



Contract Number: CTN-FM-14X166
Effective Date: 6-3-14
Term Date: 6-3-2034
Cost: _____
Revenue: ✓
Total: _____ NTE: _____
Renewal By: 3-1-2034
Term: 6-3-2034
Reviewed by: DL

BOARD OF SUPERVISORS AGENDA ITEM SUMMARY

Requested Board Meeting Date: JUNE 3, 2014

ITEM SUMMARY, JUSTIFICATION &/or SPECIAL CONSIDERATIONS:

This contract is with Tucson Electric Power Company (TEP).

The services provided are an interconnection between the Combined Heating and Power Unit at the Adult Detention Center and the TEP grid.

The term of the agreement is twenty (20) years. From June 3, 2014 to June 3, 2034.

This agreement has no expenditure or revenue.

There are no statutory requirements.

Facilities Management is installing a 100 Kw Combined Heating and Power (CHP) unit at the jail. It is basically an internal combustion engine (natural gas powered) with an electrical generator attached. Piping and heat exchangers (radiators) allow us to recover all of the heat generated during operation. This hot water is then used in the kitchen, laundry and showers. This hot water offsets the hot water needed from the existing water heaters. As this is a small unit, all of the electricity produced will be used at the jail. We will not be putting any electricity produced by the CHP to the grid. This unit will save Pima County over 59,000.00 dollars a year in electrical costs and over 39,000.00 dollars a year in natural gas costs. The unit is over 90 percent efficient.

The total budget cost of the project is 379,629.00 dollars. 79,000.00 dollars of the project is grant funding. Southwest gas has informed us that our rebate reservation amount is 50,000.00 dollars. At 98,000.00 dollars a year in utility savings, this project has an ROI of 3.87 years.

Work being done "in house" by our shops is saving (conservatively) 100,000.00 dollars in construction costs.

BOS signatures are required on page 14, contract signature page. Page 5, signature page of Appendix H." TEP Operating Procedure". The intent of Appendix H is to provide a definitive understanding between TEP and Pima County as to the approved procedures, which are to be followed in the execution of routine and emergency operations. Page 6 Appendix I "Disclaimer" Customer acknowledges that TEP electricity rates, basic charges and service fees are subject to change.

CONTRACT NUMBER (If applicable): CTN-1400000000000000166

Procurement Dept (5/17/14 PM 02:27)

**STAFF RECOMMENDATION(S): Recommend that the GENERATING FACILITY
DISTRIBUTION SYSTEM INTERCONNECT AGREEMENT BETWEEN TUCSON ELECTRIC
POWER AND PIMA COUNTY BE APPROVED AND SIGNED BY PIMA COUNTY BOARD
OF SUPERVISORS.**

CORPORATE HEADQUARTERS: 88 E. Broadway Blvd Tucson, AZ 85701

Ver. 1
Vendor - 1

pgs. 30

To: COB - 5-21-14
Agenda 6-3-14
(1)

CLERK OF BOARD USE ONLY: BOS MTG. _____

ITEM NO. _____

PIMA COUNTY COST: 0 and/or REVENUE TO PIMA COUNTY: \$0

FUNDING SOURCE(S): N/A

(i.e. General Fund, State Grant Fund, Federal Fund, Stadium D. Fund, etc.)

Advertised Public Hearing:

		YES	X	NO
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Board of Supervisors District:

1		2		3		4		5		All	X
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IMPACT:

IF APPROVED: Combined Heating and Power (CHP) unit at the Adult Detention Center (ADC) can be operated to save Pima County 98,000.00 dollars a year in utility costs.

IF DENIED: The CHP at the ADC can not operate.

DEPARTMENT NAME:

CONTACT PERSON: MARC LYNN TELEPHONE NO.: 724-3093



FACILITIES MANAGEMENT

150 WEST CONGRESS, 3rd FLOOR
TUCSON, ARIZONA 85701

MICHAEL L. KIRK, FMP

PH: (520) 724-3703 * FAX: (520) 724-3900

May 9, 2014

Pima County Facilities management is installing a 100 Kw Combined Heating and Power (CHP) unit at the Adult Detention Center. The unit is basically an eight cylinder internal combustion engine, with an electrical generator attached. The engine is natural gas powered. Piping and heat exchangers (radiators) allow us to recover all of the heat generated while the unit is running. This heat is then transferred to the jail hot water system and used in the kitchen, laundry and showers. The hot water produced by the engine while it is running and producing electricity offsets the hot water needed from the existing hot water heaters. Since we are using natural gas to produce 100 Kw of electricity and recovering all of the heat (BTU's) created in the production of that electricity, there is virtually no heat being wasted. The unit is over 90 percent efficient in utilizing the BTU's provided in the natural gas that feeds the engine. The process used by utilities to generate electricity and deliver it to our homes and business is only one third efficient, as two thirds of the energy produced is lost as heat when the electricity is sent through the distribution system. This unit will save Pima County over 59,000.00 dollars a year in electrical costs and over 39,000.00 dollars a year in natural gas costs.

The total budget for this project is 379,629.00 dollars. 79,000.00 dollars of the project cost is paid for using grant money. Southwest gas has informed us that our rebate reservation is 50,000.00 dollars. At 98,000.00 dollars a year in utility savings, this project has an ROI of 3.87 years. Work being done "in house" by our Facilities Management Maintenance shops is saving over 100,000.00 dollars in project costs.

This Generating Facility Distribution System Interconnection Agreement contract is with Tucson Electric Power Company (TEP). The services provided are an interconnection between the CHP at the ADC and the TEP grid. The term of the agreement is twenty (20) years. From June 3, 2014 to June 3, 2034. This agreement has no expenditures or revenue. There are no statutory requirements.

COMMERCIAL/INDUSTRIAL INTERCONNECTION AGREEMENT

CONTRACT

AMENDMENT NO.

This number must appear on all invoices, correspondence and documents pertaining to this contract.

GENERATING FACILITY
DISTRIBUTION SYSTEM
INTERCONNECTION AGREEMENT

BETWEEN

TUCSON ELECTRIC POWER COMPANY

AND

PIMA COUNTY

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GENERATING FACILITY
DISTRIBUTION SYSTEM
INTERCONNECTION AGREEMENT

This Generating Facility Distribution System Interconnection Agreement ("Agreement") is hereby entered into as of the 3rd day of June 2014, ("Execution Date") by and between TUCSON ELECTRIC POWER COMPANY, an Arizona corporation ("TEP") and, a Pima County ("Customer"). TEP and Customer may be referred to herein individually as "Party" and collectively as "Parties."

RECITALS

- A. Customer intends to procure, construct, own, maintain and operate a generating facility as described in Appendix B attached hereto (the "Generating Facility") which will be operated in electrical parallel with TEP's System (as defined below);
- B. The Generating Facility will be located at 1270 W. Silverlake Rd., Tucson AZ 85701 (the "Site"), more particularly described in Appendix E attached hereto, which will be installed and commence commercial operation in electrical parallel with TEP's System; and
- C. The Parties desire that the Generating Facility be interconnected with the TEP System under the terms and conditions set forth in this Agreement.

Now therefore, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. DEFINITIONS.

The following terms, when used in this Agreement, shall have the meanings set forth below.

- 1.1. "ACC Approval" means receipt of a determination from the ACC in form and substance satisfactory to TEP in its sole discretion that the terms and conditions of this Agreement are just and reasonable.
- 1.2. "Agreement" has the meaning set forth in the Preface hereto.
- 1.3. "Applicable Laws and Regulations" means all applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.
- 1.4. "Application" means a distributed generation interconnection application as set forth in the DG Interconnection Requirements.

