, maintenance, replacement and reconstruction of the Transmission System.
 - 8.2.3. Serve as liaison and facilitator for the coordination of interchanges and discussions among the Participants in connection with matters arising under this Co-Tenancy Agreement and the Project Agreements.
 - 8.2.4. Develop procedures for proper accounting and financial liaison among the Participants in connection with the engineering, construction, operation, replacement, reconstruction and maintenance of the Transmission System.
 - 8.2.5. Review accounting and financial aspects of the engineering, construction, operation, maintenance, replacement and reconstruction of the Transmission System.
 - 8.2.6. Act upon matters involving financial transactions.
 - 8.2.7. Exercise general supervision over any permanent or ad hoc committees established pursuant to Section 8.8 hereof.
 - 8.2.8. Consider matters referred to it by another committee.
 - 8.2.9. Perform such other functions and duties as may be assigned to it in the Project Agreements.
 - 8.2.10. Review, discuss and act upon disputes among the Participants arising under the Project Agreements.

- 8.3. An Auditing Committee shall be chaired by the STS Operating Agent and shall consist of two (2) representatives appointed by each Participant, provided however, that in respect to each matter brought before the Auditing Committee, only one (1) of such representatives shall have the right to vote thereon. The representatives for each Participant shall be authorized to act on behalf of the Participant designating such representatives regarding the matters assigned to the Auditing Committee. The Auditing Committee shall meet as needed at the discretion of the chairman or upon request of a Participant. The Auditing Committee shall have the functions described below:
- 8.3.1. Development of procedures for accounting and auditing Operating Work costs and Capital Improvements, consistent with the provisions of this Co-Tenancy Agreement and Accounting Practice.
 - 8.3.2. Audit or cause to be audited the books and records of the Operating Agent and any other Participant or contractor relevant to the performance of Operating Work and to the construction of Capital Improvements.
 - 8.3.3. Perform such other duties as may be assigned to it by the Engineering and Operating Committee.
- 8.4. Any action or determination of a committee must be unanimous. In the event one or more Participants abstains from or declines to participate in a vote governed by this Section 8, or cannot vote as a result of a default, actions or determinations brought before the Engineering and Operating Committee shall require the unanimous vote of the remaining voting Participants. The Engineering and Operating Committee may take action by unanimous written consent without a need for a meeting.
- 8.5. All actions, agreements or determinations of the Engineering and Operating Committee, shall be reduced to writing, and any such action, agreement or determination shall become effective when signed by a designated representative of each Participant on the committee or an authorized alternate. The Engineering and Operating Committee and the Auditing Committee shall keep written minutes and records of all meetings.
- 8.6. The Engineering and Operating Committee shall have no authority to modify any of the terms, covenants or conditions of the Project Agreements unless expressly provided for herein.
- 8.7. Each Participant shall notify the other Participants promptly of any change in its designated representatives or alternate representative. A Participant may designate an alternate to act as its representative on any committee in the absence of the regular member or to act on specified occasions with respect to specified matters. Any alternate representative appearing at a committee meeting shall be deemed to have authority to act on behalf of the Participant he or she represents unless the alternative representative notifies the committee chairman to the contrary.

8.8. The Participants, acting through the Engineering and Operating Committee, shall have the right to establish permanent or ad hoc committees. The authority and duties of any such committee shall be set forth in writing and shall be subject to the provisions of the Project Agreements.

9. NONPARTITIONMENT: The Co-Tenants and each of them accept title to the Transmission System and their rights, titles and interests in the Project Agreements as tenants in common. Each Co-Tenant agrees to waive any rights which it may have to partition the Transmission System, or the Project Agreements, whether by partitionment in kind or by sale and division of the proceeds, and further agrees that it will not resort to any action in law or in equity to partition the Transmission System, or the Project Agreements, and it waives the benefits of all laws that may now or hereafter authorize such partition for a term which shall (i) be co-terminus with this Co-Tenancy Agreement or (ii) for such lesser period as may be required under applicable law.

10. MORTGAGE AND TRANSFER OF INTERESTS

10.1. Except as provided in Section 10.6 hereof, each Co-Tenant shall have the right at any time and from time to time to mortgage, create or provide for a security interest in or convey in trust all or a part of its ownership share in the Transmission System, together with an equal interest in the Project Agreements, to a trustee or trustees under a deed of trust, mortgage or indenture, or to a secured party or parties under a security agreement, as security for its present or future bonds or other obligations or securities, and to any successors or assigns thereof, without need for the prior written consent of any other Participant and without such mortgagee, trustee or secured party assuming or becoming in any respect obligated to perform any of the obligations of the Participants.

10.2. Except as provided in Section 10.6 hereof, any mortgagee, trustee or secured party under present or future deeds of trust, mortgages, indentures or security agreements of any of the Co-Tenants and any successor or assign thereof, and any receiver, referee or trustee in bankruptcy or reorganization of any of the Co-Tenants, and any successor by action of law or otherwise, and any purchaser, transferee or assignee of any thereof may, without need for the prior written consent of any other Participant, succeed to and acquire all the rights, titles and interests of such Co-Tenant in the Transmission System and the Project Agreements and may take over possession of or foreclose upon said rights, titles and interests of such Co-Tenant.

10.3. Except as provided in Section 10.6 hereof, each Co-Tenant shall have the right to transfer or assign all or part of its ownership share in the Transmission System, together with an equal interest in the Project Agreements, to any of the following without the need for prior written consent of any other Participant:

10.3.1. To any entity acquiring all or substantially all of the property of such Co-Tenant; or

10.3.2. To any entity merged or consolidated with such Co-Tenant; or

- 10.3.3. To any entity which is wholly-owned by such Co-Tenant; or
 - 10.3.4. To any other Co-Tenant subject to Section 11; or
 - 10.3.5. To the Salt River Valley Water Users' Association, an Arizona corporation, in the case of a transfer by SRP.
- 10.4. Except as otherwise provided in Sections 10.1, 10.2 and 10.6 hereof, any successor to the rights, titles and interests of a Co-Tenant in the Transmission System, together with an equal interest in the Project Agreements, shall assume and agree to fully perform and discharge all of the obligations hereunder of such Co-Tenant, and such successor shall notify each of the other Participants in writing of such transfer, assignment or merger, and shall furnish to each Participant evidence of such transfer, assignment or merger.
 - 10.5. No Participant shall be relieved of any of its obligations under the Project Agreements by an assignment under this Section 10 without the express prior written consent of all of the remaining Participants.
 - 10.6. The rights set forth in Sections 10.1, 10.2 and 10.3 hereof shall not apply to such interests of SRP in the Transmission System or in the Project Agreements as are held for the use and benefit of the United States, and SRP shall transfer, convey, mortgage, encumber or hypothecate any such interest only upon the prior written instruction of the United States.

11. RIGHT OF FIRST REFUSAL

- 11.1. Except as provided in Section 10 hereof, should any Co-Tenant desire to transfer its ownership in the Transmission System or any part thereof to any person, entity or another Co-Tenant, each remaining Co-Tenant shall have a right of first refusal to purchase such interest for the amount of the bona fide written offer from the prospective buyer.
- 11.2. If more than one of the Co-Tenants desires to purchase such interest, unless otherwise agreed, it shall be transferred pursuant to the ratio that the Transmission System Component ownership share of each Co-Tenant desiring to purchase bears to the total Transmission System Component ownership shares of such Co-Tenants.
- 11.3. At least one hundred eighty (180) days prior to the date on which the intended transfer is to be consummated, the Co-Tenant desiring to transfer shall serve written notice of its intention to do so upon all of the Participants. Such notice shall contain the proposed date of transfer and the terms and conditions of the transfer.
- 11.4. Each Co-Tenant shall have the option to purchase all of the interest to be transferred and shall exercise said option by serving written notice of its intention upon the Co-Tenant desiring to transfer and on the remaining Participants within sixty (60) days after receipt of the written notice of intention to transfer given pursuant to Section 11.3 hereof. Failure by a Co-Tenant to exercise said option as provided herein

within the time period specified shall be conclusively deemed to be an election not to exercise said option.

- 11.5. If the Co-Tenants fail to exercise their option to purchase the entire ownership interest to be transferred, then the Co-Tenant desiring to transfer shall serve written notice of this fact upon the remaining Participants within ten (10) days after its receipt of the last of the written notices given pursuant to Section 11.4 hereof, or after the expiration of the sixty (60) day period referred to in Section 11.4 hereof, whichever is earlier.
- 11.6. Any one or more of the Co-Tenants that exercised its option to purchase less than the entire ownership interest to be transferred shall have the option to purchase the remaining ownership interest to be transferred, which such option shall be exercised by serving written notice of such election upon the Co-Tenant desiring to transfer within thirty (30) days after the receipt of the notice given pursuant to Section 11.5 hereof.
- 11.7. When the options to purchase all of the ownership interest offered for sale by a transferring Co-Tenant have been exercised, the Co-Tenants shall thereby incur the following obligations:
 - 11.7.1. The Co-Tenant desiring to transfer some of all of its ownership interest and the Co-Tenant(s) having exercised the option to purchase all of such ownership interest shall be obligated to proceed in good faith and with due diligence to obtain all required authorizations and approvals for such purchase.
 - 11.7.2. The Co-Tenant desiring to transfer any portion of its ownership interest shall be obligated to obtain the release of any lien encumbering that ownership interest at the earliest practicable date.
 - 11.7.3. The Co-Tenants having exercised the option to purchase all of such ownership interest shall be obligated to perform all of the terms and conditions required of them to complete the purchase of said ownership interest.
- 11.8. The purchase of the ownership interest by the Co-Tenants having elected to purchase the same shall be fully consummated within one-hundred eighty (180) days following the date upon which all notices required to be given under this Section 11 have been duly served, unless the Co-Tenants are then diligently pursuing applications for required authorizations or approvals to effect such transfer or are then diligently pursuing or defending appeals from orders entered or authorizations issued in connection with such applications, in which event the transfer shall be consummated within ninety (90) days following the date upon which the final order is entered or authorization issued in connection with such applications.

- 11.9. If the Co-Tenants fail to exercise their option to purchase all of the ownership interest to be transferred, the Co-Tenant desiring to transfer such interest shall be free to transfer all, but not less than all, of such interest to the party that made the offer to purchase referred to in Section 11.1 hereof upon the terms and conditions set forth in said bona fide written offer. If such transfer is not consummated by the later of the proposed date specified in Section 11.3 or 90 days after the Co-Tenants provide notice declining their rights to exercise their option to purchase all of the ownership interest to be transferred, the Co-Tenant desiring to transfer said ownership interest must give another complete new right of first refusal to the remaining Co-Tenants pursuant to the provisions of this Section 11 before such Co-Tenant shall be free to transfer said ownership interest to another party.
- 11.10. Any Co-Tenant or Co-Tenants that purchase the ownership interest pursuant to this Section 11 shall receive title to and shall own the interest as tenants in common, subject to the same rights, duties and obligations as are applied by the Project Agreements to the interest being transferred in the hands of the transferring Co-Tenant.
- 11.11. Any Co-Tenant transferring an ownership interest pursuant to the provisions of this Section 11 shall remain liable and obligated for the performance of all of the terms and conditions of the Project Agreements unless otherwise agreed to by all of the remaining Participants.
- 11.12. Any party who may succeed to an ownership interest pursuant to this Section 11 shall specifically agree in writing with the remaining Participants at the time of such transfer that it will be bound to the terms of this Co-Tenancy Agreement and other Project Agreements and that it will not transfer or assign any portion of such ownership interest without complying with the terms and conditions of this Section 11.
- 11.13. The provisions of this Section 11 shall not apply to any interest held by SRP for the use and benefit of the United States.

12. DESTRUCTION:

- 12.1. If any facilities of the Transmission System are lost, damaged or destroyed in whole or in part, Operating Agent shall provide written notice to the Participants. If the cost to restore the facilities lost, damaged or destroyed as estimated by Engineering and Operating Committee or a qualified firm reasonably acceptable to the Participants is equal to or less than ten million dollars (\$10,000,000), the Participants shall restore such facilities unless otherwise agreed to by the Participants. If the cost to restore the facilities to full capacity is greater than ten million dollars (\$10,000,000) but equal to or less than thirty five million dollars (\$35,000,000) a Minimum Restoration Level is identified in accordance with Exhibit K. Participants have cost responsibilities in the current allocations for that Minimum Restoration Level. Any costs for capacity above and beyond the Minimum Restoration Level (Additional Restoration Capacity) would be

voluntary for each Participant. If Additional Restoration Capacity is elected by some but not all of the Participants then ownership percentages would be revised to reflect the Additional Restoration Capacity each Participant is allocated based on the proportionate costs paid for Additional Restoration Capacity.

- 12.2. If the cost to restore facilities to full capacity exceeds thirty-five million dollars (\$35,000,000), Participants are not obligated to participate in or pay the costs associated with the restoration of the damaged portion of the Transmission System. Individual Participants can elect to opt out of the damaged portion entirely or negotiate to fund a portion of the restoration costs and transfer a portion of their current ownership in the damaged portion of the Transmission System. Such negotiations shall be facilitated by the E&O Committee. If any of the Participants agree to repair or reconstruct the damaged portion of the Transmission System to full capacity, then any Participant who does not agree to repair or reconstruct to full capacity shall transfer its proportional ownership interest in any segment or component(s) of the Transmission System to the remaining Participants for a price equal the salvage value of those facilities. The Participants agreeing to repair or reconstruct such damaged portion of the Transmission System to full capacity shall agree to purchase such proportional ownership interest at salvage value and the Participant ownership percentages reflected in Exhibit A shall be revised to reflect the new ownership percentages. The Participants shall share the costs of repair or reconstruction in proportion to their revised ownership interest unless otherwise agreed.
- 12.3. Regardless of cost, if the damaged portion of the Transmission System is required to provide the Navajo Nation or its assignee(s) the transmission use and capacity specified in Paragraph 8 of the Extension Lease (the "Navajo Damaged Portion"), all Participants shall pay for restoration of the Navajo Damaged Portion to a minimum condition capable of providing such transmission use and capacity to the Navajo Nation. But, the cost of restoring the Navajo Damaged Portion shall be included in the total restoration costs set forth in Paragraphs 12.1 and 12.2, and Participants' rights to opt out will apply to additional restoration levels beyond those levels necessary to restore the Navajo Damaged Portion.
13. **SEVERANCE OF IMPROVEMENTS:** Except as provided in the Extension Lease, the Co-Tenants agree that all facilities, structures, improvements, equipment and property of whatever kind and nature constructed, placed or affixed on the rights-of-way, easements, patented and leased lands as part of or as a Capital Improvement to the Transmission System, as against all parties and persons whomsoever (including without limitation any party acquiring any interest in the rights-of-way, easements, patented or leased lands or any interest in or lien, claim or encumbrance against any of such facilities, structures, improvements, equipment and property of whatever kind and nature), shall be deemed to be and remain personal property of the Co-Tenant(s), not affixed to the realty.

14. CAPITAL IMPROVEMENTS

- 14.1. The Participants recognize that from time to time it may be necessary or desirable to make Capital Improvements or that Capital Improvements may be required by laws and regulations applicable to the Transmission System.
- 14.2. Any such Capital Improvement shall be described in a supplement to this Co-Tenancy Agreement executed in recordable form.
- 14.3. Capital Improvements made to the Transmission System shall be owned by the Participants in percentage ownership interests in proportions equal to their Responsibility for Costs for such Capital Improvements; provided, that title to the interest of the United States in any such Capital Improvements shall be held by SRP for the use and benefit of the United States.
- 14.4. All future Capital Improvements that reside inside the fence line of the Morgan 500/230 kV Substation shall be jointly-owned by APS and SRP. The ownership percentages between APS and SRP for these Capital Improvements will be based on the applicable Morgan 500/230 kV Substation ownership percentages shown in Exhibit A.
- 14.5. All future Capital Improvements, equipment, and facilities paid for by future interconnectors who are permitted to interconnect into the Morgan 500/230 kV Substation shall be jointly-owned by APS and SRP. The ownership percentages between APS and SRP for these Capital Improvements, equipment, and facilities will be based on the applicable Morgan 500/230 kV Substation ownership percentages shown in Exhibit A.

