

MUNICIPAL BILL-CREDITING AGREEMENT

THIS MUNICIPAL BILL-CREDITING AGREEMENT (this “**Agreement**”) is entered into this ____ day of _____, 20____, by and among **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 **City of Glendale**, an Arizona municipal corporation (“**Customer**”). Customer and SRP are each hereinafter sometimes referred to individually as a “**Party**” and collectively as the “**Parties**.”

RECITALS

A. The Hoover Power Plant Act of 1984 (Pub. L. No. 98-381, 98 Stat. 1333) allocated power generated by the Hoover Dam to certain named contractors (the “**1984 Contractors**”), including the Arizona Power Authority (“**APA**”), under three categories of power allocations: “Schedule A,” “Schedule B,” and “Schedule C.”

B. In accordance with the published “Final Hoover Power Marketing Post-1987” document, the APA allocated its allotment of Schedule A and Schedule B power to a number of specified entities, including SRP (collectively, the “**Original Allottees**”).

C. The Hoover Power Allocation Act of 2011 (Pub. L. No. 112-72, 125 Stat. 777) (the “**2011 Hoover Act**”) statutorily allocated pools of Hoover Dam power under revised Schedules A, B and C (applicable to 1984 Contractors), and a new “Schedule D” category, intended to be made available to Indian tribes and other entities that were not Original Allottees (collectively, “**New Allottees**”).

D. The 2011 Hoover Act (i) directed the Western Area Power Administration (“**WAPA**”) to allocate 66.7% of the Schedule D power (the “**D-1 Power**”) to certain New Allottees (the “**D-1 Allottees**”), and (ii) required non-Tribal D-1 Allottees in Arizona to receive their allocation of D-1 Power through contracts with the APA.

E. The 2011 Hoover Act allocated 11.1 percent of the Schedule D power (the “**D-2 Power**”) to the APA for further allocation to New Allottees in the State of Arizona.

F. Customer, as a New Allottee, received from the APA an allocation of D-1 Power, as set forth on Exhibit 1 attached hereto (“**Customer’s Allocation**”), and intends to enter into a power sales contract with the APA (the “**APA Contract**”), under which the APA will sell and deliver to Customer Customer’s Allocation of Hoover Capacity (as defined in the APA Contract) (“**Customer’s Capacity**”) and Customer’s Allocation of Hoover Energy (as defined in the APA Contract) (“**Customer’s Energy**,” and together with Customer’s Capacity, “**Customer’s Capacity and Energy**”).

G. As a condition to the APA entering into the APA Contract, Customer must provide evidence to the APA that a transmission system is available to ensure delivery of energy at the delivery point designated in the APA Contract (the “**Transmission Capability Requirement**”).

H. The APA has agreed that the Transmission Capability Requirement may be met through an arrangement under which SRP, Customer's retail electric service provider, takes receipt of Customer's Capacity and Energy from the APA, and provides Customer with the economic benefit of Customer's Allocation, by providing a credit to Customer's bill for the retail electric service provided to Customer by SRP (the "**Bill-Crediting Arrangement**").

I. Customer has requested, and SRP has agreed, to enter into the Bill-Crediting Arrangement, under the terms set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. Incorporation of Recitals. The recitals set forth above are deemed by the Parties to be true and correct, and are incorporated into this Agreement by this reference.

2. Effectiveness. The effectiveness of this Agreement is conditioned upon: (a) the mutual execution and delivery of the APA Contract by Customer and the APA, and SRP's receipt of a copy thereof; (b) the APA's approval of this Agreement, as evidenced by the APA's execution of the "APA Consent" attached hereto; and (c) WAPA's written approval of the Bill-Crediting Arrangement in a form acceptable to SRP. The date on which all of the foregoing conditions are satisfied is referred to in this Agreement as the "**Effective Date**."

3. Term. The term of this Agreement (the "**Term**") will commence on the Effective Date and will expire on September 30, 2020, unless sooner terminated in accordance with this Agreement. This Agreement may be terminated at any time, by either Party, by delivering at least 90 days prior written notice to the other Party. This Agreement will automatically terminate upon the expiration or termination of the APA Contract.

4. Delivery and Acceptance of Capacity and Energy.

4.1. Assignment. Customer hereby assigns to SRP the right to receive, on Customer's behalf, all of Customer's Capacity and Energy. SRP shall, on Customer's behalf, accept Customer's Capacity and Energy from the APA in accordance with the applicable terms of the APA Contract (SRP may commingle Customer's Capacity and Energy with SRP's own allocation of Hoover Capacity and Hoover Energy). Customer will, upon SRP's request and at Customer's expense, perform such activities under and in accordance with the APA Contract as SRP may deem reasonably necessary to facilitate SRP's acceptance of Customer's Capacity and Energy and performance of its other obligations under this Agreement. Nothing contained in this Agreement will be construed as an assignment to SRP of Customer's Allocation, which is and shall remain the sole possession of Customer, or an assignment of any of Customer's duties or obligations under the APA Contract. If Customer and the APA modify or amend the APA Contract, such modifications or amendments shall not, without SRP's prior written consent, not to be unreasonably withheld, alter any of SRP's

rights or duties under this Agreement.