1.5. “Arizona Corporation Commission” or “ACC” means the regulatory agency of the State of Arizona having jurisdiction over public service corporations operating in Arizona, or any successor agency.

1.6. “Customer’s Interconnection Facilities” means all facilities and equipment, as identified in Appendix C and Appendix D, attached hereto that are located between the Generating Facility and the Point of Interconnection, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the TEP System.

1.7 “DG Interconnection Requirements” means TEP’s interconnection requirements for distributed generation conformed to ACC Docket No. E-00000A-99-0431, dated June 28, 2007, as set forth in Appendix F attached hereto, as the same may be amended or supplemented from time to time.

1.8 “Distribution System” means TEP’s facilities and equipment used to transmit electricity to customers directly from nearby generators or from interchanges with higher voltage transmission networks. The voltage levels at which the Distribution System operates differs among areas within the Distribution System.

1.9 “Distribution Upgrades” means any additions, modifications, and upgrades to the TEP’s Distribution System at or beyond the Point of Interconnection necessary to interconnect the Generating Facility to the Distribution System. Distribution Upgrades do not include Interconnection Facilities.

1.10 “Effective Date” means the later of: (i) the Execution Date, or, (ii) if ACC Approval is required for TEP to enter into this Agreement (as determined by TEP in its sole discretion), TEP’s receipt of ACC Approval.

1.11 “Generating Facility” means Customer’s electrical generator(s) and all protective, safety, and associated equipment and improvements associated therewith as more specifically described in Appendix B attached hereto.

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

1.13 “Governmental Authority” means any federal, state, local, or other governmental, regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority.

1.14 “Interconnection Facilities” means the collectively, the Customer Interconnection Facilities and the TEP Interconnection Facilities as set forth in Appendix C and Appendix D attached hereto.

1.15 “Minimum Protective Devices, Relays, and Interconnection Requirements” means the minimum required protective relaying which is incorporated in the inverter(s) included in the Generating Facility, as required by UL 1741 and IEEE 1547, and safety devices, or requirements specified in the DG Interconnection Requirements, for the purpose of protecting the TEP System and TEP facilities and other TEP customer facilities from damage or disruptions caused by a fault, malfunction or improper operation of the Customer’s Generating Facility. Minimum Protective Relaying and Safety Requirements do not include additional relaying, protective or safety devices as may be required by industry and government codes and standards, equipment manufacturer requirements and prudent engineering design and practice to fully protect Customer’s Generating Facility or facilities, which shall be the sole responsibility of the Customer.

1.16 “Operating Procedure” means the operating procedure agreed to by TEP and Customer as set forth in Appendix H attached hereto, as may be amended from time to time.

1.17 “Permit” means any permit, license, franchise, concession, consent, authorization, approval, registration, filing or similar acts of or made with any Governmental Authority.

1.18 “Point(s) of Interconnection” means the physical location(s) where TEP’s service conductors are connected to Customer’s service conductors to allow parallel operation of Customer’s Generating Facility with the TEP System as set forth in Appendix C attached hereto.

1.19 “Required Hertz and Volts” means approximately 60 Hertz and approximately 13,800 volts.

1.20. “Service Disconnect” or “DG Service Disconnect” means a visible gang operated load break disconnect switch(s) or breaker(s), capable of being locked in a visibly “open” position by a standard TEP padlock that will completely isolate the Generating Facility from the TEP System. Customer’s Service Disconnect shall be clearly labeled with permanent letters 1” high stating “DG Service Disconnect”.

1.21. “TEP Interconnection Facilities” means all facilities and equipment, as identified in Appendix C attached hereto, that are located at or beyond the Point of Interconnection including any modification, addition, or upgrades to the TEP System and to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the TEP System.

1.22. “TEP System” means TEP’s electric distribution system comprised of infrastructure constructed, maintained, and operated by TEP to deliver electric service to TEP retail customers.

1.23. “TEP Test Equipment” means any test equipment installed by TEP at the Property.

1.24. "TEP Rules and Regulations" means the Tucson Electric Power Company Rules and Regulations approved by and on file with the ACC, and any amendment thereto.

1.25. "Term" shall have the meaning set forth in Section 2 below.

1.26. "Uncontrollable Force" means any cause beyond which, by exercise of due diligence a Party could not reasonably have been expected to avoid or control, and which by exercise of due diligence it shall be unable to overcome or control, including, but not limited to, failure of or threat of failure of facilities, flood, earthquake, tornado, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, strikes, labor or material shortage, sabotage, restraint by court order or public authority, and action or non-action by or inability to obtain the necessary authorizations or approvals from any Governmental Agency.

2. TERM. This Agreement shall commence upon the Effective Date and will continue for an initial term of twenty (20) years unless earlier terminated as provided herein (the "Term"). This Agreement shall automatically renew thereafter on a year-to-year basis unless terminated by either Party upon thirty (30) days advance written notice. The Parties shall memorialize any renewals in writing and will execute an amendment to this Agreement if so requested by the other Party.

3. INTERCONNECTION FACILITIES.

3.1 Customer Interconnection Facilities. Subject to any TEP approvals set forth herein, Customer shall design, procure, install, own, maintain and operate, at Customer's sole expense, all Customer Interconnection Facilities in good and safe operating condition and in accordance with Good Utility Practice, the DG Interconnection Requirements and the Operating Procedure. The Customer Interconnection Facilities shall include, without limitation, connection, transformation, switching, protective relaying, and all metering and safety equipment, including a Service Disconnect, all as more specifically set forth in Appendix C and Appendix G attached hereto.

3.2 TEP Interconnection Facilities. The Customer is responsible for all costs related to studies and re-studies which TEP undertakes to: 1) review the impact of the proposed interconnection 2) conduct a full engineering analysis on the generator's impact on the system, or 3) analyze and estimate the actual construction costs for the interconnection. Customer shall pay for, and TEP shall design, procure, install, own, maintain and operate all TEP Interconnection Facilities in good and safe operating condition and in accordance with Good Utility Practices, as more specifically set forth in the Appendix C, Appendix D and Appendix G attached hereto. Good faith estimates for the TEP Interconnection Facilities are set forth in Appendix A, and are estimates only. Customer is responsible for all actual costs.

3.3 Bidirectional Metering. If the Parties agree in writing that the Customer will deliver electrical output from the Generating Facility to the TEP System, a TEP-supplied bi-directional kW/kWh revenue meter will be installed by TEP in place of the Customer's existing revenue meter.

4. CUSTOMER RIGHTS AND RESPONSIBILITIES.

4.1. TEP Design Review and Approval. Prior to Customer's installation of the Customer Interconnection Facilities, Customer shall submit to TEP a distributed generation interconnection Application for TEP's review and written approval, which would include equipment specifications and a drawing package for the design, installation and operation of the proposed Generating Facility interconnection, as required under the DG Interconnection Requirements. After TEP provides written approval of the Application, Customer shall not remove, alter or otherwise modify or change the equipment specifications, the Generating Facility or Appendix B, including, without limitation, the operational plans, control and protective devices or settings, and the Generating Facility system design, type, size or configuration. If the Customer desires to make such changes or modifications, the Customer must revise and resubmit to TEP plans describing the changes or modifications for approval by TEP. No such change or modification may be made without the prior written approval of TEP.