15. INTERESTS HELD FOR THE USE AND BENEFIT OF THE UNITED STATES

- 15.1. SRP shall acquire and hold the interests acquired for the use and benefit of the United States so that the United States will realize the full use and benefit of its entitlement as provided for in the Project Agreements.
- 15.2. SRP shall not execute any Project Agreement or any other agreement which purports to apply to the rights, titles or interests held for the use and benefit of the United States to which the United States is not a contracting party in its capacity as a Participant without the prior written consent of the United States. Except as otherwise provided in the Project Agreements, SRP shall not exercise any rights, privileges or options in any such agreement for or on behalf of the United States without the prior written consent of the United States. With respect to any Project Agreement to which the United States is not a contracting party, except as otherwise provided in the Project Agreements, the United States shall have a right, co-equal with the rights of the Participants who are contracting parties to such Project Agreement, to participate in any decision or action taken under such Project Agreement which in any manner applies to or affects a right, title or interest held by SRP for the use and benefit of the United States, to the same extent and to the

same effect as though the United States were a contracting party to such Project Agreement.

- 15.3. The United States or its designee(s) will take such actions as may be necessary to manage its interests in the Transmission System, including but not limited to attending meetings and exercising voting rights for the interest held for the use and benefit of the United States. The United States acknowledges and agrees that SRP's role with respect to the United States' interest in the Transmission System is limited to holding such interest for the use and benefit of the United States and, except as expressly provided in this Co-Tenancy Agreement, does not create any duty or responsibility for management of such interest.
 - 15.4. Although it is the intention of the Participants that no Co-Tenant should incur any additional liability or burden by reason of the transmission Capacity dedicated for the use and benefit of the United States, should any such liability or burden be imposed upon SRP solely by reason of its holding legal title to any portion of the Transmission System or holding an interest in the Project Agreements for the use and benefit of the United States, such liability or burden shall be shared by the Co-Tenants and allocated among them in the ratio that each Co-Tenant's Transmission System Component ownership share bears to the total of the Transmission System Component ownership shares of the Co-Tenants. To the extent any such liability or burden is remedied by money payment, performance or otherwise subsequent to its allocation to the Co-Tenants, SRP shall reimburse or recompense the Co-Tenants in the same ratio as such liability or burden was shared among them.
 - 15.5. The Participants recognize that SRP wishes to divest itself of the interest in the Transmission System that SRP holds for the use and benefit of the United States. The United States shall exercise its best efforts to identify one or more entities willing to hold the interest in the Transmission System presently held by SRP for the use and benefit of the United States. Should SRP and the United States jointly provide to all Participants a written notice of intent to transfer the interest held for the use and benefit of the United States to an entity other than SRP, the Participants shall prepare an amendment of this Co-Tenancy Agreement, and such other amendments of the Project Agreements as may be necessary, for the purpose of effectuating the transfer and establishing the rights and obligations of the entity other than SRP that will hold the interest for the use and benefit of the United States.
- 16. REIMBURSEMENT FOR COSTS AND EXPENSES:** The United States shall reimburse SRP for all costs and expenses not otherwise specifically provided for which are imposed upon, measured by or associated with the interests held by SRP for the use and benefit of the United States in accordance with the Project Agreements.
- 17. DEFAULTS AND COVENANTS REGARDING OTHER AGREEMENTS**
- 17.1. Each Participant shall pay all monies and perform all other duties and obligations agreed to pursuant to the terms and conditions set forth in the Project Agreements, and a failure by any Participant in the covenants and obligations to be kept and

performed pursuant to the terms and conditions set forth in any of the Project Agreements shall be a Breach under this Co-Tenancy Agreement.

- 17.2. In the event of a Breach by any Participant in any of the terms and conditions of the Project Agreements, then, after written notice has been given by any non-defaulting Participant to the Defaulting Participant and all other Participants of the existence and nature of the Breach, the breaching Participant shall have thirty (30) days from receipt of the notice of a Breach to cure such Breach or such greater timeframe as determined by the Engineering and Operating Committee. If such Breach is not cured within thirty (30) days or such timeframe as determined by the Engineering and Operating Committee, the breaching Participant shall be in Default. If the Breach is not cured, the non-defaulting Participants shall remedy such Breach either by advancing the necessary funds and/or commencing to render the necessary performance, with each non-breaching Participant contributing to such remedy in the ratio of its Transmission System Ownership share of the Component that was affected to the total of the Transmission System ownership shares of the Component that was affected for all non-defaulting Participants.
- 17.3. In the event of a Default by any Participant in any of the terms and conditions of the Project Agreements and the giving of notice as provided in Section 17.2 hereof, the defaulting Participant shall take all steps necessary to cure such Default as promptly and completely as possible and shall pay promptly upon demand to each non-defaulting Participant the total amount of money, if any, paid and/or made by such non-defaulting Participant in order to cure any Default by the defaulting Participant, together with interest on such money and the costs of non-monetary performance at the FERC Electric Interest Rate from the date of the expenditure of such money or the date of completion of such non-monetary performance by each such non-defaulting Participant to the date of such reimbursement by the defaulting Participant, or such greater amount as may be otherwise provided in the Project Agreements.
- 17.4. In the event that any Participant shall Dispute an asserted Default by it, then such Participant shall pay the disputed payment or perform the disputed obligation, but may do so under protest. The protest shall be in writing, shall accompany the disputed payment or precede the performance of the disputed obligation, and shall specify the reasons upon which the protest is based. Copies of such protest shall be provided by such Participant to all other Participants in accordance with the Notice provisions of this Co-Tenancy Agreement. Payments not made under protest shall be deemed to be correct, except to the extent that periodic or annual audits may reveal over or under payments by Participants, necessitating adjustments. In the event it is determined by a court of competent jurisdiction, pursuant to the provisions of this Co-Tenancy Agreement or otherwise, that a protesting Participant is entitled to a refund of all or any portion of a disputed payment or payments or is entitled to the reasonable equivalent in money of non-monetary performance of a disputed obligation theretofore made, then, upon such determination, the non-protesting Participants shall pay such amount to the protesting Participant, together with interest thereon at the FERC Electric Interest

Rate from the date of payment or from the date of completion of performance of a disputed obligation to the date of reimbursement. Reimbursement of the amount so paid shall be made by each non-protesting Participant in the ratio of its Transmission System ownership shares of the Component that was affected to the total of the Transmission System ownership shares of the portion of the Component that was affected for all non-protesting Participants.

- 17.5. Unless otherwise determined by a court of competent jurisdiction, in the event a Default by any Co-Tenant in the payment or performance of any obligation under the Project Agreements shall continue for a period of thirty (30) days or more without having been cured by the defaulting Co-Tenant or without such Co-Tenant having commenced or continued action in good faith to cure such Default, or in the event the question of whether an act of Default exists is the subject of litigation and such Default continues for a period of thirty (30) days following a determination by a court of competent jurisdiction or otherwise that an act of Default exists and the defaulting Co-Tenant has failed to cure such default or to commence such action, then, at any time thereafter as long as Default is continuing, all of the non-defaulting Co-Tenants may, by written notice to all Participants, suspend the right of the defaulting Participant to vote on any committee actions (they may participate as a non-voting member), in which event:
 - 17.5.1. During the period that such suspension is in effect, the non-defaulting Participants shall bear all of the operation and maintenance costs, insurance costs and other expenses otherwise payable by the defaulting Co-Tenant under the Project Agreements in the ratio of its Transmission System ownership shares of the Component that was affected to the total Transmission System ownership shares of the portion of the Component that was affected for all non-defaulting Participants.
 - 17.5.2. A defaulting Co-Tenant shall be liable to the non-defaulting Participants (in the proportion that the Transmission System ownership share of the Component that was affected of each non-defaulting Participant bears to the total of the Transmission System ownership shares the Component that was affected of all non-defaulting Participants) for all costs including but not limited to attorney fees and litigation expenses incurred by such non-defaulting Participants pursuant to Section 17.5.1 hereof. The proceeds paid by any defaulting Participant to remedy any such Default shall be distributed to the non-defaulting Participants in the ratio of its respective Transmission System ownership shares of the Component that was affected to the total of the Transmission System ownership shares of the portion of the Component that was affected for all non-defaulting Participants.
 - 17.5.3. The suspension of any defaulting Participant shall be terminated and its full rights restored when all of its Defaults have been cured and all costs incurred by non-defaulting Participants pursuant to Section 17.5.1 plus interest as provided in Section 17.3 hereof have been paid by the

defaulting Participant or other arrangements approved by the Engineering and Operating Committee.

- 17.6. The rights and remedies of the Participants set forth in this Co-Tenancy Agreement shall be in addition to the rights and remedies of the Participants set forth in any other of the Project Agreements.
- 17.7. Notwithstanding the provisions of Sections 17.3 and 17.4 hereof, the United States shall not pay or be held liable for any interest charges, except as otherwise provided in Section 17.8 hereof.
- 17.8. In the event a Default by the United States in any of its obligations to advance funds in accordance with the provisions of the Project Agreements is remedied by the non-defaulting Participants as provided in Section 17.2 hereof, the United States will reimburse each contributing Participant for its costs of money thereby incurred if there is in effect at the time of such reimbursement an Act of Congress expressly authorizing such reimbursement to be made by the United States. For the purposes of this Section 17.8, "costs of money" shall mean the contributing Participant's average cost of borrowed capital during the period in which its funds are advanced to remedy a Default by the United States.

18. DISPUTE RESOLUTION

- 18.1. In the event that any Dispute between some or all of the Participants should arise under the Project Agreements, any Participant may call for resolution of such Dispute in accordance with this Section 18 by providing written notice of the Dispute to all other Participants.
- 18.2. The Participants, through the Engineering and Operating Committee, agree to use diligent efforts to resolve all Disputes, equitably and in good faith.
- 18.3. If the Dispute has not been resolved by the Engineering and Operating Committee within sixty (60) days after notice of the Dispute has been given pursuant to Section 18.1, any Participant may require that the Dispute be referred to an officer or employee of each of the Participant's respective organizations that have the authority to resolve Disputes as they pertain to this Co-Tenancy Agreement (each a "Senior Executive") for resolution by providing notice of such requirement to the other Participants.
- 18.4. If the dispute has not been resolved by the Senior Executives within ninety (90) days following the notice given pursuant to Section 18.3, a Participant may pursue all available remedies available to it, whether in law or equity.

- 19. ACTIONS PENDING RESOLUTION OF DISPUTES:** If a Dispute should arise that is not resolved by the Engineering and Operating Committee, then, pending the resolution of the Dispute by Senior Executives or judicial review, the Operating Agents shall proceed with Operating Work in a manner consistent with the Project Agreements and generally accepted practice in the electric utility industry, and the Participants shall advance the funds

required to perform such Operating Work in accordance with the applicable provisions of the Project Agreements. The resolution of any Dispute involving the failure of the Engineering and Operating Committee to reach agreement upon matters involving future expenditures shall have prospective application from the date of final determination, and amounts advanced by the Participants pursuant to this Section 19 during the pendency of such Dispute shall not be subject to refund except upon a final determination that the expenditures were not made in a manner consistent with the Project Agreements and generally accepted practice in the electric utility industry.

20. TERM AND RIGHTS OF CO-TENANTS UPON TERMINATION

- 20.1. This Co-Tenancy Agreement shall continue in force and effect for the term of the Extension Lease, unless otherwise agreed.
- 20.2. Upon termination of this Co-Tenancy Agreement the facilities comprising the Transmission System shall be disposed of in a manner to be mutually agreed upon by the Participants.

21. COVENANTS AND OBLIGATIONS

- 21.1. All of the respective covenants and obligations of each of the Co-Tenants set forth and contained in the Project Agreements shall bind and shall be and become the respective covenants and obligations of:
 - 21.1.1. Each such Co-Tenant;
 - 21.1.2. All mortgagees, trustees and secured parties under all present and future mortgages, indentures and deeds of trust, and security agreements which are or may become a lien upon any of the properties of such Co-Tenant;
 - 21.1.3. All receivers, assignees for the benefit of creditors, bankruptcy trustees and referees of such Co-Tenant;
 - 21.1.4. All other persons, firms, partnerships or corporations claiming through or under any of the foregoing; and
 - 21.1.5. Any successors or assigns of any of those mentioned in Sections 21.1.1 through 21.1.4 hereof and shall be covenants and obligations running with such Co-Tenant's respective rights, titles and interests in the Transmission System and in, to and under the Project Agreements, and shall be for the benefit of the respective rights, titles and interests of the Participants and their respective successors and assigns, in and to the Transmission System. It is the specific intention of this provision that all such covenants and obligations shall be binding upon any party which acquires any of the rights, titles and interests of any such Co-Tenant in the Transmission System or in, to and under the Project Agreements and that all of the above-described persons and groups shall be obligated to use such Co-Tenant's rights, titles and interests in the Transmission System and/or in,

to or under the Project Agreements for the purpose of discharging its covenants and obligations under the Project Agreements; except that in the case of a partial assignment the assignee shall only be required to share in the cost of fulfilling the covenants and obligations of the assigning Co-Tenant in, to and under the Project Agreements to an extent proportionate to such assignment.

22. RELATIONSHIP OF PARTICIPANTS

- 22.1. The covenants, obligations and liabilities of the Participants are several and not joint or collective, and nothing herein contained shall ever be construed to create an association, joint venture, trust or partnership, or to impose a trust or partnership covenant, obligation or liability on or with regard to any one or more of the Participants. Each Participant shall be individually responsible for its own covenants, obligations and liabilities as herein provided. No Participant or group of Participants shall be under the control of or shall be deemed to control any other Participant or the Participants as a group. No Participant shall be the agent of or have a right or power to bind any other Participant without its express written consent, except as provided in the Project Agreements.
- 22.2. Nothing in this Co-Tenancy Agreement is intended to disturb the original election of the Participants under the Navajo Project Co-Tenancy Agreement to be excluded from the application of Subchapter “K” of Chapter 1 of Subtitle “A” of the Internal Revenue Code of 1954. Furthermore, beginning with the first taxable year that includes the year this Co-Tenancy Agreement is entered into, and pursuant to Code Section 761(a) of the Internal Revenue Code of 1986 and the regulations thereunder, the Co-Tenants affirm their intent under this Co-Tenancy Agreement to be excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, insofar as such Subchapter, or any portion or portions thereof, may be applicable to the Co-Tenants under the Project Agreements.

23. FEES: No Operating Agent shall receive any fee or profit under the Project Agreements.

24. UNCONTROLLABLE FORCES: No Participant shall be considered to be in Default in the performance of any of its obligations under the Project Agreements (other than obligations of said Participant to pay costs and expenses) when a failure of performance shall be due to an uncontrollable force. The term “uncontrollable force” shall be any cause beyond the control of the Participant 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 non-action by or failure to obtain the necessary authorizations or approvals from any governmental agency or authority, which by exercise of due diligence such Participant 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 so as to require a Participant to settle any strike or labor Dispute in which it may be involved. Any Participant rendered unable to fulfill

any of its obligations under the Project Agreements by reason of an uncontrollable force shall give prompt written notice of such fact to the other Participants and shall exercise due diligence to remove such inability with all reasonable dispatch. The term “Participant” as used in this Section 24 shall include any Operating Agent in its capacity as such.

- 25. GOVERNING LAW:** This Co-Tenancy Agreement shall be governed by and interpreted in accordance with the laws of the United States and the State of Arizona without giving effect to any conflicting provision of the law of another state.
- 26. REGULATORY FILINGS:** APS shall file this Co-Tenancy Agreement (and any amendment hereto) with the appropriate governmental authority, if required and shall notify the other Participants promptly thereafter of the date the filing was made and provide the Participants a copy of any such filing. Any Participant may request that any information so provided be subject to the confidentiality provisions of Section 29 herein. The Participants shall reasonably cooperate with respect to any such filing and provide any information reasonably requested by any party as needed to comply with applicable laws and Regulations.
- 27. BINDING OBLIGATIONS:** All of the obligations set forth in the Project Agreements shall bind the Participants and their successors and assigns, and such obligations shall run with the Participants’ rights, titles and interests in the Transmission System and with all of the interests of each Participant in the Project Agreements; provided that any mortgagee, trustee or secured party shall not be obligated for obligations arising prior to taking of possession or the initiation of remedial proceedings.
- 28. NONDEDICATION OF FACILITIES**
- 28.1. The Project Agreements shall not be construed to grant to any Co-Tenant any rights of ownership in, possession of or control over the electric system of the United States.
- 28.2. The Project Agreements shall not be construed to grant to the United States any rights of ownership in, possession of, or control over the electric system of any Co-Tenant.
- 28.3. The Co-Tenants do not intend to dedicate, and nothing in the Project Agreements shall be construed as constituting a dedication by any Co-Tenant of its properties or facilities, or any part thereof, to the United States or to any other Co-Tenant or to the customers of the United States or to the customers of any other Co-Tenant.
- 29. CONFIDENTIALITY**
- 29.1. **Definition of Confidential Information.** The term “Confidential Information” means with respect to each Participant, all information, in whatever form transmitted, which has not been publicly disclosed and which the recipient Participant (hereinafter, “Recipient”) acquires directly or indirectly from the disclosing Participant (hereinafter, “Disclosing Party”), provided that (i) such information is clearly marked “confidential” or “proprietary,” or (ii) such

information, due to its nature or the circumstances of its disclosure, ought to be reasonably understood to be confidential. “Confidential Information” also includes: (a) Critical Energy/Electric Infrastructure Information (“CEII”) and Bulk Electric System Cyber System Information (“BCSI”); (b) information relayed orally or visually, if it is substantially similar to the subject matter of the information contained in material marked “confidential” or “proprietary,” or confirmed as confidential in a written statement submitted by Disclosing Party to Recipient within ten (10) days after the information is relayed; and (c) the Loading Rates.