4.2. Scheduling. Conditioned upon Customer's performance of its obligations under Section 5.1 below, SRP will, and Customer grants to SRP the exclusive authority to, in accordance with the APA Contract, (a) prepare, finalize, revise, and obtain the APA's approval of, schedules for delivery of Customer's Capacity and Energy, and (b) use Customer's pro-rata share of Ancillary Services. Customer may not, without SRP's prior written consent, in its sole discretion, request, obtain, or consent to any revisions of any schedule for the delivery of Customer's Capacity and Energy. SRP may not seek or obtain any change to the amount of Customer's Capacity and Energy that the APA will make available to Customer under the APA Contract.

5. Obligations of the Parties.

5.1. Customer's Obligations. During the Term, Customer shall, at its sole expense:

(a) Cause the APA to deliver Customer's Capacity and Energy to SRP at the Point of Delivery (as defined in the APA Contract);

(b) Obtain and deliver to SRP all statements, estimates, and other records and materials reasonably necessary for SRP to schedule and accept delivery of Customer's Capacity and Energy and otherwise carry out its duties under this Agreement in a timely manner, including, without limitation, any new or revised Capacity and Energy Schedule (as defined in the APA Contract) and any APA estimates of Customer's Capacity and Energy available for delivery;

(c) Pay directly to the APA all amounts due from Customer under the APA Contract, including, without limitation, the rates applicable to Customer's Capacity and Energy;

(d) Promptly advise SRP of any actual or proposed termination, amendment, or supplement of the APA Contract;

(e) Upon SRP's request, reasonably cooperate with SRP as necessary to enable SRP's preparation and joint filing of the IRP (as defined in Section 5.2(b) below); and

(f) Deliver, or cause to be delivered, to SRP all demands, requests, and other notices delivered by the APA to Customer that pertain to the delivery or availability of Customer's Capacity and Energy, including, without limitation, all estimates of available Customer's Capacity and Energy and any notice of increase or decrease in available Customer's Capacity and Energy.

5.2. SRP's Obligations. Effective as of the first date on which the APA makes Customer's Capacity and Energy available for delivery to the Point of Delivery (the "***Delivery Commencement Date***"), and for the duration of the Term, SRP shall:

(a) Furnish, install, and maintain all lines, substations, and other electrical facilities located on SRP's side of the Point of Delivery, in accordance with Section 10(a) of the APA Contract; and

(b) Prepare its Integrated Resource Plan or other acceptable plan (the "**IRP**"), to the extent that SRP, as an allottee of Schedule A power, is required to do so, and cause the IRP to reflect SRP's receipt of Customer's Capacity and Energy under this Agreement. For this purpose, SRP may elect to prepare and jointly file, with Customer, the IRP.

6. Bill-Crediting Arrangement.

6.1. Bill Credit Calculation.

(a) From and after the Delivery Commencement Date, for each hour occurring during the Term in which SRP receives any amount of Customer's Capacity and Energy, SRP will compute an hourly credit amount (the "**Hourly Credit**"), as follows:

$$\text{Hourly Credit (\$)} = [((R+F) * (1-L))-M] * K$$

Where:

R = 94.6% of the Energy (Generation) component of the Price Plan (as defined below) for the applicable hour.

F = Fuel and Purchased Power Adjustment Mechanism (FPPAM) component of the Price Plan for the applicable hour.

L = Then-applicable Real Power Loss Factor (as defined below).

M = Administrative fee of \$0.00050 per kilowatt hour (kWh) of Delivered Output (as defined below) in the applicable hour.

K = Delivered Output in the applicable hour; however, this factor K may not exceed Customer's actual energy usage, in kWhs, at the Designated Facility (as hereinafter defined) in that hour.

As used in this Agreement: (i) the "**Price Plan**" means the SRP published Standard Price Plan under which electric service is provided to the Designated Facility, as in effect from time-to-time; (ii) "**Real Power Loss Factor**" means the Real Power Loss Factor calculated in accordance with SRP's Open Access Transmission Tariff (OATT) as posted on the SRP Open Access Same-Time Information System (OASIS) website, as in effect from time to time; (iii) "**Delivered Output**" means the amount of Customer's Energy, in kWhs, made available to SRP at the Point of Delivery; and (iv) "**Designated Facility**" means the Customer facility described in Schedule 1 attached hereto, which Customer represents and warrants has been

approved by the APA for receipt of Customer's Capacity and Energy. SRP may, from time-to-time revise the Real Power Loss Factor and the Price Plan, including the Energy (Generation) and FPPAM components thereof, in accordance with SRP's Rules and Regulations and any applicable governmental regulations.