4.2. Customer Costs. Customer shall own and be fully responsible for the design, procurement, installation, operation and maintenance (including the costs thereof) of the following:

- a. The Generating Facility in accordance with the requirements of Applicable Law and Regulations (including any applicable construction and safety codes), the DG Interconnection Requirements, Good Utility Practice and the Operating Procedure. The Customer shall provide TEP with copies of any city and county permits associated with the construction and operation of the Generating Facility prior to its interconnection with the TEP System.
- b. Generating Facility and Customer Interconnection Facilities communication, control and protective devices, in addition to the protection specified in the DG Interconnection Requirements, shall be designed to protect against abnormal operating conditions including, without limitation, failure of any inverter's anti-islanding protection. Such protective devices shall be capable of immediately isolating the Generating Facility from the TEP System, including any TEP specified circuit breaker. Communications equipment required between Customer's Interconnection Facilities and the TEP System shall be supplied and owned by TEP, at the Customer's expense, as specified in Appendix A.
- c. The required Service Disconnect, which shall be installed in a location where TEP personnel will have easy and unrestricted accessibility at all times during the Term. TEP shall have the right to lock open/rack out and tag the Service Disconnect without notice to Customer as set forth in Section 5.3 below.

4.3 Interconnected Operations. Customer will not commence interconnected operation of its Generating Facility with the TEP System unless and until: (a) TEP has received any required ACC Approval, (b) the installation of the Customer Interconnection Facilities have been inspected by an authorized TEP representative in accordance with the DG Interconnection Requirements, (c) Customer receives final written notification from TEP in accordance with the DG Interconnection Requirements that the Generating Facility and the Customer Interconnection Facilities are in compliance with the DG Interconnection Requirements and any other requirements set forth herein or otherwise agreed to by the Parties, and (d) the Operating

Procedure in Appendix H attached hereto has been approved and executed by TEP and Customer.

4.4. Electrical Output. The electrical output of Customer's Generating Facility shall not contain harmonic content which may cause disturbances on or damage to the TEP System, or other systems, including, without limitation, any TEP or third-party computer, telephone, communication equipment, protective relays and other sensitive electronic or control systems. Such electrical output shall additionally meet the applicable standards set forth in the DG Interconnection Requirements.

4.5. Electrical Characteristics. Customer shall exercise reasonable care to assure that the electrical characteristics of its load and Generating Facility, such as deviation from sine wave form or unusual short interval fluctuations in power demand or production, shall not be such as to result in impairment of service to other customers or in interference with operation of computer, telephone, television or other communication systems or facilities. The current imbalance for a three-phase system, as measured at the Customer's service entrance section, shall not be greater than ten percent (10%) at any time. The Customer's Generating Facility is required to control its power factor within the range defined in Appendix F attached hereto.

4.6. Permits. Customer shall obtain and maintain all Permits required for the construction and operation of the Generating Facility.

4.7. Effect of Review by TEP. Any review by TEP of the design, construction, engineering, operation or maintenance of the Generating Facility and Customer Interconnection Facilities is solely for the information of TEP. By making any such review, TEP makes no representation as to the technical feasibility, operational capability or reliability of the Generating Facility or the Customer Interconnection Facilities. Customer shall in no way represent to any third party that any such review by TEP of the Generating Facility or Customer Interconnection Facilities, including, but not limited to, any review of the design, construction, operation or maintenance of the Generating Facility or the Customer Interconnection Facilities, is a representation by TEP as to the technical feasibility, operational capability or reliability of the Generating Facility or the Customer Interconnection Facilities. Customer is solely responsible for the technical feasibility, operational capability and reliability of the Generating Facility or the Customer Interconnection Facilities.

4.8 Payments. Customer shall remit payment to TEP, as invoiced, within thirty (30) calendar days after the date of invoice for any TEP costs and expenses for which Customer is responsible hereunder including those set forth in Appendix A attached hereto.

4.9. Operating Procedure. Customer shall designate a representative to work with TEP's authorized representative on matters associated with the Operating Procedure as set forth in Appendix H. Such Customer authorized representative shall have authority to act on behalf of Customer with respect to the following matters related to the Operating Procedure:

- a. To establish written procedures and standard practices consistent with the provisions of this Agreement for the guidance of system load dispatchers and other operating

employees concerning matters affecting interconnected operations, delivery of power, interchange of energy, coordination of outage schedules, and other operating matters; and b. To establish written procedures as required for scheduling, metering, communication and control facilities. Such procedure or practice shall be effective when signed by the designated representatives of the Parties.

4.10. Electric Rates. Customer acknowledges as set forth in Appendix I that TEP electricity rates, basic charges and service fees are subject to change and that TEP makes no representation or warranty regarding future adjustments to these items which may positively or negatively impact any potential savings or the value of the Generating Facility. In connection with the Generation Facility, Customer shall be responsible for paying any future increases to electricity rates, basic charges or service fees from TEP. The Generating Facility is subject to the current rates, rules and regulations established by the ACC, which are subject to change.

5. TEP RIGHTS AND RESPONSIBILITIES.

5.1 TEP Test Equipment. TEP shall have the right to install TEP Test Equipment on or around the Property for TEP's research purposes. All such TEP Test Equipment shall be owned, furnished, installed, operated and maintained by TEP. In no event shall the TEP Test Equipment interfere with the operation or production of the Generating Facility.

5.2. Site Access. TEP shall have the right to unrestricted access to the Property without notice to Customer at any time during the Term that TEP believes a hazardous or emergency condition exists and immediate action is necessary to protect persons, TEP facilities or third parties' property from damage or interference caused by the Generating Facility or improperly operating protective devices, to enable TEP to conduct any of the following activities: (a) inspect the Generating Facility and the Customer Interconnection Facilities, (b) inspect, read, test, and maintain any TEP installed equipment, including without limitation, the TEP Interconnection Facilities, and any other equipment as set forth in this Agreement, and (c) disconnect the Generating Facility from the TEP System as set forth in Sections 5.3 and Section 12.2 below. Additionally, Customer shall provide TEP with unrestricted access to the Property at all times to enable TEP to inspect, read, test, and maintain or repair any TEP equipment, including, without limitation, the TEP Interconnection Facilities and any TEP Test Equipment, and to open the Service Disconnect when a clearance is required by TEP personnel.

5.3. Service Disconnection. In addition to the right to disconnect the Generating Facility set forth in Section 12.2 below, TEP may disconnect the Generating Facility as necessary: (a) to protect the TEP System's integrity (including the integrity of the interconnected network in the Southwest of which the TEP System is a part), (b) at any time that TEP, in its sole discretion, determines that interconnected operation of the Generating Facility with the TEP System could adversely affect the TEP System or endanger life or property, or (c) as otherwise provided in the DG Interconnection Requirements. TEP will provide Customer with as much prior notice as reasonably possible of any disconnection under this Section 5.3. In the event TEP or its authorized agents lock open/rack out the Service Disconnect, Customer shall not remove or tamper with such lock.

5.4. Service Connection. TEP will not install or maintain any lines or equipment on Customer's side of the Point of Interconnection except, at TEP's election, TEP owned circuit breaker, protective equipment, communication and metering equipment, telemeter equipment and TEP Test Equipment. For the mutual protection of Customer and TEP, only TEP authorized employees are permitted to make and energize the service connection between the TEP System and the Customer's service entrance conductors. Such employees shall carry proper credentials which they will show to Customer upon request.

