

MASTER AGREEMENT FOR THE INTERCONNECTION  
OF GENERATING  
FACILITIES TO THE APS DISTRIBUTION SYSTEM  
BETWEEN  
ARIZONA PUBLIC SERVICE COMPANY  
AND  
TOWN OF PRESCOTT VALLEY

APS AGREEMENT NO. 11-COM-0009

MASTER AGREEMENT FOR THE INTERCONNECTION  
OF GENERATING FACILITIES  
TO THE APS DISTRIBUTION SYSTEM BETWEEN  
ARIZONA PUBLIC SERVICE COMPANY AND  
TOWN OF PRESCOTT VALLEY

1. PARTIES This Master Agreement for the interconnection of Customer's Generating Facilities to the APS Distribution System (hereinafter referred to as "Master Agreement" or "Agreement") is entered into as of the 31 day of August, 2011, (the "Effective Date") by and between ARIZONA PUBLIC SERVICE COMPANY, an Arizona corporation (hereinafter called "APS") and TOWN OF PRESCOTT VALLEY (hereinafter called "Customer"). APS and Customer are hereinafter sometimes referred to individually as "Party" and collectively as "Parties".

2. RECITALS

This Agreement is entered into in respect to the following facts and considerations, all of which are considered to be an essential part of the terms and conditions, which follow:

2.1 From time to time after the Effective Date and during the term of this Agreement, Customer intends to invest in, construct, own, lease, maintain and/or operate Generating Facilities ("GFs") at its various facilities located within the APS electric service territory, or license or otherwise grant third parties the right to construct, own, lease, maintain and/or operate GFs at such facilities, all of which will be connected to Customer's own internal electric distribution system (and thereby be indirectly interconnected to the APS System and which will be operated in electrical parallel with the APS System. For the purposes of this Agreement, whether a GF is directly interconnected to the APS System or indirectly interconnected to the APS System through its direct interconnection with Customer's electric distribution system, it shall be deemed to be interconnected to the APS System. Each interconnection and parallel operation shall be undertaken in accordance with the terms and conditions of this Agreement.

2.2 The location, specifications, in-service date and other specific details regarding the interconnection of each GF shall be stated in Schedules (the "Schedule(s)") to be entered into by APS and the Customer from time to time during the term of this Agreement, the form and general content of which shall be in accordance with the Sample Schedule attached to this Agreement as Exhibit A.

2.3 APS and Customer may have previously interconnected their respective electric distribution systems in order that Customer may operate or allow for the operation of an existing GF or GF's in electrical parallel with the APS System and in such case intend to continue to do so during the term of this Agreement.

2.4 The electric service as provided by APS to Customer shall be specified in the applicable Schedule entered into pursuant to this Agreement.

### 3. AGREEMENT

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

### 4. DEFINITIONS

The following terms, when used in this Agreement, shall have the meanings specified:

- 4.1 Agreement: This Agreement titled "Master Agreement for the Interconnection of Generation Facilities to the APS Distribution System between Arizona Public Service Company and Town of Prescott Valley" together with all Appendices, Schedules and other exhibits attached hereto and incorporated herein by specific reference.
- 4.2 APS Interconnection Requirements Manual: The APS document titled "Interconnection Requirements for Distributed Generation", which outlines APS' interconnection requirements to interconnect a GF to the APS System.
- 4.3 The APS System: Refers to APS' electric distribution system.
- 4.4 Cogeneration Facility: Any facility that sequentially produces electricity, steam or forms of useful energy (e.g., heat) from the same fuel source and which are used for industrial, commercial, heating, or cooling purposes.
- 4.5 Customer: A Customer is considered to be an APS account holder ("APS Customer of Record") that receives electric service from APS and also generates electricity at the Property receiving such electric service. For the purpose of this Agreement a Customer shall be understood to include any independent party or entity that either invests in, owns, or operates the GF including without limitation its grantees, lessees, or licensees.
- 4.6 Disconnect Device: A Disconnect Switch or a rack-out circuit breaker acceptable to APS to electrically isolate the Customer's GF from the APS System.
- 4.7 Disconnect Switch: A visible open disconnect device that the Customer is required to install and maintain in accordance with the requirements set forth in the APS Interconnection Requirements manual and this Agreement. It will completely isolate the Customer's Generating Facility from the Utility grid, including the Utility metering equipment located at the SES.
- 4.8 ESRM: Refers to APS' Electric Service Requirements Manual, available at <http://esp.aps.com/resource/esrm.asp>.
- 4.9 Generating Facility (GF): All or part of the Customer's electrical generator(s) or inverter(s), together with the interconnection facilities and all protective, safety, and associated equipment and improvements which Customer installs and which are necessary to interconnect the GF to the APS System and generate electric

power. The GF shall comply with APS' ESRM, the APS Interconnection Requirements Manual and the requirements set forth in this Agreement. A GF is required to be a Qualifying Facility (QF) under this Agreement.