(b) At the conclusion of each monthly SRP billing cycle occurring during the Term (each, a "**Month**"), SRP will calculate a bill credit (the "**Bill Credit**") by multiplying the total Hourly Credits accrued in that Month by the Delivered Output in that Month.

6.2. Application of Bill Credit. SRP will apply the Bill Credit to Customer's retail electric service bill for the Designated Facility for the Month in which the Bill Credit accrued. The Bill Credit will be applied first to the charges for actual hourly energy usage during all on-peak hours; second to shoulder-peak hours; and finally to off-peak hours, as necessary, until the entire Bill Credit has been applied.

7. Customer Representations and Warranties. Customer represents and warrants to SRP that: (i) it is duly organized or formed and validly existing under the laws of the jurisdiction of its incorporation or formation; (ii) it has the corporate, governmental or other legal capacity and authority to execute this Agreement and to perform its obligations hereunder, and all acts necessary for the valid execution, delivery and performance of this Agreement, have or will be taken and performed by Customer or by its board of directors, shareholders, managing members, members or partners, as appropriate; (iii) such execution and performance do not violate or conflict with any law or regulation applicable to it, any provision of its constitutional documents, any order or judgment of any court or government agency applicable to it or any of its assets or any material contract or contractual restriction by which it is bound or affecting it or any of its assets; (iv) subject to Section 2 above, all governmental and other authorizations that are required to have been obtained or submitted by it with respect to this Agreement have been obtained or submitted and are in full force and effect and all conditions of any such authorizations, approvals, consents, notices and filings have been complied with; (v) it is not relying upon any representations of SRP other than those expressly set forth in this Agreement; (vi) it has executed this Agreement based upon its own judgment and upon such advice from such advisors as it has deemed necessary and not in reliance upon any view expressed by SRP; and (vii) all persons executing this Agreement on behalf of Customer are duly authorized by Customer to do so.

8. Further Assurances. Customer and SRP shall execute such commercially reasonable documents and take any and all such reasonable further actions as may be reasonably necessary to implement the provisions, and carry out the intent, of this Agreement.

9. Inspection of Records. Any Party or its Authorized Representative (as defined below) may, during normal business hours, examine and inspect the billing records of the other Party, as such records relate to the Customer Allocation or the Bill Credit and to the extent permitted by law and consistent with the policies of said examined Party relating to inspection of records.

10. Uncontrollable Forces. No Party shall be considered to be in breach of this Agreement to the extent that a failure to perform its obligations under this Agreement is due to an

Uncontrollable Force. The term “**Uncontrollable Force**” means an event or circumstance that prevents a Party from performing any of its obligations under this Agreement (excluding any obligation to pay amounts due), which event or circumstance is not within the reasonable control of, or the result of the negligence of, the claiming Party, and which by the exercise of due diligence, the claiming Party is unable to avoid, cause to be avoided, or overcome. “Uncontrollable Forces” may include but are not restricted to: flood; drought; earthquake; storm; fire; lightning; epidemic; war; riot; civil disturbance or disobedience; labor dispute; labor or material shortage; sabotage; change in applicable law or regulation; restraint by court order or public authority (so long as the affected Party (or any of its agencies or instrumentalities) has not initiated the imposition of such restraint); and action or non-action by, or inability to obtain the necessary authorizations or approvals from, any governmental agency or authority. No Party shall, however, be relieved of liability for failure of performance to the extent that such failure is due to causes arising out of its own negligence or due to removable or remediable causes that it fails to remove or remedy within a reasonable time period. Nothing contained herein shall be construed to require a Party to settle any strike or labor dispute in which it may be involved. Any Party rendered unable to fulfill any of its obligations by reason of an Uncontrollable Force shall give prompt written notice of such fact to the other Party and shall exercise due diligence to remove such inability within a reasonable time period.

11. Authorized Representatives. Each Party shall, within 30 calendar days after the mutual execution and delivery of this Agreement, by written notice to the other Party, designate the representative(s) who is (are) authorized to act on its behalf with respect to the matters contained herein (each, an “**Authorized Representative**”). Either Party may change the designation of its Authorized Representative(s) upon written notice to the other Party.