5.5. Filings. If deemed necessary by TEP, TEP shall file this Agreement with the appropriate Governmental Authority, including the ACC. Customer shall reasonably cooperate with TEP with respect to such filing(s) and provide any information reasonably requested by TEP needed to comply with applicable regulatory requirements. Notwithstanding any other provisions of this Agreement, TEP shall have the right to unilaterally file with the ACC, pursuant to the ACC's rules and regulations, an application for a change in requirements, charges, classification, or service, of any rule, regulation, tariff or agreement relating hereto.

6. TECHNICAL SPECIFICATIONS.

6.1. The Generating Facility shall meet the specifications set forth in Appendix B, Appendix C, Appendix D, Appendix E and Appendix G attached hereto. Any changes to Appendix B through Appendix E must be approved in advance by TEP in writing. If such TEP deems such changes to constitute material changes to the Customer's configuration, point of interconnection, site location or capacity, which result in increases to the charges in Appendix A, then TEP may require an equitable adjustment from Customer to the cost estimates set forth on Appendix A.

6.2. Customer shall maintain the Minimum Protective Devices, Relays and Interconnection Requirements, and accordingly has installed or shall cause to be installed the following minimum protective and safety equipment on the Generating Facility:

- a. A Service Disconnect as set forth in Section 3.1 above.
- b. A circuit breaker on the inverter output.
- c. Minimum protective devices provided in the inverter package and as set forth in the DG Interconnection Requirements.
- d. Such other equipment as shall mutually be agreed upon by the Parties from time to time during the Term.

6.3. The electric service supplied under this Agreement shall be in the form of three-phase alternating current at the Required Hertz and Volts.

6.4. Customer shall give TEP at least five (5) working days prior notice of initial startup of the Generating Facility. TEP shall have the right to have a representative present during initial energizing and testing of the Generating Facility.

6.5. Customer agrees to allow TEP and its authorized agents access to control facilities to conduct whatever periodic tests it may deem necessary, as set forth in Section 5.2 above. TEP

will provide Customer with reasonable advance notice of such tests, and Customer's representatives may be in attendance when such tests are performed.

6.6. If the Generating Facility is 300kW or larger, Customer shall provide to TEP, at Customer's cost, telemetered megawatt quantities of the Generating System's output for purposes of TEP's operating reserve calculations.

7. REPRESENTATIONS.

7.1. Organization and Authorization. Each Party represents: (i) it is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation; (ii) it has the requisite power and authority to carry on its business as it is now being conducted; (iii) it has the legal capacity to enter into this Agreement; and, (iv) the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement have been authorized and approved by all action required on the part of that Party.

7.2. No Conflict. Each Party represents that other than as disclosed herein, the execution and delivery of this Agreement and ancillary agreements hereto by that Party does not: (i) conflict with, or result in any violation or breach of, any provision of that Party's respective charter documents; (ii) result in any violation or breach of, or constitute a default under, or require a consent or waiver under, any of the terms, conditions or provisions of any license, contract or other agreement to which that Party is a party; or (iii) materially conflict with or violate any franchise, license, or any Applicable Laws and Regulations applicable to that Party.

8. INDEMNIFICATION. Customer agrees to indemnify TEP from and against any and all losses, damages, liens, liabilities, costs, expenses, penalties, assessments, and judgments (including reasonable attorneys' fees and interest) stemming from any third-party claims, actions, proceedings, demands, suits or other disputes, to the extent resulting from: (i) any material breach of any obligation or covenant of Customer contained herein; (ii) Customer's construction, ownership, or operation of, or by failure of, any of the Customer's facilities used in connection with this Agreement; or (iii) the negligent acts, errors, omissions or willful misconduct of Customer incident to the performance of this Agreement.

9. WARRANTY. TEP MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND HEREUNDER, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, TEP MAKES NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE GENERATING FACILITY, THE INTERCONNECTION FACILITIES OR TEP'S SYSTEM, THEIR OPERATION, SAFETY, INSTALLATION OR COMPLIANCE WITH ANY BUILDING OR SAFETY CODES, RULES OR REGULATIONS, AND TO THE MAXIMUM EXTENT PERMITTED BY LAW, TEP HEREBY EXPRESSLY DISCLAIMS ANY AND ALL LIABILITY ASSOCIATED THEREWITH. Further, no TEP approvals given or actions taken under this Agreement shall be construed as a warranty or representation to Customer or any third party regarding the safety, durability, reliability, performance or fitness of the Generating Facility or the Interconnection Facilities, or any associated control or protective devices or the design, construction, installation or operation thereof.

10. LIMITATION OF LIABILITY.

10.1. NOTWITHSTANDING ANY PROVISION HEREIN TO THE CONTRARY, EACH PARTY'S LIABILITY TO THE OTHER UNDER THIS AGREEMENT SHALL BE LIMITED TO THE AMOUNT OF DIRECT ACTUAL DAMAGES ONLY, AND IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY, INDIRECT, OR SPECIAL DAMAGES OF ANY KIND WHATSOEVER, INCLUDING WITHOUT LIMITATION, LOSS OF REVENUES OR LOST PROFITS, AND WHETHER BASED IN TORT, CONTRACT OR OTHERWISE. PROVIDED, THIS SECTION 10.1 LIMITATION OF LIABILITY SHALL NOT APPLY TO ANY INDEMNIFICATION OBLIGATIONS HEREUNDER.

10.2. In addition to the limitation of liability set forth above, TEP shall not be liable to Customer or any third party for any damages occasioned by fluctuations, interruptions or curtailment of the TEP System or for any loss, cost or expense incurred by Customer that may result from any action taken by TEP pursuant to Section 5.2 or 5.3 above or Section 12.2 below. Provided further, nothing contained in this Agreement shall be construed to increase the scope of TEP's liability to Customer beyond that set forth in TEP Rules and Regulations or otherwise under Applicable Laws and Regulations.

11. INSURANCE. The Parties acknowledge and agree that due to the risk of Customer incurring or causing damages in performing hereunder, it is recommended and may be consistent with Good Utility Practice for Customer to obtain general liability or other insurance or some other suitable financial instrument sufficient to meet its construction, operating, and liability responsibilities hereunder. The Parties further acknowledge and agree that TEP not requiring Customer to carry general liability or other insurance coverage incident to its operation of the Generating Facility or other performance obligations hereunder shall not constitute TEP's waiver of any legal or equitable rights or remedies it may have against the Customer.

12. TERMINATION.

12.1. Termination. This Agreement may be terminated:

- a. At any time by mutual written agreement of the Parties;
- b. By either Party on ten (10) days written notice in the event the other Party fails to make any payment required hereunder when due;
- c. By either Party on thirty (30) days written notice in the event the other Party commits a material breach of this Agreement (other than a breach under Section 12.1.b for failure to pay), and fails to cure the same within such thirty (30) day period. Provided, however, that neither Party shall have the right to terminate this Agreement under this Section 12.1.c if the nature of the other Party's default is such that more than thirty (30) days are reasonably required for its cure and the defaulting party commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion for a period not to exceed ninety (90) days; or
- d. By TEP if the Customer terminates its electric utility service with TEP and/or vacates or abandons the Property or the Generating Facility without mutual agreement of the Parties.