29.2. **Confidentiality.** Each Participant agrees to hold in confidence any Confidential Information supplied by a Disclosing Party, and shall not, without Disclosing Party’s prior written consent, release or disclose Confidential Information to any other person, except to its directors, officers, employees, and agents (including attorneys, accountants, and consultants), who, in each case, have a need to know and who are directed to protect the confidentiality of the Confidential Information. Recipient shall be responsible for any disclosure of Confidential Information in violation of this Section 29 by any persons to whom it has disclosed Disclosing Party’s Confidential Information.

29.3. **Use of Confidential Information.** Recipient may use Disclosing Party’s Confidential Information solely in connection with this Co-Tenancy Agreement or to meet regulatory requirements, and shall protect the Confidential Information from disclosure using the same degree of care used to protect its own confidential information of like importance, but in any case using no less than a reasonable degree of care.

29.3.1. **Exceptions.** The restrictions of this Co-Tenancy Agreement on use and disclosure of Confidential Information shall not apply to information that Recipient can demonstrate: (1) is, or becomes, publicly known, through no wrongful act or omission of Recipient or Breach of this Co-Tenancy Agreement; (2) was in the lawful possession of Recipient on a non-confidential basis before receiving it from the Disclosing Party; (3) was supplied to Recipient without restriction by a third party, who, to the knowledge of Recipient, was under no obligation to the Disclosing Party to keep such information confidential; (4) was independently developed by Recipient without reference to Confidential Information of the Disclosing Party; (5) must be disclosed in any legal proceeding establishing rights and obligations under this Co-Tenancy Agreement; or (6) subject to the process set out below, is required to be disclosed to any governmental authority (including any regulating public utility commission) or is otherwise required to be disclosed by applicable law. If Recipient is requested or required by law, rule or regulation or by legal or administrative process to disclose any of Disclosing Party’s Confidential Information, Recipient will promptly notify the Disclosing Party of such request or requirement, if and to the extent allowed by such law, rule, regulation or process so that the Disclosing Party may seek an appropriate protective order or other relief at the Disclosing Party’s sole expense.

Recipient may disclose such Confidential Information in accordance with such request or requirement and where applicable, subject to Section 26, but Recipient: (1) may disclose only that portion of the Confidential Information that is required to be disclosed; (2) must use commercially reasonable efforts to avoid disclosing any portion of the Confidential Information that is subject to a pending request for a protective order; (3) must use commercially reasonable efforts to ensure that the Confidential Information so disclosed is treated confidentially; and (4) must notify the Disclosing Party as soon as reasonably practicable of the items of Confidential Information so disclosed, if and to the extent allowed by applicable law, rule, regulation or process (“Release Requirements”).

- 29.3.2. Each Participant acknowledges and understand that: (i) SRP as a political subdivision of the State of Arizona, may be subject to certain disclosure requirements under the Arizona public records law (A.R.S. §§ 39-101, et seq.); (ii) LADWP, as a political subdivision of the State of California, is subject to certain disclosure requirements under the California Public Records Act (Calif. Gov’t Code §§ 6250 et seq.); and (iii) the United States is subject to certain disclosure requirements under the Freedom of Information Act (5 U.S.C. § 552, et seq.). If SRP, LADWP, or the United States receives a public records request for Confidential Information of another Participant, the receiving Participant will comply with the procedural requirements of Section 29.3.1 and will provide each other Participant a reasonable opportunity to propose redactions of the material to be disclosed, will apply appropriate, applicable exemptions from disclosure to ensure that only that portion of the Confidential Information that is required to be disclosed is disclosed, use its reasonable efforts to ensure that such Confidential Information is treated confidentially, and notify the Disclosing Parties as soon as reasonably practicable of the items of Confidential Information so disclosed. Upon compliance with the foregoing, SRP, LADWP or the United States, as applicable, may release Confidential Information of another Participant to a third party in response to a public records request submitted by such third party. Notwithstanding the above, if the Confidential Information cannot be redacted, then SRP’s, LADWP’s or the United States’ disclosure must be made in accordance with the Release Requirements, other than the requirement to use efforts to ensure that the Confidential Information so disclosed is treated confidentially.
- 29.4. This Section 29 will survive the expiration or termination of this Co-Tenancy Agreement for two (2) years.
- 29.5. Each Participant will assure that access by any third party to BCSI, shall only be granted in accordance with North American Electric Reliability Corporation Critical Infrastructure Protection Standards, and access by any third party to CEII shall occur in accordance with the applicable Regulatory Requirements.

30. ASSIGNMENT OF INTERESTS: Any Participant that acquires in its name an interest in any real or personal property or contract which is part of the Transmission System shall transfer and assign an undivided interest therein to the other Participants so that ownership and rights of the Participants in such property or contract shall be as provided for in this Co-Tenancy Agreement.

31. USE OF FACILITIES OF LADWP

31.1. The United States may use, for such period or periods of time as it desires, the 500 kV transmission line of LADWP between McCullough Substation and Eldorado Substation and associated terminal facilities to the extent of the right of LADWP to use such terminal facilities. Unless otherwise agreed, the United States' right to use the facilities of LADWP shall not exceed 250 megawatts. Payment shall be made annually by the United States to LADWP as provided in the Project Agreements.

31.2. The land presently held by LADWP under Bureau of Land Management Grant No. N-2763, dated January 23, 1969, as such grant may be renewed or replaced, which land comprises the site of McCullough Substation, may be utilized by NV Energy, by the United States, and by SRP for the use and benefit of the United States, pursuant to the Project Agreements without charge other than as provided in the Project Agreements. If and when LADWP acquires fee title to such land, NV Energy, the United States and SRP for the use and benefit of the United States shall each continue to have the right to use such lands pursuant to the Project Agreements, and for any period of such use NV Energy and the United States shall pay LADWP as provided in the Project Agreements.

32. NOTICES: All notices, requests, demands, submittals, waivers and other communications required or permitted to be given under this Co-Tenancy Agreement (each, a "Notice") shall, unless expressly specified otherwise, be in writing and shall be addressed, except as otherwise stated herein, to the Participants' contract representatives as set forth in Exhibit J, as the same may be modified from time to time by Notice from the respective Participant to the other Participant.

33. MISCELLANEOUS PROVISIONS CONCERNING THE PROJECT AGREEMENTS

33.1. Each Participant agrees to negotiate in good faith and to proceed with diligence upon request by any other Participant, to negotiate, make, execute and deliver any and all documents between such Participant and any other Participant or other parties reasonably required to implement the Project Agreements.

33.2. The captions and headings appearing in the Project Agreements are inserted merely to facilitate reference and shall have no bearing upon the interpretation thereof.

33.3. Each term, covenant and condition of the Project Agreements is deemed to be an independent term, covenant and condition, and the obligation of any Participant to perform any or all of the terms, covenants and conditions to be kept and performed

by it is not dependent on the performance by the other Participants of any or all of the terms, covenants and conditions to be kept and performed by them.

- 33.4. In the event that any of the terms, covenants or conditions of any of the Project Agreements, or the application of any such term, covenant or condition, as to any person or circumstance shall be held invalid by any court of competent jurisdiction, such Project Agreement and the application of the remainder of its terms, covenants or conditions to such persons or circumstances shall not be affected thereby.
- 33.5. The Project Agreements shall be subject to filing with, and to such changes or modifications as may from time to time be directed by competent regulatory authority, if any, in the exercise of its jurisdiction.
- 33.6. Any waiver at any time by any Participant of its rights with respect to a Default or any other matter arising in connection with any Project Agreement shall not be deemed a waiver with respect to any subsequent Default or matter.
- 33.7. Certain provisions of this Co-Tenancy Agreement pertaining to the Project Agreements may be reiterated in one or more subsequent Project Agreements solely as a convenient reference for those who will be using such Project Agreements. Any variations between such provisions as contained in this Co-Tenancy Agreement and as contained in such subsequent Project Agreements shall be resolved in favor of the provisions of this Co-Tenancy Agreement.
- 33.8. Costs to be borne by the United States under the Project Agreements for Transmission Work shall not include any part of any other Participant's costs of interest and interest during construction, financing charges or franchise fees, nor any part of any other Participant's attorneys' fees other than fees incurred as a result of employing the services of an attorney in private practice in connection with the performance of Transmission Work; provided, that nothing contained in this Section 33.8 shall be construed to relieve the United States from any obligation which may arise under the provisions of Section 17.8 hereof.
- 33.9. In determining costs to be borne by the United States under the Project Agreements for Transmission Work, the United States shall be given appropriate credit for any interest in Federal lands, other than Indian lands, administered by the Department of the Interior which are made available for the Transmission System without assessment of fees or charges to the Co-Tenants. In instances where Federal laws or regulations prescribe fees or charges, for the use of Federal lands which are so administered and made available for the Transmission System, the amount of such fees or charges or the provisions of such laws or regulations shall govern the determination of the credit to be given to the United States. In the absence of applicable Federal laws or regulations, the amount of the credit to be given to the United States shall be as mutually agreed upon by the Participants or, failing such agreement, as conclusively determined by the Secretary.
- 33.10. Nothing in this Co-Tenancy Agreement nor any action taken hereunder shall be construed to create any duty, liability or standard of care to any third party. No third

party shall have any rights or interest, direct or indirect, in this Co-Tenancy Agreement or the services to be provided hereunder, and this Co-Tenancy Agreement is intended solely for the benefit of the Participants, and the Participants expressly disclaim any intent to create any rights in any third party as a third party beneficiary to this Co-Tenancy Agreement or the services to be provided hereunder.

- 33.11. This Co-Tenancy Agreement may be executed in multiple counterparts, each of which shall be deemed an original.
- 33.12. This Co-Tenancy Agreement contains the entire agreement and understanding between the Participants with respect to all of the subject matter contained herein, thereby merging and superseding all prior agreements and representations by the Participants with respect to such subject matter contained herein whether written or oral.
- 33.13. If any term, provision or condition of this Co-Tenancy Agreement is held to be invalid, void or unenforceable by a governmental authority and such holding is subject to no further appeal or judicial review, then such invalid, void, or unenforceable term, provision or condition shall be deemed severed from this Co-Tenancy Agreement and all remaining terms, provisions and conditions of this Co-Tenancy Agreement shall continue in full force and effect. The Participants shall endeavor in good faith to replace such invalid, void or unenforceable terms, provisions or conditions with valid and enforceable provisions which achieve the purpose intended by the Participants to the greatest extent permitted by law.
- 33.14. No failure or delay on the part of a Participant in exercising any of its rights under this Co-Tenancy Agreement or in insisting upon strict performance of provisions of this Co-Tenancy Agreement, no partial exercise by any Participant of any of its rights under this Co-Tenancy Agreement, and no course of dealing, usage of trade or course of performance between the Participants shall constitute a waiver of the rights of any Participant under this Co-Tenancy Agreement. Any waiver shall be effective only by a written instrument signed by the Participant granting such waiver, and such shall not operate as a waiver of, or estoppel with respect to, any subsequent failure to comply therewith. The remedies provided in this Co-Tenancy Agreement are cumulative and not exclusive of any remedies provided by law or in equity.
- 33.15. Amendments or modifications to this Co-Tenancy Agreement must be in writing and executed by an authorized representative of all Participants.
- 34. TRANSMISSION SYSTEM GENERAL CONTRACT PROVISIONS:** The Transmission System General Contract Provisions attached hereto as Exhibit C are hereby made a part of this Co-Tenancy Agreement.
- 35. EXHIBIT REVISIONS**
- 35.1. Unless otherwise noted herein, Exhibits to this Co-Tenancy Agreement may be modified by the Engineering and Operating Committee if agreed to by an

Engineering and Operating Committee representative of each Participant in writing (excluding changes to Exhibit A which requires an amendment to this Agreement approved by the Participants respective governance and Exhibit J which does not require written approval).

- 35.2. The Operating Agent shall submit each revised exhibit to the Engineering and Operating Committee for its review and approval. Within thirty (30) days after approval of such revised exhibit(s) by the Engineering and Operating Committee, Operating Agent shall file such revised exhibit(s) with FERC for approval and distribute copies thereof to each Participant.
- 35.3. The effective date of a revised exhibit shall be as determined by the E&O Committee and is subject to FERC approval. Revised cost responsibility percentages shall be reflected in invoices following the FERC-approved effective date of the revised exhibit(s).

IN WITNESS WHEREOF, the Participants have caused this Co-Tenancy Agreement to be executed as of the 30th day of April, 2022.

UNITED STATES OF AMERICA

JACKLYNN

Digitally signed by JACKLYNN GOULD
Date: 2022.08.23 15:37:33 -0700

Signature GOULD

Name: Jacklynn L. Gould, P.E.

Regional Director

Interior Region 8: Lower Colorado Basin

Bureau of Reclamation

Date Signed _____

Date Signed _____

ARIZONA PUBLIC SERVICE COMPANY

Signature *Tony Tewelis*

Name: Tony Tewelis

Title: VP Transmission & Dist Ops

Date Signed 5/18/2022

DEPARTMENT OF WATER AND POWER
OF THE CITY OF LOS ANGELES BY
BOARD OF WATER AND POWER COMMISSIONERS

By signing below, the signatories attest that they have no personal, financial, beneficial, or familial interest in this contract.

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

By: _____

JANISSE QUIÑONES
Chief Executive Officer and Chief Engineer

Date: _____

And: _____

CHANTE L. MITCHELL
Board Secretary

JUL 26 2022
BY *Syndi Driscoll*
SYNDI DRISCOLL
DEPUTY CITY ATTORNEY

NEVADA POWER COMPANY
(d/b/a/NV ENERGY)

Signature: 

Name: Josh Langdon

Title: Vice President, Transmission

Date Signed: May 18, 2022

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT

Signature: 

Name: John D. Coggins

Title: Associate General Manager & Chief Power System
Executive

Date Signed: 4/28/22

TUCSON ELECTRIC POWER COMPANY

Signature: 

Name: Erik Bakken

Title: Vice President, System Operations and Energy
Resources

Date Signed: 6/22/22

EXHIBIT A**OWNERSHIP AND TITLES****A Ownership of Land, Land Rights, Deemed Interest, and Initial Construction:****A.1 Navajo 500 kV Switchyard & Navajo-Moenkopi 500 kV line**

APS Ownership	14.0%	
LADWP Ownership	21.2%	
NV Energy Ownership	11.3%	
SRP Ownership	21.7%	for its own use and benefit; and
	24.3%	for the use and benefit of the United States in accordance with Project Agreements.
TEP Ownership	7.5%	

A.2 Navajo-Dugas 500 kV line, Dugas-Morgan 500 kV line, Morgan-Westwing 500 kV line, Moenkopi-Cedar Mountain 500 kV line, Cedar Mountain Switchyard, Cedar Mountain–Yavapai 500 kV line, Yavapai-Westwing 500 kV line, and Westwing 500 kV Switchyard

APS Ownership	24.7%	
SRP Ownership	38.3%	for its own use and benefit; and
	23.7%	for the use and benefit of the United States in accordance with Project Agreements.
TEP Ownership	13.3%	

A.3 Yavapai Switchyard

APS Ownership	100.0%	for the use and benefit of the Participants in accordance with Project Agreements.
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A.4	<u>Dugas Switchyard</u>		
	APS Ownership	100.0%	for the use and benefit of the Participants in accordance with Project Agreements.
A.5	<u>Morgan 500 kV Switchyard</u>		
	APS Ownership	75.0%	
	SRP Ownership	25.0%	
A.6	<u>Morgan 230 kV Switchyard</u>		
	APS Ownership	100.0%	
A.7	<u>Morgan 500/230 kV Transformer</u>		
	APS Ownership	100.0%	
A.8	<u>Morgan 500/230 kV Substation Land</u>		
	APS Ownership	68.0%	
	SRP Ownership	32.0%	
A.9	<u>Morgan 500/230 kV Substation Common Facilities</u>		
	APS Ownership	68.0%	
	SRP Ownership	32.0%	
A.10	<u>Two (2) Westwing Substation 1494 MVA 500/230 kV transformer banks and transformer leads and spare 498 MVA 500/230 kV transformer and transformer leads and 34.5 kV tertiary reactors SR 1 through SR 5</u>		
	APS Ownership	28.5%	
	SRP Ownership	44.2%	for its own use and benefit; and
		27.3%	for the use and

benefit of the United States
in accordance with Project
Agreements.