12. Notices. Any notice, demand, or request required by this Agreement to be in writing shall be considered properly given when delivered in person, or sent by either registered or certified mail, postage prepaid, or reputable overnight delivery service, addressed to the other Party at the address set forth below, or such other address as a Party may designate by written notice to the other Party:

If to Customer:

City of Glendale

If to SRP:

Salt River Project Agricultural and Improvement
and Power District

Mailing Address:

P.O. Box 52025, ISB 250
Phoenix, Arizona 85072-2025
Attn: Director of Supply and Trading

Physical Address:

1600 N. Priest
Tempe, Arizona 85281-8100
Attn: Director of Supply and Trading

13. Miscellaneous.

13.1. Business Days. If the time for performance of any obligation under this Agreement expires on a non-Business Day, such performance will be due on the next following Business Day. As used in this Agreement, a “**Business Day**” means any day other than a Saturday, Sunday, or Federal Reserve Bank holiday.

13.2. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Neither Party may assign its interest in this Agreement in whole or in part without the prior written consent of the other Party, which consent will not be unreasonably withheld, conditioned, or delayed. Any assignment in violation of this Section 13.2 will be void.

13.3. Relationship of the Parties. Nothing in this Agreement will 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 the Parties. Neither party will be deemed the agent or employee of, or, except with respect to SRP’s authority to schedule deliveries under Section 4.2 above, have a right or power to bind, the other Party without its express written consent. For avoidance of ambiguity, nothing in this Agreement shall require or authorize SRP to enter into or execute any commodity trade option or swap as an agent on behalf of Customer.

13.4. Amendment. This Agreement may not be amended, modified, or supplemented unless such amendment, modification, or supplement is in writing and signed by the Parties or their respective successors in interest.

13.5. Entire Agreement. This Agreement, including its exhibits, is the final, complete and exclusive statement of the agreement among the Parties with respect to the subject matter of this Agreement. There are no oral representations, understandings or agreements covering the same subject matter as this Agreement. This Agreement supersedes and cannot be varied, contradicted or supplemented by evidence of, any prior or contemporaneous discussions, correspondence, or oral or written agreements or arrangements of any kind.

13.6. Governing Law; Venue. This Agreement will be governed by and construed in accordance with the laws of the State of Arizona, without regard to conflicts of law principles. Any action, suit or proceeding arising out of or relating to this Agreement shall be prosecuted in a state or federal court of competent jurisdiction in Maricopa County, Arizona, and the parties irrevocably submit to the jurisdiction of any such court. EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW,

ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT.

13.7. Interpretation. The Parties agree that any rule of construction to the effect that ambiguities will be resolved against the drafting party will not apply in the interpretation of this Agreement.

13.8. Headings. Titles and headings used herein are for reference only and are not part of this Agreement. Words and expressions used herein shall be applicable according to the context and without regard to the number or gender of such words and expressions.

13.9. No Waiver. No waiver of any provision or condition of this Agreement by a Party shall be valid unless in writing signed by that Party. No waiver by either party of any one or more defaults in the performance of the provisions of this Agreement will operate or be construed as a waiver of any other existing or future default or defaults.

13.10. No Third-Party Rights. The Parties do not intend to create rights in or to grant remedies to any third party as a beneficiary of this Agreement or of any duty, covenant, obligation or undertaking established herein.

13.11. Severability. If any of the terms, covenants or conditions of this Agreement, or the application of any such term, covenant or condition, is held by a court of competent jurisdiction to be invalid as to any person or circumstance, all other terms, covenants or conditions of this Agreement and their application will not be affected thereby, but shall remain in force and effect.

13.12. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument. Electronic copies of signatures will be deemed effective as originals.

[SIGNATURES ARE ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first set forth above.

CUSTOMER:

City of Glendale

By: _____
Name: KEVIN R. Phelps
Title: CITY Manager

SRP:

**Salt River Project Agricultural
Improvement and Power District**

By: William Abraham
Name: William ABRAHAM
Title: DIRECTOR SUPPLY & TRADING

ATTEST:

Julie K. Bower (SEAL)
City Clerk

APPROVED AS TO FORM:

Michael D. Bailey
City Attorney

APA CONSENT

The APA approves the Bill-Crediting Agreement to which this APA Consent is attached, and agrees that with respect to Customer, the Bill-Crediting Agreement satisfies the Transmission Capability Requirement.

ARIZONA POWER AUTHORITY, a body corporate
and politic of the State of Arizona

By: _____

Name: _____

Title: _____

SCHEDULE 1

Designated Facility

SRP Account No.	Service Address/Location	Meter Number	Reference Name
551-102-001	[REDACTED]	[REDACTED]	[REDACTED] (CO)
833-330-003	[REDACTED]	[REDACTED]	[REDACTED] (CO)