12.2. Effect of Termination. Upon termination or expiration of this Agreement, Customer shall immediately and permanently lock open/rack out the Service Disconnect. In the event Customer fails to do so, TEP shall have the right to enter the Property to permanently lock open/rack out the Service Disconnect without liability to Customer or any third party and Customer hereby consents to such entry and disconnection. In coordination with TEP, Customer shall additionally immediately physically remove the Customer electrical conductors connecting the Generating Facility to the Service Disconnect to eliminate any inadvertent future interconnected operation. TEP reserves the right to inspect the Generating Facility to verify that the Generating Facility is permanently disconnected. All costs required to effectuate such disconnection shall be borne by the Customer.

13. UNCONTROLLABLE FORCES. Neither Party shall be considered to be in default in the performance of any of its obligations under this Agreement (other than obligations to pay any amounts owed hereunder) when a failure of performance shall be due to an Uncontrollable Force. Nothing contained herein shall be construed so as to require a Party to settle any strike or labor dispute in which it may be involved. Either Party rendered unable to fulfill any of its obligations under this Agreement by reason of an Uncontrollable Force shall give prompt written notice of such fact to the other Party and shall exercise due diligence to remove such inability with all reasonable dispatch.

14. TAXES.

14.1 The Parties agree to follow all applicable tax laws and regulations, consistent with Federal Energy Regulatory Commission policy and Internal Revenue Service requirements.

14.2 Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Agreement is intended to adversely affect TEP's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

15. MISCELLANEOUS.

15.1. Entire Agreement. This Agreement is the final integration of the agreement between the Parties with respect to the matters covered by it and supersedes any prior understanding or agreements, oral or written, with respect thereto. In the event of a conflict between the DG Interconnection Requirements and any provision of this Agreement or any other Appendix hereto, this Agreement or such other Appendix shall govern. In the event of a conflict between the provisions of this Agreement and any Appendix hereto other than the DG Interconnection Requirements, such Appendix shall govern. This Agreement does not modify, change or impact any other agreement between the Parties relating to the supply of electric service, or the sale of, or purchase of, electric power.

15.2. Modification, Waiver and Severability. This Agreement may not be modified or supplemented except by written instrument signed by the Parties, and if deemed necessary by TEP, approved by the ACC. No waiver of any default or breach hereof shall be deemed a waiver of any other default or breach thereof. If any part of this Agreement is declared by a court of competent jurisdiction to be void and/or unenforceable, such part shall be deemed severed from this Agreement which shall otherwise remain in full force and effect.

15.3. Assignment. Without the prior written consent of TEP following TEP's reasonable due diligence and financial review, which consent shall not be unreasonably withheld, conditioned or delayed, Customer may not assign or transfer its rights, title or interest, nor delegate its duties or performance under this Agreement, voluntarily or involuntarily whether by merger, consolidation, dissolution, operation of law, stock sale, or any other manner. For purposes of this section, a change in control or indirect stock sale of 50% or more of Customer have occurred upon Customer's receipt of written request therefor from TEP, Customer shall provide TEP with reasonably requested information regarding the then ownership of Customer. Any such assignment or delegation made without such written consent shall be null and void. This Agreement shall be binding on the Parties' respective successors and permitted assigns.

15.4. Section Headings. Section headings appearing in this Agreement are inserted for convenience only, and in no way define, limit, extend, or describe the scope of this Agreement or the intent of any provision hereof.

15.5. Governing Law. This Agreement and its validity, interpretation, performance, and enforcement shall be governed by and construed and enforceable in accordance with the laws of the State of Arizona applicable to contracts entered into and to be performed solely within such state, without reference to its principles governing conflicts of laws. All claims whether sounding in contract, tort or otherwise, shall likewise be governed by the laws of Arizona, without reference to its principles governing conflicts of laws.

15.6. Dispute Resolution. If a dispute arises between the Parties under this Agreement or a Party's performance hereunder, the Parties agree that such dispute will be resolved in the manner prescribed in this Section 15.6.

a. Notification and Response. Promptly upon the occurrence of the dispute, the aggrieved Party will notify the other Party in writing (the "Claimant's Statement"), setting forth in sufficient detail the basis for the dispute, the aggrieved Party's position, and its proposal for resolution of the dispute. Within ten (10) business days following receipt of the Claimant's Statement, the other Party will respond in writing (the "Responsive Statement") setting forth in sufficient detail the respondent's position and its proposal for resolution of the dispute.

b. Good Faith Negotiation. Within ten (10) business days after the aggrieved Party's receipt of the Responsive Statement, the Parties will meet and attempt in good faith to expeditiously negotiate a resolution to the dispute. Each Party will have a representative that is authorized to act for the Party and resolve this dispute without resort to higher authority at that opening session and throughout the dispute resolution procedure described in this Section 15.

c. Dispute Resolution by Mediation. Any dispute(s) arising out of or relating to this Agreement shall be subject to binding mediation by a mutually acceptable mediator. If no mediator is mutually acceptable, then a mediator shall be appointed by the Arizona office of the American Arbitration Association, at the request of any Party. The costs of mediation, including the other Party's reasonable attorney's fees, shall be borne by the losing Party and as prescribed by the mediator.

d. Arizona Corporation Commission. In the event such dispute is not resolved by mediation, then the Parties consent to jurisdiction to resolve any such dispute by the Arizona Corporation Commission.

15.7. Expenses and Attorney's Fees. In any action between the Parties to enforce any of the terms of this Agreement, the prevailing Party shall be entitled to recover expenses, including reasonable attorney's fees.

15.8. Compliance with Law. Customer shall comply with all Applicable Laws and Regulations at all times in performing under this Agreement.

15.9. Survival. After expiration or termination of this Agreement, those provisions which specifically provide for survival beyond expiration or termination, and all provisions, regarding warranty, indemnification and limitation of liability shall survive indefinitely or until the expiration of the time period specified elsewhere in this Agreement with respect to the provision in question.

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

15.11. Notices. All notices under this Agreement shall be in writing and shall be given to the Parties thereto by personal service, or by certified or registered United States mail, return receipt requested, or by receipted confirmed facsimile, or by e-mail with electronic confirmation or by recognized overnight courier service, to the individuals at the addresses set forth below. Any notice shall be deemed given: (i) upon delivery if delivered in person, (ii) upon the date of receipt if sent by United States mail; (iii) upon receipt of confirmation if sent by facsimile; (iv) upon delivery if delivered by commercial courier service; or (v) upon receipt if delivered by e-mail with electronic confirmation. Either Party may change its address for notice by written notice given to the other Party in the manner hereinabove provided

If to TEP: Tucson Electric Power Company
Attn: Miranda Gearing
4350 E. Irvington Road
Tucson, AZ 85714
Telephone: (520) 918-8304
Email: mgearing@tep.com

If to Customer: Pima County
150 W. Congress Street Third Floor
Tucson, Arizona 85701
Attn: Marc Lynn
Telephone: 520-724-3085

15.12 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same agreement. Photocopy, PDF or facsimile, copies shall have the same effect for all purposes as an ink-signed original.

(Signatures to follow)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the Execution Dates indicated.

Tucson Electric Power Company

By _____

Print Name _____

Title _____

Date _____

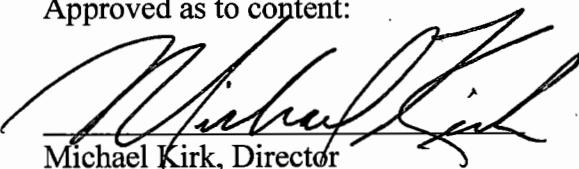
Pima County

Sharon Bronson, Chair
Board of Supervisors

ATTEST:

Robin Brigode, Clerk of the Board

Approved as to content:


Michael Kirk, Director
Pima County Facilities Management Dept.