A.11 **Original Westwing 230 kV Switchyard (including common facilities)**

APS Ownership	32.1%	
SRP Ownership	36.1	for its own use and benefit; and
	31.8%	for the use and benefit of the United States in accordance with Project Agreements.

The calculation of ownership percentages for the Westwing 230 kV Switchyard shall be set forth in Exhibit D hereto.

A.12 **Raceway 230 kV Interconnection Into Westwing 230 kV Switchyard**

SRP Ownership	100.0%	for the use and benefit of the United States in accordance with Project Agreements.
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A.13 **Two (2) Westwing 230/69 kV Interconnections**

APS Ownership	100.0%
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A.14 **Westwing 230 kV Switchyard Bus Split**

APS Ownership	32.1%	
SRP Ownership	36.1	for its own use and benefit; and
	31.8%	for the use and benefit of the United States in accordance with Project Agreements.

A.15 **Other Associated Components of the Southern Transmission System, as Described in Subsection F of Section 1 of Exhibit B hereto**

APS Ownership	100.0%	for the use and benefit of the Participants in accordance with Project Agreements.
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A.16 **Navajo-Crystal 500 kV line, Crystal-McCullough 500 kV line, Navajo-Crystal Line Compensation (Navajo end), Crystall-McCullough Line Compensation (McCullough end), and Western Transmission Communications System**

LADWP Ownership	48.9%	
NV Energy Ownership	26.1%	
SRP Ownership	25.0%	for the use and benefit of the United States in accordance with Project Agreements.

A.17 **Crystal Facilities**

NV Energy Ownership	100.0%	for the use and benefit of the Participants in accordance with Project Agreements.
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A.18 **McCullough 500 kV Switchyard**

LADWP Ownership	70.1%	
NV Energy Ownership	17.4%	
SRP Ownership	12.5%	for the use and benefit of the United States in accordance with Project Agreements.

The calculation of ownership percentages for the McCullough 500 kV Switchyard shall be set forth in Exhibit E hereto.

A.19 **McCullough 500 kV Substation Common Facilities**

LADWP Ownership	70.1%	
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NV Energy Ownership	17.4%	
SRP Ownership	12.5%	for the use and benefit of the United States in accordance with Project Agreements.

The calculation of ownership percentages for the McCullough Substation Common Facilities shall be set forth in Exhibit F hereto.

EXHIBIT B
TRANSMISSION SYSTEM

I. The SOUTHERN TRANSMISSION SYSTEM shall consist of the following

Components of the Transmission System:

A. NAVAJO 500 KV SWITCHYARD

The Navajo 500 kV Switchyard, a basic breaker-and-a-half scheme, comprising:

- (i) the 500 kV busses and the structures therefor;
- (ii) the control building;
- (iii) three (3) shunt reactors;
- (iv) the termination facilities for
 - (a) two (2) sets of station service transformers,
 - (b) the Navajo-Crystal 500 kV line,
 - (c) the Navajo-Moenkopi 500 kV line,
 - (d) the Navajo-Dugas 500 kV line,including, but not limited to, power circuit breakers, disconnect switches, and the structures therefor; and
 - (e) three (3) 500 kV bus reactors
- (v) other substation relays (excluding line relays).

B. NAVAJO-CRYSTAL LINE COMPENSATION

The series capacitors and shunt reactors on the Navajo 500 kV Switchyard end of the Navajo-Crystal 500 kV line including, but not limited to, the capacitors, control equipment, reactors, surge arrestors, hazard fencing, disconnects, structures and bus work from the switchyard side of the first 500 kV line dead-end

tower located outside the switchyard to the attachment on the main switchyard structure.

C. NAVAJO-MOENKOPI 500 KV LINE

The Navajo-Moenkopi 500 kV line, from and including the first 500 kV line dead-end tower outside the Navajo 500 kV Switchyard to a similar tower location outside the Moenkopi Switchyard and the Navajo-Moenkopi 500 kV line right-of-way. Line protection relaying systems located at either end of the Navajo-Moenkopi 500 kV Line.

D. NAVAJO-DUGAS-MORGAN-WESTWING 500 KV LINE

1. Navajo-Dugas 500 kV Line

- a. The Navajo-Dugas 500 kV line, from and including the first 500 kV line dead-end tower outside the Navajo 500 kV Switchyard to a similar tower location outside the Dugas Switchyard and the portion of the original Navajo-Westwing 500 kV line right-of-way associated with the Navajo-Dugas 500 kV line segment. Line protection relaying systems located at either end of the Navajo-Dugas 500 kV Line.
- b. The Project Series Capacitors and shunt reactors on the Navajo 500 kV Switchyard end of the Navajo-Dugas 500 kV line including, but not limited to, the capacitors, control equipment, reactors, surge arrestors, hazard fencing, disconnects, structures and bus work from the switchyard side of the first 500 kV line dead-end tower located outside the switchyard to the attachment on the main switchyard structure.

c. The Project Series Capacitors and shunt reactors on the Dugas Switchyard end of the Navajo-Dugas 500 kV line including, but not limited to, the capacitors, control equipment, reactors, surge arrestors, hazard fencing, disconnects, structures and bus work from the switchyard side of the first 500 kV line dead-end tower located outside the switchyard to the attachment on the main switchyard structure.

2. Dugas-Morgan 500 kV Line

The Dugas-Morgan 500 kV line, from and including the first 500 kV line dead-end tower outside the Dugas Switchyard to a similar tower located outside the Morgan 500 kV Switchyard and the portion of the original Navajo-Westwing 500 kV line right-of-way associated with the Dugas-Morgan 500 kV line segment. Line protection relaying systems located at either end of the Dugas-Morgan 500 kV Line.

3. Morgan-Westwing 500 kV Line

The Morgan-Westwing 500 kV line, from and including the first 500 kV line dead-end tower outside the Morgan 500 kV Switchyard to a similar tower located outside the Westwing 500 kV Switchyard and the portion of the original Navajo-Westwing 500 kV line right-of-way associated with the Morgan-Westwing 500 kV line segment. Line protection relaying systems located at either end of the Morgan-Westwing 500 kV Line.

E. MOENKOPI-CEDAR MOUNTAIN-YAVAPAI 500 KV LINE

1. The Moenkopi-Cedar Mountain 500 kV line from and including the first 500 kV line dead-end tower outside the Moenkopi Switchyard to a similar

tower location outside the Cedar Mountain Switchyard and the portion of the original Moenkopi-Westwing 500 kV line right-of-way associated with the Moenkopi-Cedar Mountain 500 kV line segment. Line protection relaying systems located at either end of the Moenkopi-Cedar Mountain 500 kV Line.

2. The Cedar Mountain-Yavapai 500 kV line from and including the first 500 kV line dead-end tower outside the Cedar Mountain Switchyard to a similar tower location outside the Yavapai Switchyard and the portion of the original Moenkopi-Westwing 500 kV line right-of-way associated with the Cedar Mountain-Yavapai 500 kV line segment. Line protection relaying systems located at either end of the Cedar Mountain-Yavapai 500 kV Line.

F. OTHER ASSOCIATED COMPONENTS

1. The additions to the Moenkopi Switchyard comprising:
 - (i) the additional 500 kV busses and the structures therefor;
 - (ii) the termination facilities for
 - (a) the Navajo-Moenkopi 500 kV line, and
 - (b) the Moenkopi-Cedar Mountain 500 kV line, including, but not limited to, power circuit breakers, disconnect switches, and the structures therefor;
 - (iii) the additions to the termination facilities for
 - (a) the Four Corners-Moenkopi 500 kV line, and
 - (b) the Moenkopi-Eldorado 500 kV line,

- including, but not limited to, power circuit breakers, disconnect switches, and the structures therefor; and
- (iv) other substation relays (excluding line relays).
 - (v) the termination facilities for one (1) 500 kV bus reactor and the reactor itself.
2. The Project Series Capacitors on the Moenkopi Switchyard end of the Navajo-Moenkopi 500 kV line including, but not limited to, the capacitors, control equipment, hazard fencing, disconnects, structures and bus work from the switchyard side of the first 500 kV line dead-end tower located outside the switchyard to the attachment on the main switchyard structure.
 3. The Project Series Capacitors and shunt reactors on the Moenkopi Switchyard end of the Moenkopi-Cedar Mountain 500 kV line including, but not limited to, the capacitors, control equipment, reactors, surge arrestors, hazard fencing, disconnects, structures, and bus work from the switchyard side of the first 500 kV line dead-end tower located outside the switchyard to the attachment on the main switchyard structure.

G. YAVAPAI SWITCHYARD

The Yavapai Switchyard, a basic ring bus scheme, comprising:

- (i) the 500 kV busses and the structures therefor;
- (ii) the termination facilities for
 - (a) two (2) 500/230 kV transformer banks,
 - (b) the Cedar Mountain-Yavapai 500 kV line, and
 - (c) the Yavapai-Westwing 500 kV line,

including, but not limited to, power circuit breakers, disconnect switches, and the structures therefor;

- (iii) other substation relays (excluding line relays);
- (iv) common facilities; and
- (v) other facilities up to, but excluding the connection to the high-side bushings of the two (2) 500/230 kV transformer banks.

The Yavapai Switchyard common facilities include, but are not limited to, roads, trenches and conduit for system control and power cables, station grounding grid, overhead static shield, fencing and gates, yard lighting, maintenance and control buildings, station batteries, chargers and distribution panels, station power transformers and distribution panels, remote terminal units, digital fault recorders, alarms, annunciators, public address system, communications equipment, and related land or land rights.

H. YAVAPAI-WESTWING 500 KV LINE

1. The Yavapai-Westwing 500 kV line, from and including the first 500 kV dead-end tower outside the Yavapai Switchyard to a similar tower location outside the Westwing 500 kV Switchyard and the portion of the original Moenkopi-Westwing 500 kV line right-of-way associated with the Yavapai -Westwing 500 kV line segment. Line protection relaying systems located at either end of the Yavapai-Westwing 500 kV Line.
2. The Project Series Capacitors and shunt reactors on the Westwing 500 kV switchyard end of the Yavapai-Westwing 500 kV line including, but not limited to, the capacitors, control equipment, reactors, surge arrestors,

hazard fencing, disconnects, structures and bus work from the switchyard side of the first 500 kV line dead-end tower located outside the switchyard to the attachment on the main switchyard structure.

I. WESTWING SUBSTATION

1. The Westwing 500 kV Switchyard, a basic breaker-and-a-half scheme, comprising:
 - (i) the 500 kV busses and the structures therefor;
 - (ii) the termination facilities for
 - (a) the Yavapai-Westwing 500 kV line,
 - (b) the Morgan-Westwing 500 kV line
 - (c) two (2) 500/230 kV transformer banks,
 - (d) one (1) 500 kV line to TEP 500/345 kV switchyard, and
 - (e) 500 kV bus reactor #1

including, but not limited to, power circuit breakers, metering transformers, surge arresters, disconnect switches, and the structures therefor;
 - (iii) other substation relays (excluding line relays);
 - (iv) the control building; and
 - (v) related land and land rights.
2. The two (2) Westwing Substation 1494 MVA 500/230 kV transformer banks and spare 498 MVA 500/230 kV transformer to be located within the boundaries of the Westwing 500 kV Switchyard and the equipment associated therewith including, but not limited to, foundations, structures, insulators and hardware, transformer leads from 500 kV bushings to points

of termination on the attachments to the 500 kV switchyard structure, and 230 kV leads up to the points of attachment where the 230 kV lines from adjacent facilities attach to the transformer dead-end tower.

3. Westwing 230 kV Switchyard

3.1 The original Westwing 230 kV Switchyard (including common facilities), a basic breaker-and-a-half scheme, comprising:

- (i) the 230 kV busses and the structures therefor;
- (ii) the termination facilities for
 - (a) two (2) 500/230 kV transformer banks,
 - (b) one (1) APS 230 kV line,
 - (c) one (1) future APS 230 kV line,
 - (d) two (2) SRP 230 kV lines, and
 - (e) two (2) SRP 230 kV lines for the use and benefit of the United States,including, but not limited to, power circuit breakers, metering transformers, disconnect switches, insulators and hardware, and the structures therefor;
- (iii) the 230 kV leads between points of attachment on the transformer dead-end towers to the main switchyard structures, and the structures therefor;
- (iv) the 230 kV leads up to the points of attachment where the 230 kV transmission lines attach to the main switchyard structures, and the structures therefor;
- (v) other substation relays (excluding line relays);

- (vi) the control building; and
- (vii) related land or land rights.

- 3.2 The 230 kV switchyard common facilities which are described in Exhibit L-1, COMMON FACILITIES COSTS – 230 kV SWITCHYARD, in the Southern Transmission Operating Agreement.
- 3.3 The Raceway 230 kV Interconnection comprising termination facilities for the Raceway 230 kV transmission line, including, but not limited to, power circuit breakers, metering transformers, disconnect switches, structures, turning tower, take-off structure, insulators and associated hardware, 230 kV conductor from its point of attachment on the first tower located outside the perimeter fence to the turning tower, 230 kV leads between the turning tower and the take-off structure, and the fiber optic cable between its termination point at the patch panel on the turning tower to the control house. In addition, the termination facilities for the Raceway 230 kV Interconnection shall be deemed to include the remote terminal unit (RTU) installed pursuant to Letter Agreement No. 87-BCA-10084, dated September 3, 1987 between the United States of America, acting by and through the Western Area Power Administration, and the Arizona Public Service Company.
- 3.4 The two (2) Westwing 230/69 kV Interconnections comprising termination facilities for the two (2) Westwing 230/69 kV transformer banks, including, but not limited to, power circuit

breakers, metering transformers, disconnect switches, structures, relays, turning towers, take-off structures, insulators, associated hardware, and 230 kV conductors from their point of attachment on the 230 kV bus to the first towers located outside the perimeter fence.

3.5 The Westwing 230 kV Switchyard Bus Split comprising the two (2) bus sectionalizing breakers and one (1) 100 MVAR reactor which split the Westwing 230 kV Switchyard into two (2) switchyards.

4. Five (5) 34.5 kV tertiary reactors used to regulate the voltage for both the Westwing 230 kV Switchyard and the Westwing 500 kV Switchyard.

J. CEDAR MOUNTAIN SWITCHYARD

The Cedar Mountain Switchyard, a basic ring bus scheme, comprising:

- (i) the 500 kV busses and the structures therefor;
- (ii) the termination facilities for
 - (a) the Cedar Mountain-Yavapai 500 kV line,
 - (b) the Cedar Mountain-Moenkopi 500 kV line, and
 - (c) the Perrin Ranch Wind Farm 500 kV Interconnection, including, but not limited to, power circuit breakers, disconnect switches, and the structures therefor;
- (iii) other substation relays (excluding line relays); and
- (iv) common facilities.

The Cedar Mountain Switchyard common facilities include, but are not limited to, roads, trenches and conduit for system control

and power cables, station grounding grid, overhead static shield, fencing and gates, yard lighting, maintenance and control buildings, station batteries, chargers and distribution panels, remote terminal units, digital fault recorders, alarms, annunciators, public address system, communications equipment, and related land or land rights.