Approved as to form:


Hal Collier
Deputy Pima County Attorney

Appendix A
Payment Responsibility for Interconnection

Element	Est. Cost (\$)	Responsibility for Payment	
		TEP	Customer
Metering & communication equipment	None		<input checked="" type="checkbox"/>
Engineering	None		<input checked="" type="checkbox"/>
Labor	None		<input checked="" type="checkbox"/>
Estimated Customer Total	None		<input checked="" type="checkbox"/>

Note: Costs above do not include Customer-provided equipment on Customer's side of the Point of Interconnection. Costs are estimates only. All installation costs, as estimated above, will be TEP's actual costs of construction. Upon completion of construction, TEP will compare the actual cost to the estimated cost and any difference will be either billed or refunded within 60 days to the Customer.

Project Time Estimates and Payment Schedule

Milestone	Duration*	Payment Due
Interconnection Agreement Execution	-----	Not Applicable
Equipment Procurement	None	
Start Construction (TEP Interconnection Facilities)	None	Not Applicable
Site Preparation	None	
Construction	None	
Commissioning	None	

* The Estimated Durations are estimates provided for informational purposes only and are not intended to and shall not be construed to impose a deadline by which any particular Milestone must be attained. Accordingly, the failure to attain a Milestone by an Estimated Duration will not constitute a breach of the Agreement and will not subject the failing Party to any claim or liability.

Appendix B
Customer Generating Facility

PV Systems:

- a. Solar Technology Type: Combined Heat and Power (CHP)
- b. Nameplate Rating of System : 100 kW
- c. Generator: (1) TECOGEN, TECOGEN INV-100, 100kW

Appendix C
Interconnection Facilities

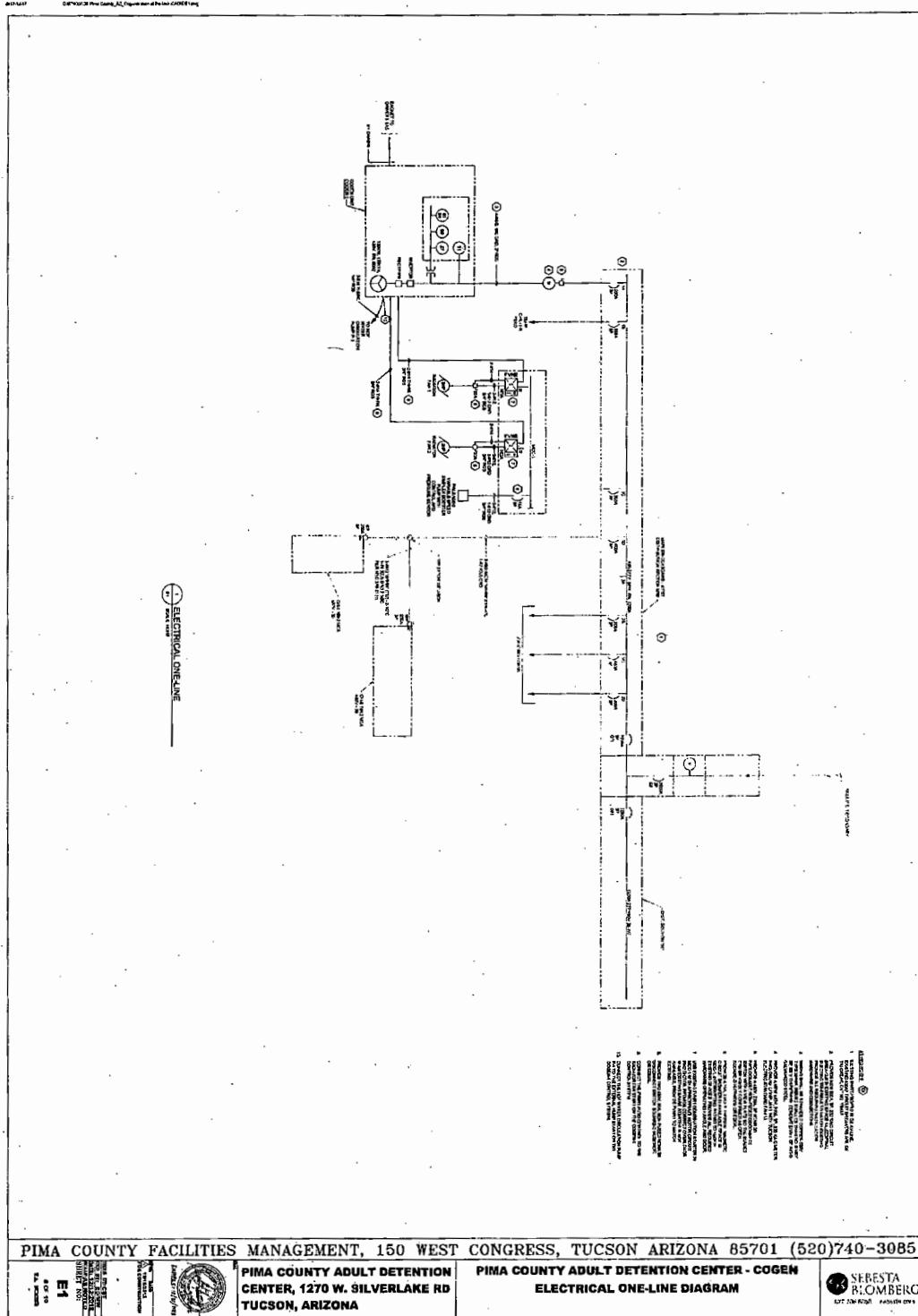
Customer Interconnection Facilities:

- 277/480V, 3Ø, 4W, existing 1200A Service Entrance Switchgear (SES)
- Load-side thru a 300A Rated, Non-fused Utility AC Disconnect Switch

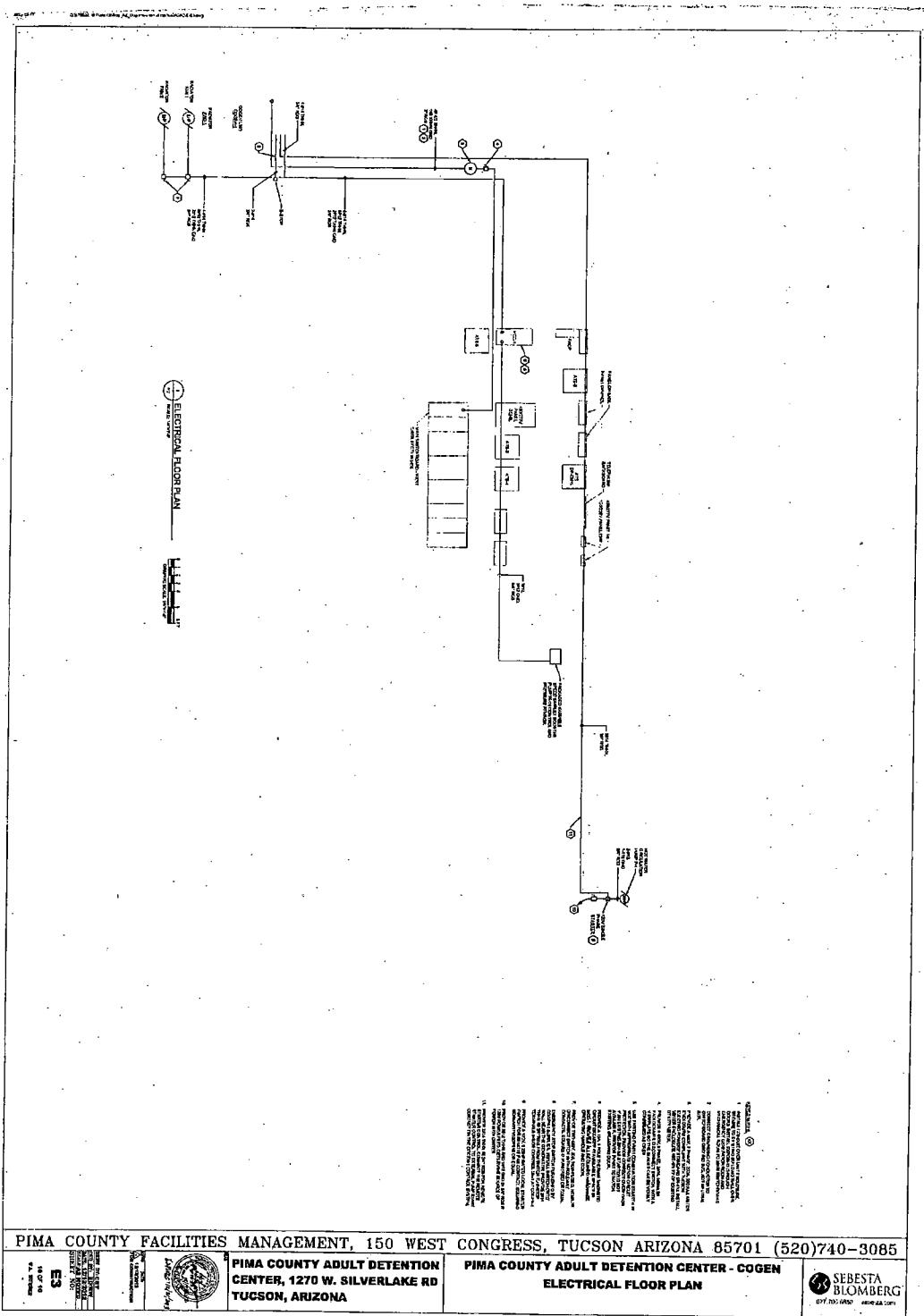
TEP Interconnection Facilities:

- TEP Meter #TR9R-66
- PCCF-2, a 750kVA, 13.8kV-277/480V three-phase pad-mounted transformer bank.

Appendix D
Electrical One-Line Diagram



Appendix E
Map of Facility Location
And Site Plan



Appendix F
DG Interconnection Requirements

This document is intended to serve as Appendix F, Distributed Generation Interconnection Requirements, for those certain COMMERCIAL/INDUSTRIAL GENERATING FACILITY DISTRIBUTION SYSTEM INTERCONNECTION AGREEMENTS.



TUCSON ELECTRIC POWER COMPANY

DISTRIBUTED GENERATION INTERCONNECTION REQUIREMENTS (“DGIRs”)

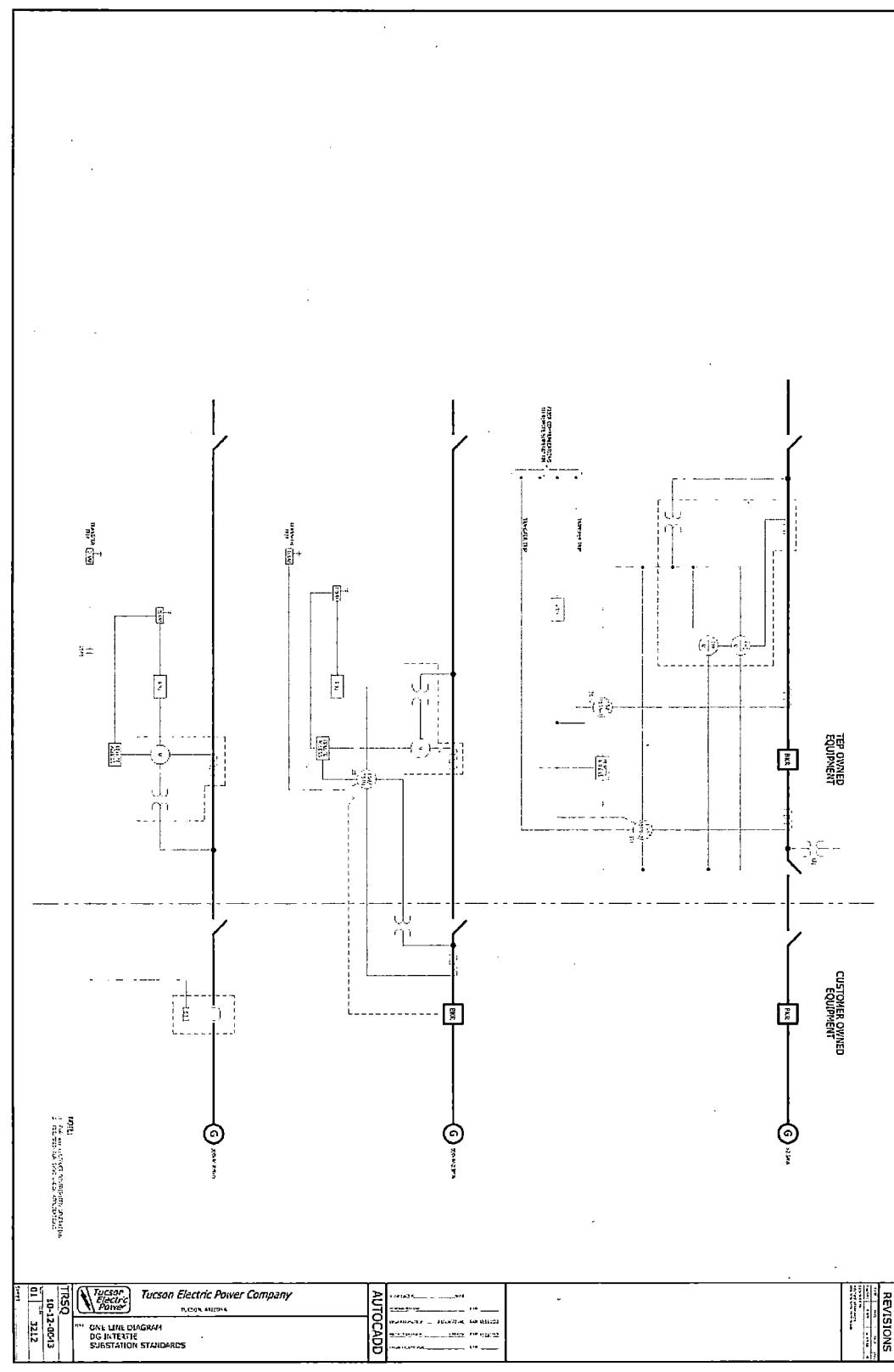
Conformed To ACC Docket No. E-00000A-99-0431

Decision No. 69674

June 28, 2007

The Generating Facility must at all times meet all system qualification requirements as set forth in the “Distributed Generation Interconnection Requirements” as amended from time to time, the terms of which are fully incorporated herein by reference. A complete copy of the “Distributed Generation Interconnection Requirements conformed to ACC Docket No. E-00000A-99-0431” are located at <https://www.tep.com/customer/construction/esr/#tab3> under “Customer Care” / “Electric Service Requirements”/ “DGIRs” tab. TEP’s “Rules and Regulations” dated July 1, 2013 are located at <https://www.tep.com/customer/rates/rates/> under the “Rules and Regulations” tab. Customer acknowledges that it has adequate notice of and access to these online documents, has read the documentation and waives any objection thereto. Hard copies can be provided upon request.