K. DUGAS SWITCHYARD

The Dugas Switchyard, a basic ring bus scheme, comprising:

- (i) the 500 kV busses and the structures therefor
- (ii) the termination facilities for
 - a. Navajo - Dugas 500 kV line,
 - b. Dugas – Morgan 500 kV line, and
 - c. the APS 500/69 kV transformer bank, including but not limited to, power circuit breakers, disconnect switches, and the structures therefor;
- (iii) other substation relays (excluding line relays);
- (iv) common facilities; and
- (v) other facilities up to, but excluding, the high-side bushings of the 500/69 kV transformer.
- (vi) The Dugas Switchyard common facilities include, but are not limited to, roads, trenches and conduit for system control and power cables, station grounding grid, overhead static shield, fencing and gates, yard lighting, maintenance and control buildings, station batteries, chargers and distribution panels, station

power transformers and distribution panels, remote terminal units, digital fault recorders, alarms, annunciators, public address system, communications equipment, and related land or land rights.

L. MORGAN 500/230 KV SUBSTATION

Facilities and equipment installed for the Morgan 500/230 kV Substation shall include but not be limited to:

1. Morgan 500 kV Switchyard

- (i) eight (8) 500 kV power circuit breakers; termination facilities for four (4) transmission lines: 1) the Morgan to Pinnacle Peak 500 kV transmission line; 2) the Morgan to Dugas 500 kV transmission line; and 3) the Morgan to Westwing 500 kV transmission line; and 4) the Morgan to Sun Valley 500 kV Transmission Line; and a 500/230 kV transformer.
- (ii) five (5) position 500 kV breaker-and-a-half arrangement. One (1) 500/230 kV open power transformer bay has been reserved for the future interconnection of a second APS 500/230 kV transformer;

2. Morgan 230 kV Switchyard

- (i) The Morgan 230 kV Switchyard is a future switchyard that has not yet been built.

3. Morgan 500/230 kV Substation Facilities

- (i) Associated facilities, including but not limited to: site preparation including grading, Arizona Native Plant laws and plant salvage programs, drainage structures, surfacing and landscaping; ground

grid; cable trench; yard lighting; control house and equipment therein (except certain terminal-related equipment); AC and DC auxiliary power systems; auxiliary power cable; station lighting; main busses including foundations, structures conductor insulators and hardware; CCVT's and protective relaying; communications and supervisory control Components; and site security systems; and

- (ii) All relaying, metering, control and communications equipment required for the interconnection of facilities in the Morgan 500/230 kV Substation.
- (iii) Morgan 500/230 kV Substation common facilities include those facilities required for the Morgan 500/230 kV Substation, in general including, but not limited to: site preparation – grading, fencing, surfacing, grounding, trenching and conduit, yard lighting, control house and equipment therein (except certain terminal-related equipment); major and minor steel structures; communications and control components; substation service power facilities; water line installation; fire protection system; security monitoring system; site retention basins; perimeter wall; landscaping; irrigation; and power and control cables.

M. COMMUNICATIONS FACILITIES

All the communication facilities necessary to control the Southern Transmission System including such facilities located at the Navajo 500 kV Switchyard, the Moenkopi Switchyard, the Cedar Mountain Switchyard, the Yavapai Switchyard,

the Dugas Switchyard, the Morgan 500 kV Switchyard, and the Westwing Substation, more particularly described in Exhibit K to the Southern Transmission System Operating Agreement.

II. The WESTERN TRANSMISSION SYSTEM shall consist of the following Components of the Transmission System:

A. McCULLOUGH FACILITIES

The McCullough Facilities shall consist of the following Components:

1. The McCullough 500 kV Switchyard, a basic breaker-and-a-half scheme, comprising: (i) the 500 kV busses and the structures therefor; (ii) the termination facilities for the 500/230 kV transformer banks H, I and J, the Crystal-McCullough 500 kV line, the McCullough-Eldorado 500 kV line, and the McCullough-Victorville 500 kV Line 1 and Line 2 including, but not limited to, power circuit breakers, disconnect switches, and the structures therefor; and (iii) other facilities up to and including the connection to the high-side bushings of the 500/230 kV transformer banks. The McCullough 500 kV Switchyard shall not include: (i) the McCullough Substation Site; (ii) any termination facilities associated with a third party interconnection; (iii) any McCullough Substation Common Facilities; or (iv) any 500/230 kV transformer banks located at the McCullough Substation.
2. The McCullough Substation Common Facilities, all or part of those certain structures, improvements and facilities of the McCullough Substation, which include, but are not limited to: dikes, roadways, control building, communications building, ancillary buildings, trenches, conduits,

control and power cables, control equipment, station communication equipment, protection equipment, batteries, auxiliary equipment, station grounding grid, fencing, lighting and yard improvements, and any other facilities that provide support for the McCullough Substation.

McCullough Substation shall not include: (i) the McCullough Substation Site; (ii) any termination facilities associated with any line or transformer termination at the McCullough Substation; or (iii) any 500/230 kV transformer banks located at the McCullough Substation.

B. NAVAJO-CRYSTAL 500 KV LINE

The Navajo-Crystal 500 kV line, from and including the first 500 kV line dead-end tower located outside the Navajo 500 kV Switchyard to the first 500 kV transmission line tower located outside the Crystal 500 kV Switchyard, including the patrol headquarters and the Navajo-Crystal 500 kV line right-of-way.

C. CRYSTAL FACILITIES

1. The South Crystal 500 kV Switchyard, a basic breaker-and-a-half scheme, comprising:
 - (i) the 500 kV busses and the structures therefor;
 - (ii) the termination facilities for
 - (a) two (2) 500/230 kV transformer banks,
 - (b) two (2) 500 kV phase-shifting transformers,
 - (c) the Navajo-Crystal 500 kV line,
 - (d) the Crystal-McCullough 500 kV line, and
 - (e) the Crystal-Moapa 500 kV line,

including, but not limited to, power circuit breakers, disconnect switches, and the structures therefor;

- (iii) other substation relays (excluding line relays); and
- (iv) other facilities up to and including the connection to the high-side bushings of the 500/230 kV transformer banks.

The South Crystal 500 kV Switchyard shall not include: (i) any Crystal Substation Common Facilities; (ii) any 500/230 kV transformer banks located at the Crystal Substation; or (iii) any 230 kV or 500 kV phase-shifting transformers located at the Crystal Substation.

2. The Crystal Substation Common Facilities, all or part of those certain structures, improvements and facilities of the Crystal Substation, which include, but are not limited to: dikes, roadways, control building, communications building, ancillary buildings, trenches, conduits, remote terminal unit (RTU) and SCADA interface equipment, control and power cables, control equipment, batteries, auxiliary equipment, station grounding grid, fencing, lighting and yard improvements, and related land or land rights. Crystal Substation Common Facilities shall not include: (i) any termination facilities associated with any line or transformer termination at the Crystal Substation; (ii) any 500/230 kV transformer banks located at the Crystal Substation; (iii) any 230 kV or 500 kV phase-shifting transformers located at the Crystal Substation; or (iv) the LADWP owned SEL-3530 RTAC device in South Crystal 500 kV Switchyard.
3. The Project Series Capacitors and shunt reactors on the South Crystal 500 kV Switchyard end of the Navajo-Crystal 500 kV line including, but not

limited to, the capacitors, control equipment, reactors, power circuit breaker, lightning arrestors, hazard fencing, disconnects, structures and bus work from the switchyard side of the first 500 kV transmission line tower located outside the switchyard to the attachment on the main switchyard structure.

D. CRYSTAL-McCULLOUGH 500 KV LINE

1. The Crystal-McCullough 500 kV line, from and including the first 500 kV transmission line tower located outside the Crystal 500 kV Switchyard to the first 500 kV line dead-end tower located outside the McCullough 500 kV Switchyard, including the Crystal-McCullough 500 kV line right-of-way.
2. The Project Series Capacitors, Incremental Series Capacitors and shunt reactors on the McCullough 500 kV Switchyard end of the Crystal-McCullough 500 kV line including, but not limited to, the capacitors, control equipment, reactors, power circuit breaker, lightning arrestors, hazard fencing, disconnects, structures and bus work from the switchyard side of the first 500 kV line dead-end tower located outside the switchyard to the attachment on the main switchyard structure.

E. WESTERN TRANSMISSION COMMUNICATIONS SYSTEM

The microwave system from a terminal located at the Navajo 500 kV Switchyard carrier room to a terminal located at the Red Mountain Microwave Station near Boulder City, Nevada, more particularly described as follows:

1. **EQUIPMENT AT NAVAJO 500 KV SWITCHYARD:** The Backbone Radio Frequency (RF) System shall include the following: (i) RF

microwave equipment; (ii) the coaxial cable; (iii) the antenna; and (iv) batteries and battery chargers. The antenna and the coaxial cable shall be located in the Navajo 500 kV Switchyard and mounted on a tower structure which is part of the Navajo 500 kV Switchyard. The microwave equipment shall be located in the carrier room.

2. EQUIPMENT AT REPEATER STATIONS: The Backbone RF System shall include the following: (i) RF microwave equipment (digital or analog); (ii) all baseband treatment, including but not limited to amplifiers, bridges, filters, pads, and power supplies; (iii) supervisory alarm and control system; (iv) auxiliary power units, generators, fuel tanks, batteries, battery chargers and associated equipment; (v) buildings and associated electrical wiring, lighting, and air conditioning equipment; (vi) all tower structures, antennas, coaxial cable, mounting brackets, and associated equipment; (vii) microwave site property including fencing and other required improvements; (viii) roads required for microwave site access; and (ix) any other material and/or equipment which may be required to implement the Backbone RF System.

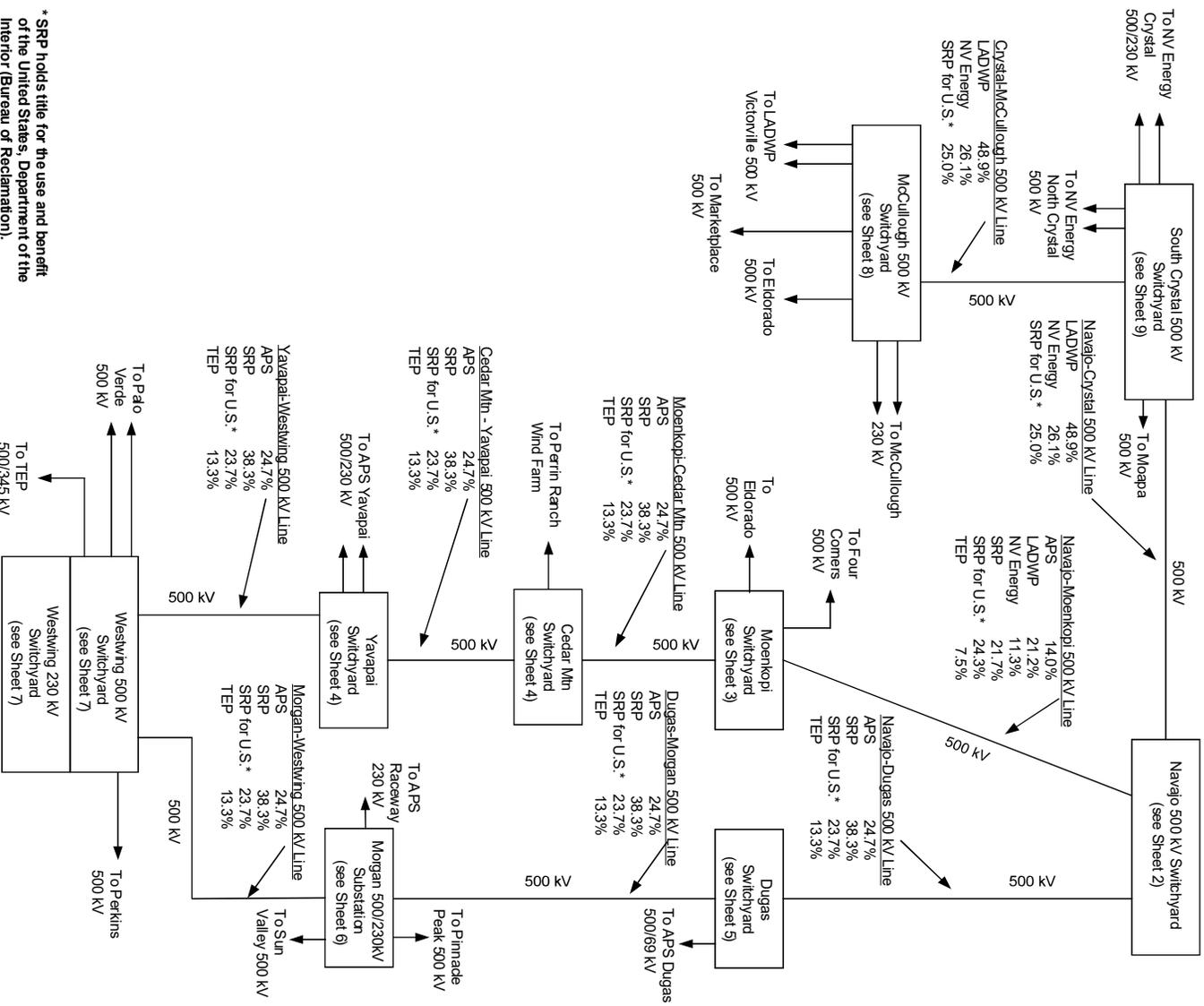
3. EQUIPMENT AT RED MOUNTAIN: The Backbone RF System shall include the following: (i) RF microwave equipment; (ii) all baseband treatment; (iii) supervisory alarm and control system; (iv) the antenna; and (v) the coaxial cable.

III. LAND RIGHTS: All Transmission System and/or Transmission Facilities land, land rights, and Leased Premises located on the Transmission Site that were acquired under

the Indenture of Lease, the Extension Lease (Tract B), the §323 Grants, and the Project Agreements.

EXHIBIT B-B, SHEET 1
NAVAJO PROJECT CO-TENANCY AGREEMENT

TRANSMISSION SYSTEM OWNERSHIP



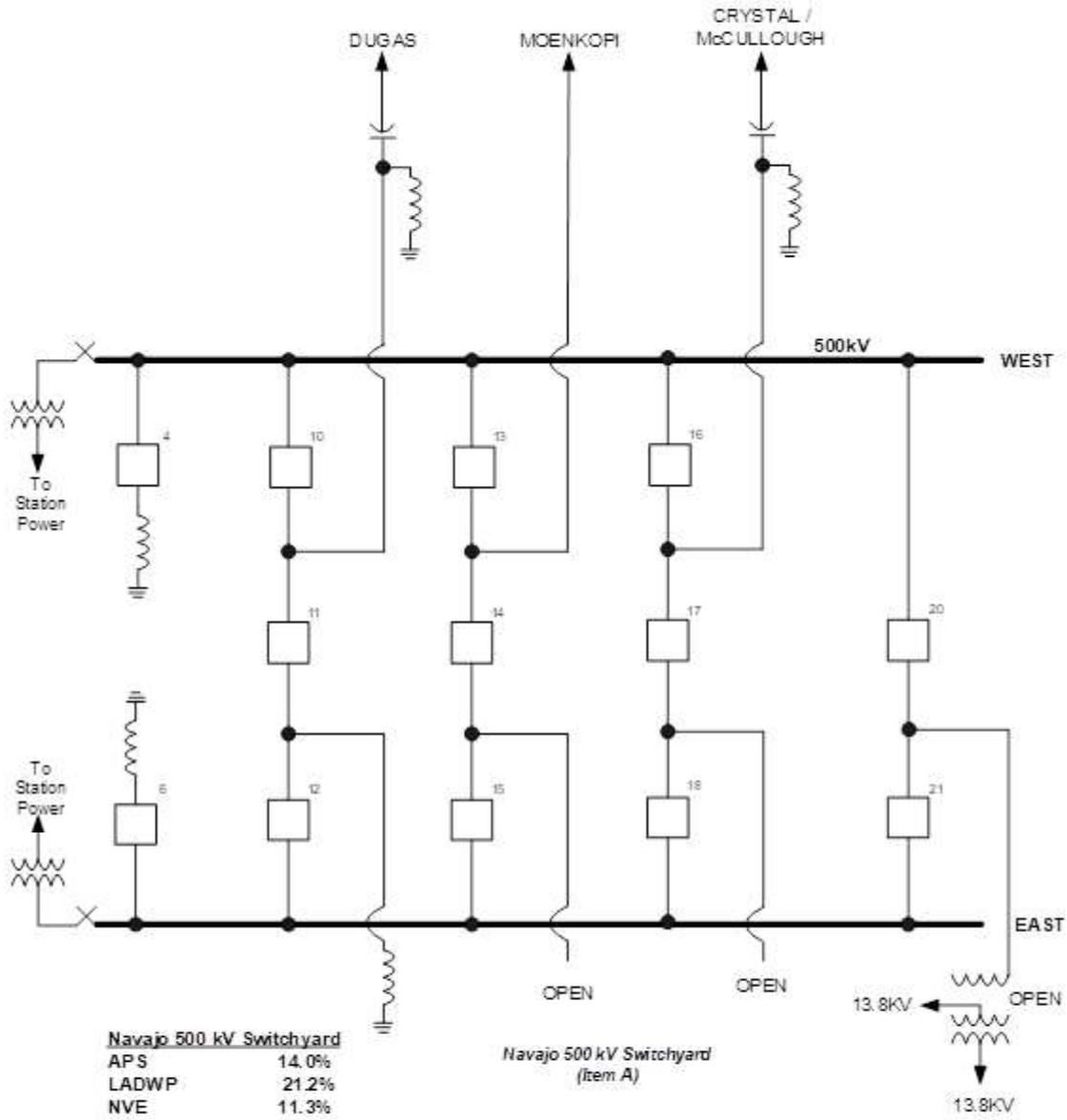
* SRP holds title for the use and benefit of the United States, Department of the Interior (Bureau of Reclamation).

CUI//CEII

CONTAINS CRITICAL ENERGY/ELECTRIC INFRASTRUCTURE INFORMATION (CEII). DO NOT RELEASE OR DISCLOSE PURSUANT TO 18 C.F.R. § 388.113.

EXHIBIT B-B, SHEET 2
 NAVAJO CO-TENANCY AGREEMENT
 TRANSMISSION SYSTEM OWNERSHIP

NAVAJO 500 kV SWITCHYARD



Navajo 500 kV Switchyard	
APS	14.0%
LADWP	21.2%
NVE	11.3%
SRP	21.7%
SRP for U. S.*	24.3%
TEP	7.5%

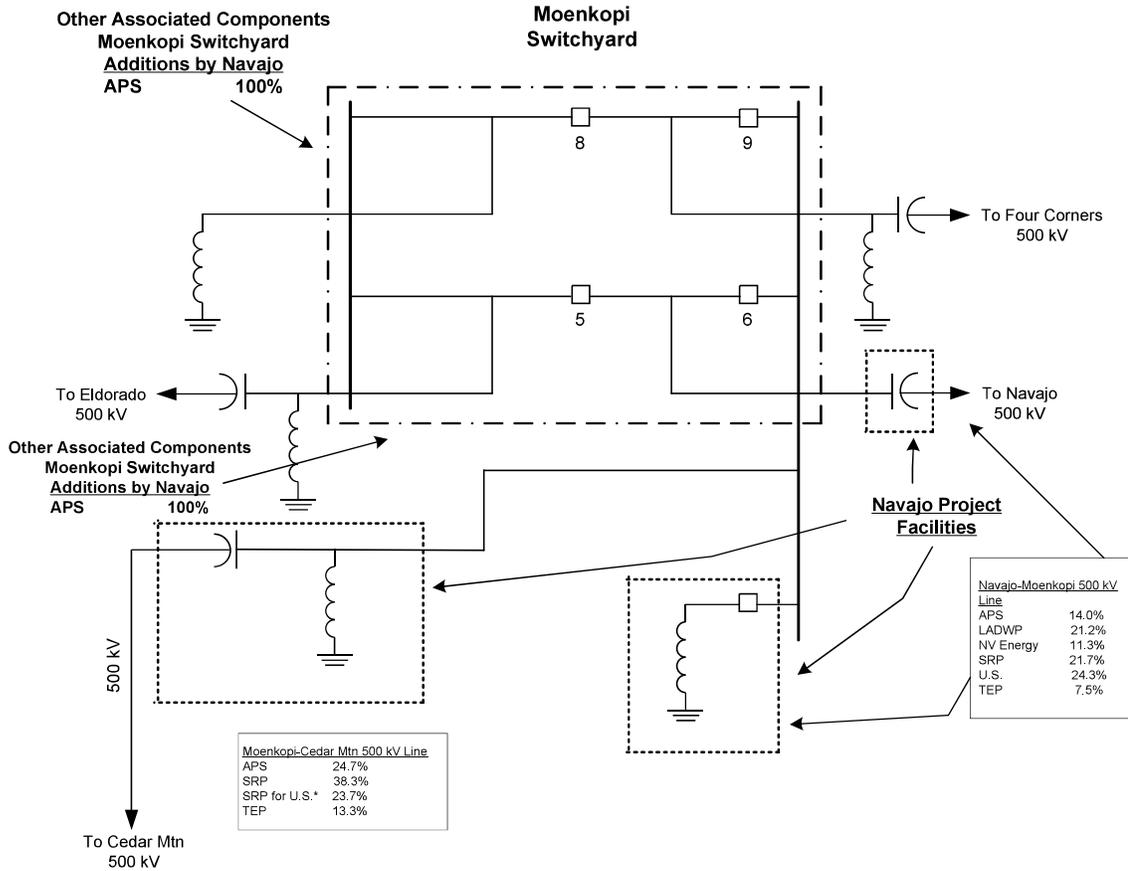
Navajo 500 kV Switchyard
 (Item A)

* SRP holds title for the use and benefit of the United States, Department of the Interior (Bureau of Reclamation).

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**EXHIBIT B-B, SHEET 3
 NAVAJO CO-TENANCY AGREEMENT
 TRANSMISSION SYSTEM OWNERSHIP**

MOENKOPI SWITCHYARD



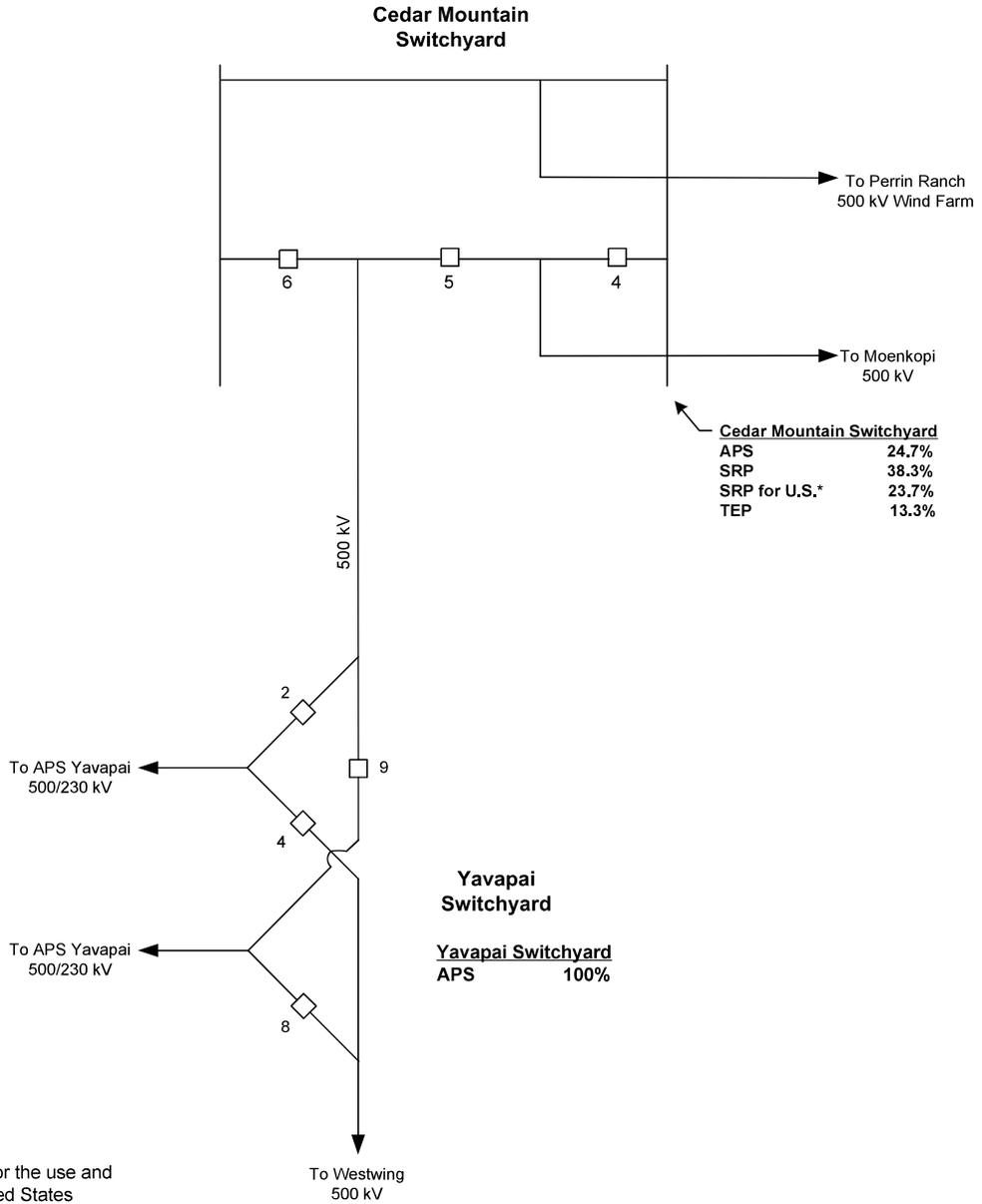
Legend:

- - - - - Non-Navajo
- Navajo

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EXHIBIT B-B, SHEET 4
NAVAJO CO-TENANCY AGREEMENT
TRANSMISSION SYSTEM OWNERSHIP

CEDAR MOUNTAIN SWITCHYARD
AND
YAVAPAI SWITCHYARD

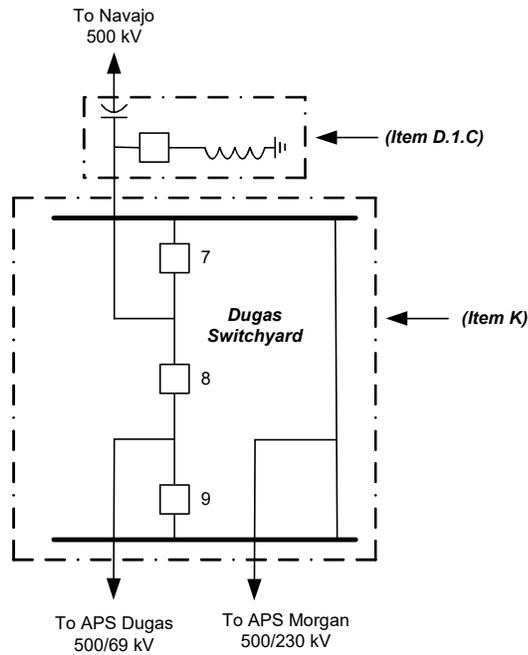


* SRP holds title for the use and benefit of the United States Department of the Interior (Bureau of Reclamation).

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**EXHIBIT B-B SHEET 5
NAVAJO CO-TENANCY AGREEMENT
TRANSMISSION SYSTEM OWNERSHIP**

DUGAS 500 kV SWITCHYARD



Note: Item numbers reference components listed in Exhibit B.

Note: The Morgan 230 kV Switchyard is not shown because it is a future switchyard that has not been constructed.

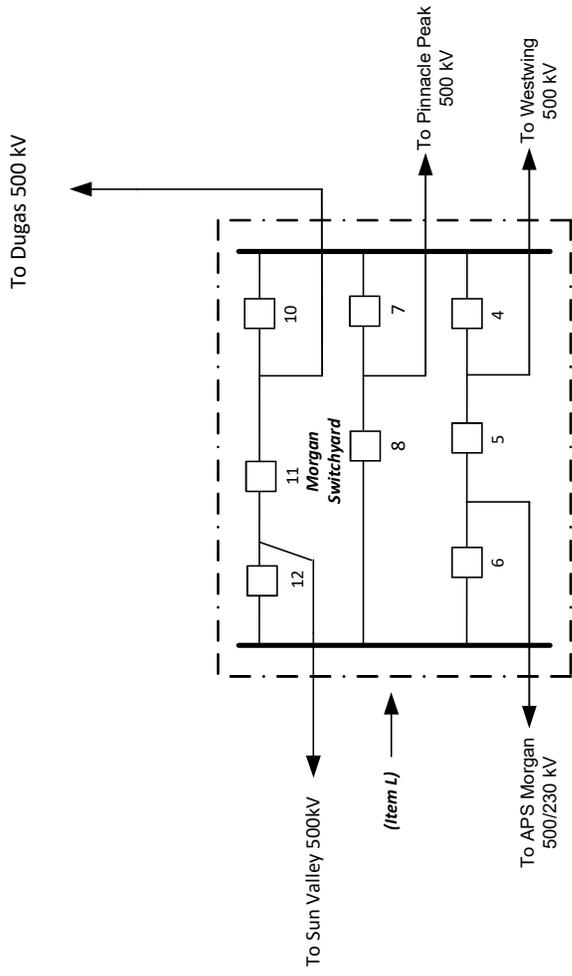
Legend

----- Defines limits for Navajo Responsibility for Costs

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EXHIBIT B-B SHEET 6
NAVAJO CO-TENANCY AGREEMENT
TRANSMISSION SYSTEM OWNERSHIP

MORGAN 500/230 kV Substation



Note: Item numbers reference components listed in Exhibit B.

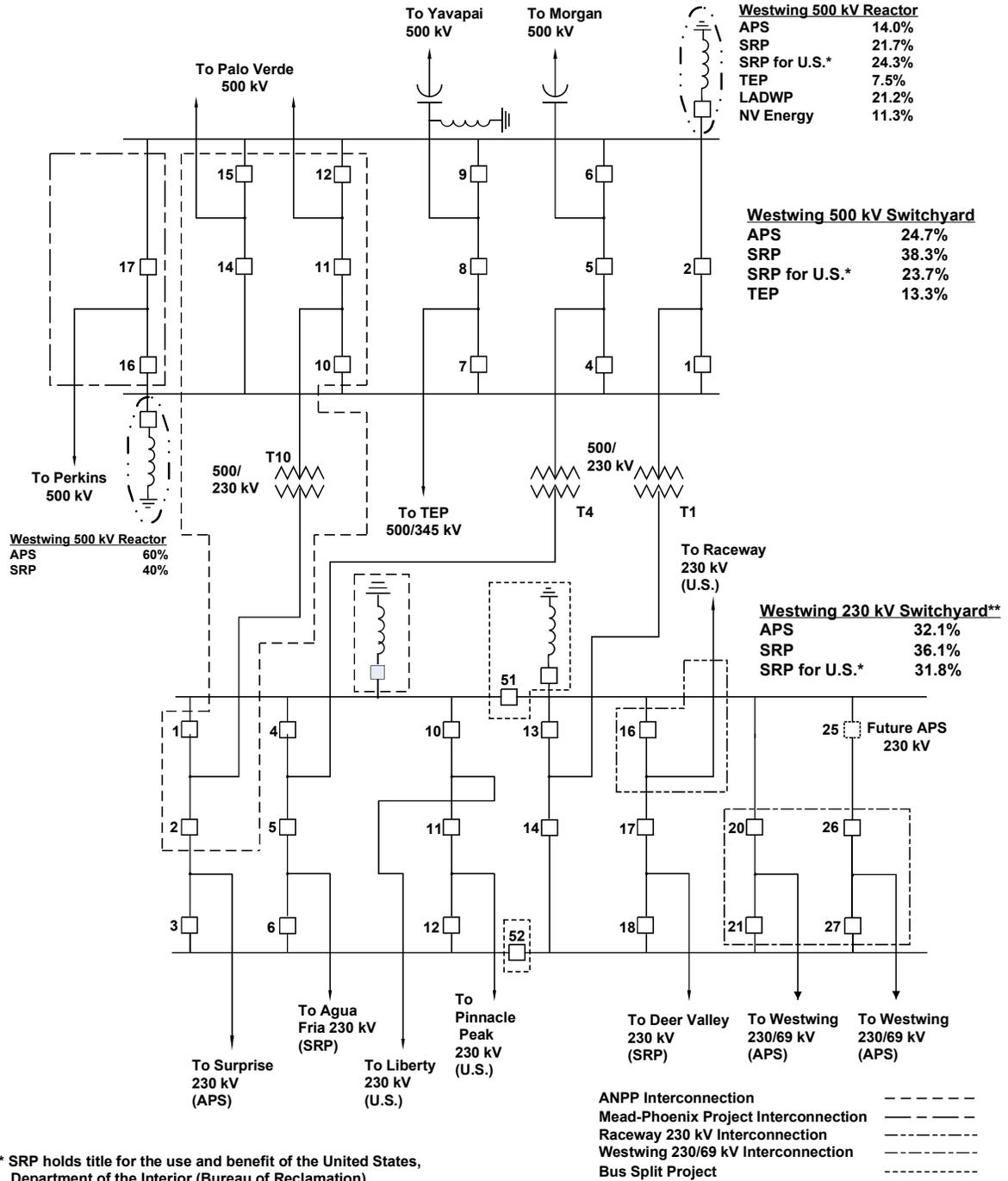
Note: The Morgan 230 kV Switchyard is not shown because it is a future switchyard that has not been constructed.