Appendix G
TEP Solar Intertie Protection Standard



Appendix H
TEP Operating Procedure

APPENDIX H: OPERATING PROCEDURE



SUBJECT: PIMA COUNTY

Date: April 2, 2014

Revision 1

OPERATING INSTRUCTIONS AND PROCEDURES

FOR USE BY TUCSON ELECTRIC POWER COMPANY

AND

PIMA COUNTY

IN THE OPERATION OF THE GENERATING FACILITY FED BY

TUCSON ELECTRIC POWER COMPANY'S DISTRIBUTION SYSTEM

1. INTENT OF OPERATING INSTRUCTIONS AND PROCEDURES

The intent of this Operating Procedure (“Operating Procedure”) is to provide a definitive understanding between TUCSON ELECTRIC POWER COMPANY (“TEP”) and Pima County (“Customer”) as to the approved procedures, which are to be followed in the execution of routine and emergency operations.

2. DEFINITIONS

- a. “Clearance” means a statement, with documentation, by the individual having complete operational authority over all parts of a line or electrical equipment that said line or equipment is disconnected from all known sources of power and tagged. It is the assurance that all proper precautionary measures have been taken and those workmen may proceed to inspect, test, and install grounds on the circuit. A clearance further requires that a line or equipment remain isolated from all known sources of power and tagged until released by the person holding the clearance. Inter-company clearances will be handled as they are today.
- b. “Customer’s Representative” means Marc Lynn located at 150 W Congress Third Floor, Tucson AZ 85701.
- c. “Hold for Orders” means an order issued to a foreman, journeyman, or other responsible person relinquishing control of a particular circuit from TEP’s System Operator to the individual accepting the Hold for Orders. TEP’s System Operator will order a hold tag to be placed on the operating handle of the control device which feeds the circuit, and all automatic reclosing will be disabled from the protective device. Should the tagged protective device trip out or open for any reason, the circuit may not be re-energized until the TEP system operator receives a release from the person who received the Hold for Orders. Inter-company Hold for Orders will be handled as they are today.
- d. “Generating Facility” means the Customer’s solar generating facility located at 1270 W. Silverlake Rd. Tucson AZ 85713 as described in Appendix B of the Generating Facility Distribution System Interconnection Agreement by and between TEP and Customer dated _____ (“Agreement”).
- e. “Santa Cruz Substation” means the TEP owned, 138/13.8kV substation located at 420 North Fwy Tucson, AZ 85701, TEP’s facilities supply 13.8 kV feeders from this substation. The point of delivery is near 1270 W. Silverlake Rd. Tucson AZ 85713.
- f. “Point-of Interconnection” means the PCCF-2, three phase pad mounted transformer 750kVA.
- g. “TEP Representative” means the TEP Distribution System Control office located in Tucson, Arizona.
- h. “Transfer Trip” means the device or devices to initiate a remote trip or disconnect of Customer’s equipment for a predetermined set of system conditions that may result in the total curtailment of the Customer’s load.

3. GENERAL

- a. The Customer's Generating Facility is currently fed from TEP's Substation Circuit STZ-8. The point of interconnection is PCCF-2. It is possible that at some future time it will become necessary for TEP to change the present configuration due to loading, loss of source, or equipment. This change would not be apparent to the operators of the Generating Facility
- b. For this reason it is necessary for the operators of the Generating Facility to contact the TEP Distribution System Control office prior to any switching involving their switchgear and the incoming TEP feed(s). This will insure that all precautions have been taken to keep equipment and personnel safe.
- c. The phone contact number for the TEP Distribution System Control Office is **(520) 745-7149**. This number is manned at all times. If for some reason contact cannot be established at this number, contact can be made with the TEP Transmission System Control Office at **(520) 745-3210**. This number is likewise manned at all times.

4. ABNORMAL SYSTEM CONDITIONS

- a. TEP and the Customer's Representative will inform each other of any conditions on their respective systems which affect the ability of either system to transmit, and/or receive scheduled power and in the case of emergency conditions or interruptions will notify each other as quickly as possible.
- b. TEP will notify the Customer Representative if there is any indication of abnormal operating conditions that may affect the ability of the Customer to serve its load. These abnormal operating conditions may include but are not limited to distribution circuit re-configuration, distribution circuit or equipment failures. These conditions may result in a transfer trip signal being sent to Generating Facility.
- c. TEP will investigate the abnormal operating condition in the appropriate order of priority determined by TEP in its sole discretion along with any other activities that may be occurring on the system.
- d. TEP will communicate the status of the abnormal operating condition to the Customer as the status becomes known.

5. EMERGENCY OPERATIONS

During periods of any emergency, TEP and the Customer's Representatives will honor requests for operations on the associated equipment in a manner that will not create a hazard to personnel or equipment.

6. PLANNED OUTAGES

- a. Planned outages will be handled between TEP and the Customer, and will be scheduled in accordance with each organization's established procedures.
- b. TEP and the Customer will notify each other of any planned outages that may affect the ability of either party to deliver power.
- c. Requests for outages shall be made with sufficient advance notice (72 hours at a minimum) or for abnormal circumstances, as soon as is possible.

7. AUTHORIZATION FOR WORK

- a. Authorization to work on any line or equipment, which compromises a portion of the TEP power system, shall originate through TEP.
- b. Authorization to work on any line or equipment, which compromises a portion of the Customer's power system, shall originate through the Customer.

8. REVISIONS AND CANCELLATIONS

- a. This Operating Procedure is subject to review and revision upon written agreement and signature of the parties.
- b. TEP and Customer may desire to revise this Operating Procedure from time to time due to operating experience and/or system changes. When Customer and TEP agree to such changes, are in accord, TEP will compile and distribute the approved revised Operating Procedure amendments.
- c. TEP and Customer will endeavor to review this Operating Procedure at least annually, and more frequently should circumstances require.

9. ACKNOWLEDGEMENT

This Operating Procedure was agreed to by TEP and the Customer.

(signatures to follow)

IN WITNESS WHEREOF, the Parties have caused this Operating Procedure to be executed by their duly authorized representatives as of the dates indicated below.

TUCSON ELECTRIC POWER COMPANY

By: _____
Print Name: _____
Title: _____

Date: _____

PIMA COUNTY

By: _____
Print Name: _____
Title: _____

Date: _____

Appendix I
Disclaimer

**POSSIBLE FUTURE RULES and/or RATE CHANGES
AFFECTING YOUR GENERATING FACILITY**

The following is a supplement to the Generating Facility Distribution System Interconnection Agreement with Tucson Electric Power Company ("TEP").

1. TEP electricity rates, basic charges and service fees are subject to change. Future adjustments to these items may positively or negatively impact any potential savings or the value of the Generating Facility.
2. Customer will be responsible for paying any future increases to electricity rates, basic charges or service fees from TEP.
3. The Generating Facility is subject to the current rates, rules and regulations established by the ACC. The ACC may alter its rules and regulations and/or change rates in the future, and if this occurs, the Generating Facility is subject to those changes.
4. Any future electricity rate projections which may be presented to the Customer are not approved by TEP or the Commission. They are based on projections formulated by external third parties not affiliated with TEP or the ACC.

Please acknowledge your understanding and acceptance of this Disclaimer by signing below.

PIMA COUNTY

By: _____

Name: _____

Title: _____

Date: _____