Legend

--- Defines limits for Navajo Responsibility for Costs

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 CONTAINS CRITICAL ENERGY/ELECTRIC INFRASTRUCTURE INFORMATION (CEII). DO NOT
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**EXHIBIT B-B, SHEET 7
 NAVAJO CO-TENANCY AGREEMENT
 TRANSMISSION SYSTEM OWNERSHIP
 WESTWING SUBSTATION**



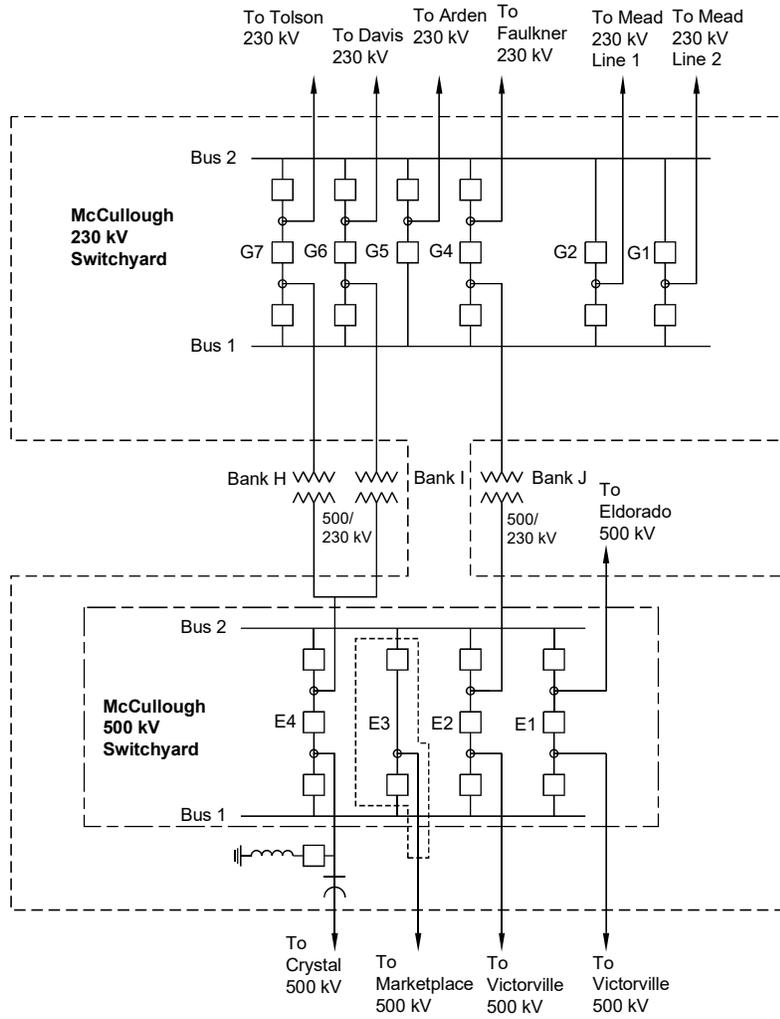
* SRP holds title for the use and benefit of the United States, Department of the Interior (Bureau of Reclamation).

** Ownership percentage calculation shown in Exhibit D.

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**EXHIBIT B-B, SHEET 8
 NAVAJO CO-TENANCY AGREEMENT
 TRANSMISSION SYSTEM OWNERSHIP**

McCULLOUGH SUBSTATION



Legend:

- ⊕ Termination
- McCullough Substation
- McCullough 500 kV Switchyard
- Mead-Phoenix/Mead-Adelanto Project Interconnection

McCullough 500 kV Switchyard**

LADWP	70.1%
NV Energy	17.4%
SRP for U.S.*	12.5%

McCullough Substation Common Facilities***

LADWP	70.1%
NV Energy	17.4%
SRP for U.S.*	12.5%

* SRP holds title for the use and benefit of the United States, Department of the Interior (Bureau of Reclamation).

** Ownership percentage calculation shown in Exhibit E.

***Ownership percentage calculation shown in Exhibit F.

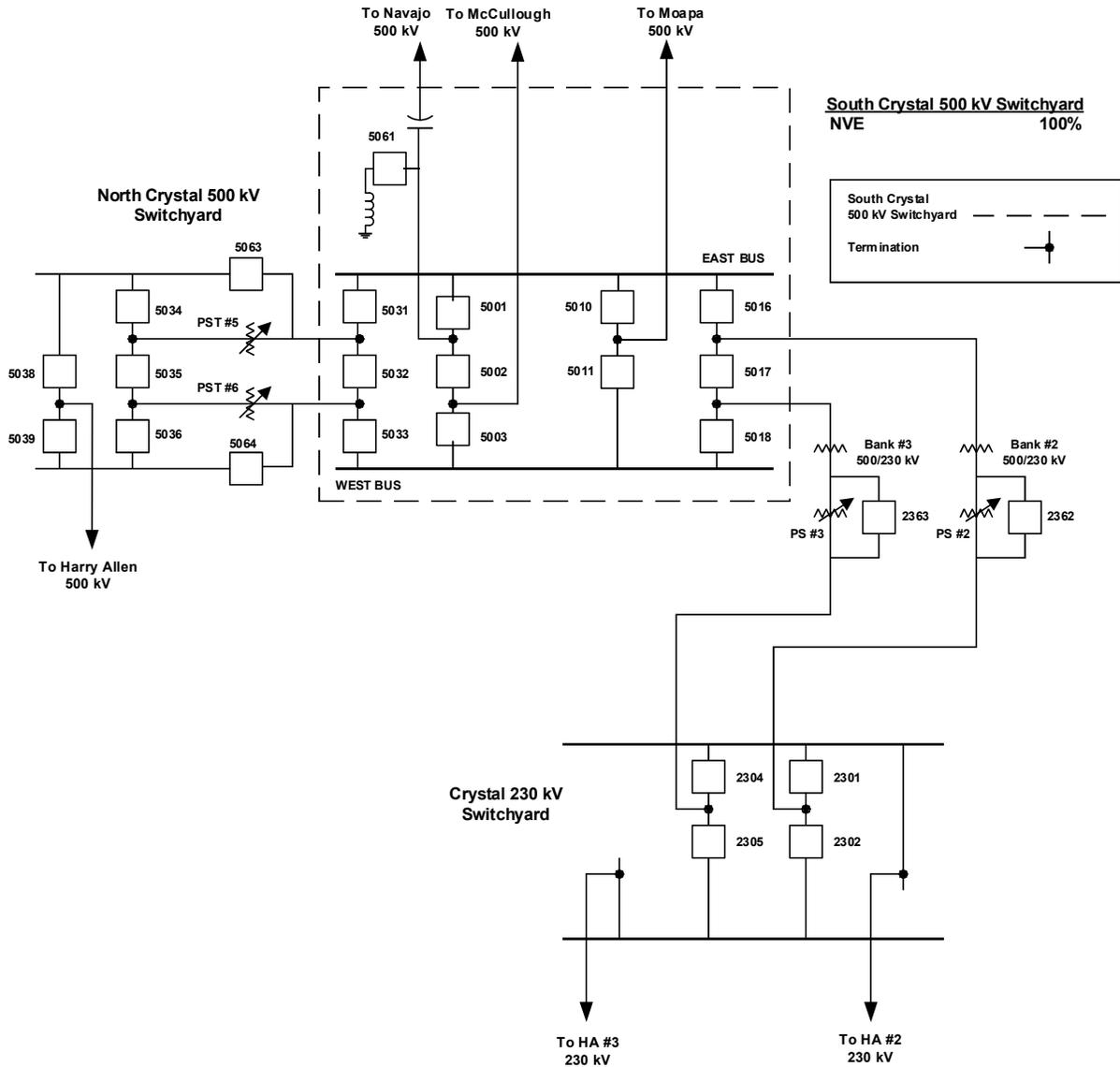
Note: The McCullough 230 kV switchyard and transformer banks H, I and J are shown for information purposes only.

CUI//CEII

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EXHIBIT B – B, SHEET 9 NAVAJO CO-TENANCY AGREEMENT TRANSMISSION SYSTEM OWNERSHIP

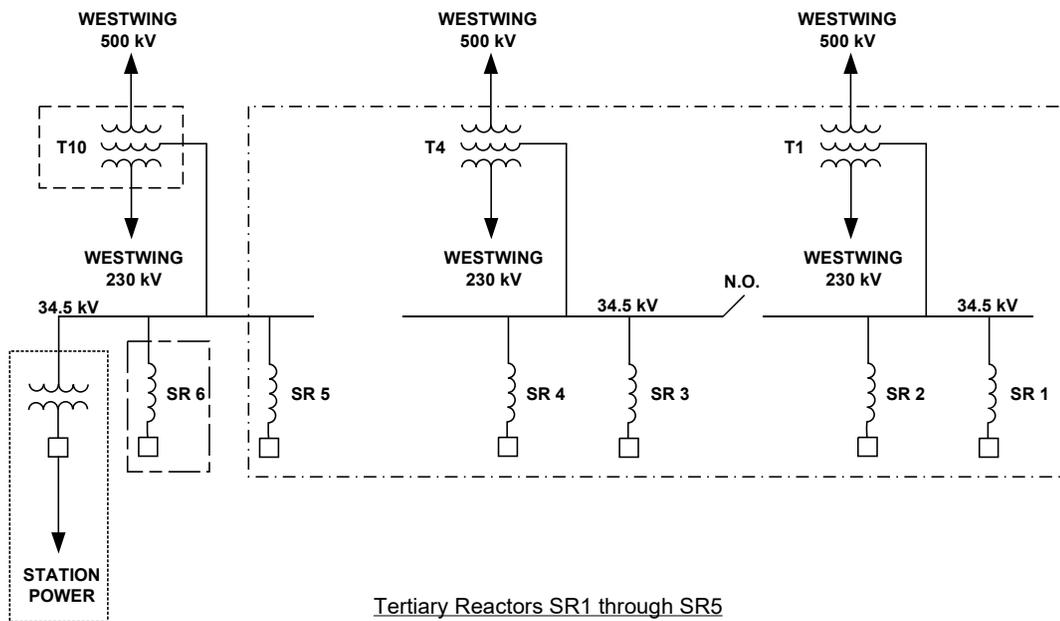
CRYSTAL SUBSTATION



Note: The North Crystal 500 kV switchyard, the 500 kV phase-shifting transformer, the Crystal 230 kV Switchyard, the 500/230 kV transformer banks, and the 230 kV phase-shifting transformers are shown for information purposes only.

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**EXHIBIT B-B, SHEET 10
 NAVAJO CO-TENANCY AGREEMENT
 TRANSMISSION SYSTEM OWNERSHIP
WESTWING TERTIARY REACTORS**



Tertiary Reactors SR1 through SR5

APS	28.5%
SRP	44.2%
SRP for US	27.3%

Note: Tertiary Reactors SR1, SR3 and SR5 are assigned to Westwing 500kV Switchyard. Tertiary Reactors SR2, SR4 and SR6 are assigned to the Westwing 230kV Switchyard.

ANPP Interconnection - - - - -
 Mead-Phoenix Project Interconnection - - - - -
 NSTS Facilities (3 Party) - - - - -
 APS Interconnection - - - - -

EXHIBIT C**TRANSMISSION SYSTEM****GENERAL CONTRACT PROVISIONS**

1. OFFICIALS NOT TO BENEFIT: No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this agreement or to any benefit that may arise herefrom, but this restriction shall not be construed to extend to this agreement if made with a corporation or company for its general benefit.
2. COVENANT AGAINST CONTINGENT FEES: The non-Federal Participants warrant that no person or selling agency has been employed or retained to solicit or secure this agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by a non-Federal Participant for the purpose of securing business. For Breach or violation of this warranty the United States shall have the right to annul this agreement without liability or in its discretion to deduct from the payments to be made hereunder, or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.
3. EQUAL OPPORTUNITY CLAUSE:
 - 3.1 Except as provided in Title 42 U.S.C. §2000-e-2(i) and in keeping with any obligation undertaken by any of the non-Federal Participants, in this section referred to as the Contractor, or their assigns, to give preference for employment to qualified Indians for work on or near an Indian Reservation consistent with Title 42 U.S.C. §2000-e-2(i), during the performance of this agreement, the Contractor agrees as follows:

- 3.1.1 The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Contractor will take affirmative action to insure that applicants are employed, and that employees are treated during employment, without regard to their race, 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; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this equal opportunity clause.
- 3.1.2 The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.
- 3.1.3 The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer advising the labor union or workers' representative of the Contractor's commitments under this equal opportunity clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

- 3.1.4 The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.
- 3.1.5 The Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.
- 3.1.6 In the event of the Contractor's non-compliance with this equal opportunity clause, or with any of the said rules, regulations or orders, this agreement may be cancelled, terminated or suspended in whole or in part and the Contractor may be declared ineligible for further government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.
- 3.1.7 The Contractor will include the provisions of Sections 3.1.1 through 3.1.7 hereof in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so

that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for non-compliance; provided, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

4. WORK HOURS ACT OF 1962:

4.1 This agreement, to the extent that it is of a character specified in the Contract Work Hours Standards Act (Public Law 87-581, 76 Stat. 357) and is not covered by the Walsh-Healey Public Contracts Act (41 U.S.C. §§35-45), is subject to the following provisions and to all other provisions and exceptions of said Contract Work Hours Standards Act:

4.1.1 No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic in any workweek in which he is employed on such work, to work in excess of eight (8) hours in any calendar day or in excess of forty (40) hours in any workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in excess of eight (8) hours in any calendar day or in

excess of forty (40) hours in such workweek, whichever is the greater number of overtime hours.

- 4.1.2 In the event of any violation of the provisions of Section 4.1.1 hereof, the Contractor and any subcontractor responsible for such violation shall be liable to any affected employee for his unpaid wages. In addition, such Contractor or subcontractor shall be liable to the United States for liquidated damages. Such liquidated damages shall be computed, with respect to each individual laborer or mechanic employed in violation of the provisions of Section 4.1.1 hereof, in the sum of Ten Dollars (\$10.00) for each calendar day on which such employee was required or permitted to work in excess of eight (8) hours or in excess of forty (40) hours in a workweek without payment of the required overtime wages.
- 4.1.3 The Secretary of Labor may withhold, or cause to be withheld, from any monies payable on account of work performed by the Contractor or subcontractor, the full amount of wages required by this agreement, and such sums as may administratively be determined to be necessary to satisfy any liabilities of such Contractor or subcontractor for liquidated damages as provided in Section 4.1.2 hereof.
- 4.1.4 The Contractor shall require the foregoing Sections 4.1.1, 4.1.2, 4.1.3 and this 4.1.4 to be inserted in all subcontracts.

5. EXAMINATION OF RECORDS: The non-Federal Participants agree that the Comptroller General of the United States, or any of his duly authorized representatives, shall, until the expiration of three (3) years after final payment under the Project

Agreements, have access to and the right to examine any directly pertinent books, documents, papers and records of the non-Federal Participants involving transactions related to this agreement.

6. ASSIGNMENT OF CLAIMS:

6.1 Pursuant to the provisions of the Assignment of Claims Act of 1940, as amended (31 U.S.C. §203, 41 U.S.C. §15), if this agreement provides for payments aggregating \$1,000 or more, claims for monies due or to become due any non-Federal Participant from the Government under this agreement may be assigned to a bank, trust company, or other financing institution, including any Federal lending agency, and may thereafter be further assigned and reassigned to any such institution. Any such assignment or reassignment shall cover all amounts payable under this agreement and not already paid, and shall not be made to more than one party, except that any such assignment or reassignment may be made to one party as agent or trustee for two or more Participants participating in such financing. Unless otherwise provided in this agreement, payments to an assignee of any monies due or to become due under this agreement shall not, to the extent provided in said Act, as amended, be subject to reduction or setoff. (The preceding sentence applies only if this agreement is made in time of war or national emergency as defined in said Act and is with the Department of Defense, the General Services Administration, the Atomic Energy Commission, the National Aeronautics and Space Administration, the Federal Aviation Agency, or any other department or agency of the United States designated by the President

pursuant to Clause 4 of the proviso of Section 1 of the Assignment of Claims Act of 1940, as amended by the Act of May 15, 1951, 65 Stat. 41.)

- 6.2 In no event shall copies of this agreement or of any plans, specifications, or other similar documents relating to work under this agreement, if marked "Top Secret," "Secret," or "Confidential," be furnished to any assignee of any claim arising under this agreement or to any other person not entitled to receive the same. However, a copy of any part or all of this agreement so marked may be furnished, or any information contained therein may be disclosed, to such assignee upon the prior written authorization of the Contracting Officer.
7. CONVICT LABOR: In connection with the performance of work under this agreement, the non-Federal Participants agree not to employ any person undergoing sentence of imprisonment at hard labor.
8. AGREEMENT SUBJECT TO COMPACTS, ACTS AND TREATY: This agreement is made upon the express conditions and with the express understanding that all rights hereunder shall be subject to and controlled by the applicable provisions of the Colorado River Compact dated November 24, 1922, and proclaimed by the President of the United States June 25, 1929, the Boulder Canyon Project Act approved December 21, 1928, the Boulder Canyon Project Adjustment Act of July 19, 1940, the Upper Colorado River Basin Compact dated October 11, 1948, and the Mexican Water Treaty of February 3, 1944.
9. CONTINGENT UPON APPROPRIATIONS OR ALLOTMENT OF FUNDS. The expenditure or advance of any money or the performance of any obligation of the United States under this Contract shall be contingent upon appropriation or allotment of funds.

Absence of appropriation or allotment of funds shall not relieve the Contractor from any obligations under this Contract. No liability shall accrue to the United States in case funds are not appropriated or allotted.

EXHIBIT D**ORIGINAL WESTWING 230 KV SWITCHYARD (INCLUDING COMMON FACILITIES)
OWNERSHIP PERCENTAGES**

<u>DESCRIPTION OF TERMINATION</u>	<u>OWNERSHIP (%)</u>		
	<u>APS</u>	<u>SRP</u>	<u>SRP FOR UNITED STATES⁽¹⁾</u>
500/230 kV Transformer Bank T1 ⁽²⁾	28.5	44.2	27.3
500/230 kV Transformer Bank T4 ⁽²⁾	28.5	44.2	27.3
Westwing- Deer Valley	0.0	100.0	0.0
Westwing-Agua Fria	0.0	100.0	0.0
Westwing-Pinnacle Peak	0.0	0.0	100.0
Westwing-Liberty	0.0	0.0	100.0
Westwing-Surprise	100.0	0.0	0.0
<u>Westwing-APS (future)</u>	<u>100.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	257.0	288.4	254.6

Sum of Ownership Percentages:

$$\text{APS} + \text{SRP} + \text{SRP for United States}^{(1)} = 257.0 + 288.4 + 254.6 = 800.0$$

Ownership percentages for the terminations in the original Westwing 230 kV Switchyard (including common facilities) are shown in the above table and are used below to determine the ownership percentages for the original Westwing 230 kV Switchyard (including common facilities) infrastructure facilities such as, but not limited to, the busses, bus protection and metering, steel switchracks and associated concrete works, cable trenches and grounding.

$$\begin{aligned} \text{APS} &= (257.0/800.0) \times 100\% = 32.1\% \\ \text{SRP} &= (288.4/800.0) \times 100\% = 36.1\% \\ \text{SRP for United States}^{(1)} &= (254.6/800.0) \times 100\% = 31.8\% \end{aligned}$$

- (1) SRP holds title for the use and benefit of the United States, Department of the Interior (Bureau of Reclamation).
- (2) Ownership percentages for the two Westwing 500/230 kV transformer banks are set forth in Subsection A.10 of Exhibit A, to the Co-Tenancy Agreement.

NOTE: The calculation of ownership percentages for the original Westwing 230 kV Switchyard (including common facilities) shall not include any third party terminations at such switchyard, the United States' Raceway 230 kV Interconnection, or APS's Westwing 230/69 kV Interconnections.

EXHIBIT E**McCULLOUGH 500 KV SWITCHYARD OWNERSHIP PERCENTAGES**

<u>DESCRIPTION OF TERMINATION</u>	<u>OWNERSHIP (%)</u>		
	<u>LOS ANGELES</u>	<u>NV Energy</u>	<u>SRP FOR UNITED STATES*</u>
Banks H and I 500 kV	0.00	50.00	50.00
Crystal-McCullough	48.90	26.10	25.00
Bank J 500 kV	71.67	28.33	0.00
McCullough-Victorville Line 1	100.00	0.00	0.00
McCullough-Eldorado	100.00	0.00	0.00
<u>McCullough-Victorville Line 2</u>	<u>100.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL	420.57	104.43	75.00

Sum of Ownership Percentages:

$$\begin{aligned} \text{LADWP} + \text{NV Energy} + \text{SRP for United States*} &= 420.57 + 104.43 + 75.00 \\ &= 600.00 \end{aligned}$$

Ownership percentages for the terminations in the McCullough 500 kV Switchyard are shown in the above table and are used below to determine the ownership percentages for the McCullough 500 kV Switchyard infrastructure facilities such as, but not limited to, the busses, bus protection and metering, steel switchracks and associated concrete works, cable trenches and grounding.

$$\begin{aligned} \text{LADWP} &= (420.57/600.00) \times 100\% = 70.1\% \\ \text{NV Energy} &= (104.43/600.00) \times 100\% = 17.4\% \\ \text{SRP for United States*} &= (75.00/600.00) \times 100\% = 12.5\% \end{aligned}$$

* SRP holds title for the use and benefit of the United States, Department of the Interior (Bureau of Reclamation).

NOTE: The calculation of ownership percentages for the McCullough 500 kV Switchyard shall not include any third party terminations at such switchyard.

EXHIBIT F**McCULLOUGH SUBSTATION COMMON FACILITIES OWNERSHIP
PERCENTAGES
(500 KV PORTION ONLY)**

Ownership of the McCullough Substation Common Facilities shall be split between the McCullough 230 kV switchyard (currently 9 terminations) and the McCullough 500 kV Switchyard (currently 6 terminations) based on the ratio of the number of terminations in said switchyard to the total number of terminations in both switchyards (currently 15 terminations⁽¹⁾).

McCullough 230 kV switchyard: $9/15 = 0.60$ or 60%

McCullough 500 kV Switchyard: $6/15 = 0.40$ or 40%

500 kV Ownership Percentages
for
McCullough Substation Common Facilities

Los Angeles $(420.57^{(2)}/600.00^{(2)}) \times 100\% = 70.1\%$

NV Energy $(104.43^{(2)}/600.00^{(2)}) \times 100\% = 17.4\%$

SRP for
United States⁽³⁾ $(75.00^{(2)}/600.00^{(2)}) \times 100\% = 12.5\%$

- (1) The calculation of the 500 kV ownership percentages for the McCullough Substation Common Facilities shall not include any third party terminations at the McCullough 500 kV Switchyard.
- (2) Numbers used in the calculation of the 500 kV ownership percentages are taken from Exhibit E hereto.
- (3) SRP holds title for the use and benefit of the United States, Department of the Interior (Bureau of Reclamation).

EXHIBIT G**SOUTH CRYSTAL 500 KV SWITCHYARD OWNERSHIP PERCENTAGES**

<u>DESCRIPTION OF TERMINATION</u>	<u>OWNERSHIP (%)</u>		
	<u>LOS ANGELES</u>	<u>NV Energy</u>	<u>SRP FOR UNITED STATES⁽²⁾</u>
Bank No. 2 - 500 kV	0.00	100.00	0.00
Bank No. 3 - 500 kV	0.00	100.00	0.00
PS No. 5	0.00	100.00	0.00
PS No. 6	0.00	100.00	0.00
Navajo-Crystal ⁽¹⁾	0.00	100.00	0.00
Crystal-McCullough ⁽¹⁾	0.00	100.00	0.00
<u>Crystal-Moapa 500 kV line⁽³⁾⁽⁴⁾</u>	<u>0.00</u>	<u>100.00</u>	<u>0.00</u>
TOTAL	0.00	700.00	0.00

Sum of Ownership Percentages:

$$\begin{aligned} \text{LADWP} + \text{NV Energy}^{(1)} + \text{SRP for United States}^{(2)} &= 0.00 + 700.00 + 0.00 \\ &= 700.00 \end{aligned}$$

Ownership percentages for the terminations in the South Crystal 500 kV Switchyard are shown in the above table and are used below to determine the ownership percentages for the South Crystal 500 kV Switchyard infrastructure facilities such as, but not limited to, the busses, bus protection and metering, steel switchracks and associated concrete works, cable trenches and grounding.

$$\begin{aligned} \text{LADWP} &= (0.00/700.00) \times 100\% = 0.0\% \\ \text{NV Energy}^{(1)} &= (700.00/700.00) \times 100\% = 100.0\% \\ \text{SRP for United States}^{(2)} &= (0.00/700.00) \times 100\% = 0.0\% \end{aligned}$$

- (1) NV Energy owns for the use and benefit of the Participants.
- (2) SRP holds title for the use and benefit of the United States, Department of the Interior (Bureau of Reclamation).
- (3) NV Energy owns for the use and benefit of LADWP.
- (4) LADWP owns its SEL-3530 RTAC device in South Crystal 500 kV Switchyard.

EXHIBIT H**CRYSTAL SUBSTATION COMMON FACILITIES OWNERSHIP
PERCENTAGES
(SOUTH CRYSTAL 500 KV SWITCHYARD PORTION ONLY)**

Ownership of the Crystal Substation Common Facilities shall be split between the Crystal 230 kV switchyard (currently 4 terminations), the North Crystal 500 kV switchyard (currently 3 terminations) and the South Crystal 500 kV Switchyard (currently 7 terminations) based on the ratio of the number of terminations in said switchyard to the total number of terminations in both switchyards (currently 14 terminations).

Crystal 230 kV switchyard:	4/14 = 0.2857 or 28.57%
North Crystal 500 kV switchyard:	3/14 = 0.2143 or 21.43%
South Crystal 500 kV Switchyard:	7/14 = 0.5000 or 50.00%

500 kV Ownership Percentages
for
South Crystal 500 kV Switchyard Portion
of
Crystal Substation Common Facilities

Los Angeles	(0.00 ⁽¹⁾ /700.00 ⁽¹⁾) x 100% = 0.0%
NV Energy ⁽²⁾	(700.00 ⁽¹⁾ /700.00 ⁽¹⁾) x 100% = 100.0%
SRP for United States ⁽³⁾	(0.00 ⁽¹⁾ /700.00 ⁽¹⁾) x 100% = 0.0%

- (1) Numbers used in the calculation of the South Crystal 500 kV Switchyard ownership percentages are taken from Exhibit G hereto.
- (2) NV Energy owns for the use and benefit of the Participants.
- (3) SRP holds title for the use and benefit of the United States, Department of the Interior (Bureau of Reclamation).

EXHIBIT I**DESIGNATED POINTS OF DELIVERY**

The Participants' designated points of delivery shall be as follows:

- | | | |
|-------------------|---|---|
| I.1 APS | = | Navajo 500 kV Switchyard, Westwing Substation, Moenkopi Switchyard, Cedar Mountain Switchyard, Yavapai Switchyard, Dugas Switchyard, and Morgan 500/230 kV Substation. |
| I.2 LADWP | = | Navajo 500 kV Switchyard, McCullough 500 kV Switchyard, Moenkopi Switchyard and South Crystal 500 kV Switchyard. |
| I.3 NV Energy | = | Navajo 500 kV Switchyard, McCullough 500 kV Switchyard, Moenkopi Switchyard and South Crystal 500 kV Switchyard. |
| I.4 SRP | = | Navajo 500 kV Switchyard, Westwing Substation, Moenkopi Switchyard, Cedar Mountain Switchyard, Yavapai Switchyard, Dugas Switchyard, and Morgan 500/230 kV Substation. |
| I.5 TEP | = | Navajo 500 kV Switchyard, Westwing Substation, Moenkopi Switchyard, Cedar Mountain Switchyard, Yavapai Switchyard, Dugas Switchyard, and Morgan 500/230 kV Substation. |
| I.6 United States | = | Navajo 500 kV Switchyard, McCullough 500 kV Switchyard, Westwing Substation, Moenkopi Switchyard, Cedar Mountain Switchyard, Yavapai Switchyard, South Crystal 500 kV Switchyard, Dugas Switchyard, and Morgan 500/230 kV Substation. |

EXHIBIT J

NOTICES

Any notice, demand or request provided for in the Project Agreements shall be in writing and shall be deemed properly served, given or made if delivered in person or sent by registered or certified mail, postage prepaid, to the persons specified below:

Arizona Public Service Company
c/o Secretary
P.O. Box 53999
Phoenix, AZ 85072-3999

Department of Water and Power
of the City of Los Angeles
c/o Director of Bulk Power
P.O. Box 51111 - Room 1149
Los Angeles, CA 90051-0100

Nevada Power Company d/b/a NV Energy
c/o Secretary
P.O. Box 230
Las Vegas, NV 89151

Salt River Project Agricultural
Improvement and Power District
c/o Secretary
P.O. Box 52025
Phoenix, AZ 85072-2025

Tucson Electric Power Company
c/o Secretary
P.O. Box 711
Tucson, AZ 85702

The United States of America
Bureau of Reclamation
Lower Colorado Region
c/o Regional Director
P.O. Box 61470
Boulder City, NV 89006-1470

All Notices required by this Co-Tenancy Agreement shall be sent by regular first class U.S. mail, registered or certified U.S. mail (postage paid return receipt requested), or overnight courier delivery. Such Notices will be effective upon receipt by the addressee. If any Notice sent by regular first class U.S. mail, registered or certified U.S. mail postage paid return receipt requested, or overnight courier delivery is tendered to an addressee and the delivery thereof is refused by such addressee, then such Notice shall be deemed validly and effectively given upon such tender. All oral notifications required under this Co-Tenancy Agreement shall be made to the receiving Participant's Committee Representative and shall promptly be followed by Notice as provided in this Section.

EXHIBIT K

PROCEDURES FOR DETERMINING MINIMUM RESTORATION LEVEL ON
NAVAJO TRANSMISSION SYSTEM

The purpose of these procedures is to outline the process for identifying and approving a Minimum Restoration Level if a portion of the Navajo Transmission System is damaged and the total restoration costs are between \$10 million and \$35 million. The Operating Agent shall not be limited by this Exhibit K to restore service in an Operating Emergency. Once the initial repairs are made by the Operating Agent, these procedures should be used by the E&O Committee to determine the long-term Minimum Restoration Levels needed for the portion of the Navajo Transmission System that was destroyed.

1. At the time of any restoration decision is required, each Participant shall provide the percentage or their assigned capacity currently in use by utilizing the following formula:

TC = Total Capacity on damaged portion of the Navajo Transmission System

AC (Assigned Capacity) = the amount of capacity being utilized to serve transmission obligations (e.g. long-term transmission agreements, native load requirements, etc.)

PRL (Participant Minimum Restoration Level) = AC/TC

2. The Minimum Restoration Level shall equal the highest PRL of any Participant.
3. No changes will be made to the Participant's ownership percentage or Responsibility for Costs by restoring the destroyed portion of the Navajo Transmission System to a Minimum Restoration Level
4. The reliability impacts to the system as a whole need to be accounted for in technical study evaluations to ensure there are no adverse effects to other facilities due to restoration at a lower level. If the Minimum Restoration Level, as calculated above, causes adverse effects to other facilities, then these adverse effects must be addressed. These adverse effects can be addressed by: 1) increasing the MRL until such adverse effects are eliminated or, 2) make the necessary repairs to address such adverse effects. Negotiations among the Participants to determine the best way to address these adverse effects will be facilitated by the E&O Committee.
5. The Minimum Restoration Level shall be established in accordance with this Exhibit K and shall be voted on by the E&O Committee to offer a long-term solution for restoring the damaged portion of the Navajo Transmission System.
6. The costs incurred for the initial repairs made by the Operating Agent due to an Operating Emergency are included when calculating the total restoration costs.