- 4.10 Generator: An induction or synchronous machine or static inverter used to produce electrical power.
- 4.11 Minimum Protective Devices and Relays:  
The minimum required protective relaying and/or safety devices or requirements specified in the APS Interconnection Requirements manual, for the purpose of protecting APS facilities from damage or disruptions caused by a fault, malfunction or improper operation of the Customer's GF. Minimum Protective Devices and Relays shall not be construed to 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 GF or facilities; such shall be the sole responsibility of the Customer.
- 4.12 OSHA: Occupational Safety and Health Administration. See [www.osha.com](http://www.osha.com).
- 4.13 Point(s) of Interconnection: The physical location(s) where APS' service conductors are connected to Customer's service conductors or bus to allow parallel operation of Customer's GF with the APS System.
- 4.14 Property – Has the meaning set forth in Paragraph 2 of the applicable Schedule.
- 4.15 Qualifying Facility (QF): Any Cogeneration or Small Power Production Facility that meets the criteria for size, fuel use, efficiency, and ownership as promulgated in 18 CFR, Chapter I, Part 292, Subpart B of the Federal Energy Regulatory Commission's Regulations, as amended.
- 4.16 Small Power Production Facility: A facility that uses primarily biomass, waste, or renewable resources, including wind, solar, and water to produce electric power.
- 4.17 UL: Underwriters Laboratories Inc. See [www.ul.com](http://www.ul.com).

## 5. EFFECTIVE DATE AND TERM

This Agreement shall become effective on the Effective Date specified in Section 1. This Agreement and each Schedule entered into pursuant thereto shall remain in effect thereafter unless and until (a) it is terminated by mutual agreement of the Parties, (b) it is replaced by another interconnection agreement and/or Schedule, as the case may be, (c) it is terminated by either Party pursuant to a Default of this Agreement or an applicable Schedule as specified in Section 17 hereof, or (d) upon termination of electric service to the Customer, or (e) it is superseded by another interconnection agreement or Schedule, as the case may be, between the Parties with respect to the GF or GFs. Upon termination of this Agreement or an applicable Schedule, Customer shall immediately permanently lock open the Disconnect Switch, and shall be responsible for ensuring that the electrical conductors connecting the GF to Customer's distribution system or the APS System pursuant to a Schedule entered into under this Agreement are immediately lifted and permanently removed, so as to preclude any possibility of interconnected operation in the future. In the event Customer fails to do so, APS shall have the right to enter the premises where the GF and its related facilities are located in order to permanently lock open the Disconnect Switch or disconnect service, without liability for injury or damage to Customer or any third party and Customer hereby consents to such entry and disconnection. APS reserves the right to inspect the Customer's facility to verify that the GF is permanently disconnected.

## 6. INTERCONNECTION FACILITIES AND POINT(S) OF INTERCONNECTION

Customer is responsible for and shall pay for all facilities required to be installed solely to interconnect the GF to the APS System including, but not limited to, connection, transformation, switching, protective relaying, metering and safety equipment, including a Disconnect Switch, in the manner shown and marked as such on the Appendix A to each Schedule to be entered into pursuant to this Agreement. All such facilities are to be installed by Customer at Customer's or its grantee's, lessee's or licensee's sole expense, as the case may be. During the term of this Agreement, Customer shall maintain the GF, connection facilities, and all other materials required hereunder in a safe and in good operating condition, and cause its grantees, lessees or licensees to do so.

## 7. NOTICES

All written notices pursuant to this Agreement shall be delivered by registered or certified mail including express overnight courier service, postage prepaid, return receipt requested, or by electronic mail (scanned PDF image) at the address of the Party set forth below as follows:

**To APS:**

Arizona Public Service  
Attn: Energy Delivery Renewable Mgmt  
P.O. Box 53933, MS 3108  
Phoenix, AZ 85072-3933

Telephone: 602-371-6160  
Email: commercial-renewables@aps.com

**To Customer:**

Town of Prescott Valley  
Attn: Kimberly J. Moon, P.E.  
7501 E. Civic Circle  
Prescott Valley, AZ 86314

Telephone: 928-759-3083  
Email: kmoon@pvaz.net

Either Party may change its address by providing written notice given to the other Party in the manner provided above. Any such notice shall be deemed to have been duly given and served on the date which is three (3) business days after the date deposited in the United States mail in accordance with this Section 7, or on the date of receipt, if delivered by express overnight courier service or electronic mail.

## 8. ENTIRE AGREEMENT

- 8.1 This Agreement and each Schedule to be entered into pursuant to this Agreement and the documents attached thereto constitute the entire agreement between the Parties relating to the subject matter hereof, there being no other agreements or understandings, written or oral, other than those contained in this Agreement and each such Schedule. In the event of a conflict among the provisions of this Agreement and a Schedule, the Schedule shall govern. This Agreement does not modify, change or impact any agreement between the Parties existing on the Effective Date relating to the supply of electric service, or the sale of, or purchase of, electric power.
- 8.2 The Parties may amend this Agreement or any Schedule entered into pursuant to this Agreement, but such amendment may only be effective and enforceable if it is set forth in a written instrument signed by both Parties.

## 9. CUSTOMER'S OBLIGATIONS

- 9.1 Customer shall not commence interconnected operation of a GF that is directly or indirectly interconnected with or to the APS System, until the GF has been inspected by an authorized APS representative and written notification is received from APS allowing the GF to commence parallel operation with the APS System.

Customer shall give at least five (5) business days notice to APS when initial startup is to begin. APS shall have the right to have a representative present during initial energizing and testing of the GF.

- 9.2 Customer shall design, install, operate and maintain:

9.2.1 The GF in accordance with the requirements of all applicable construction and safety codes, laws and governmental agencies having jurisdiction, and in accordance with the requirements set forth in the ESRM, the APS Interconnection Requirements Manual, and the terms and conditions of this Agreement and Schedule.

9.2.2 Control and protective devices, in addition to the Minimum Protective Devices and Relays as required by the APS Interconnection Requirements Manual, in order to protect the APS System and to protect the GF from abnormal operating conditions such as, but not limited to, electrical overloading, abnormal voltages, and fault currents. Such protective devices shall promptly disconnect the GF from the APS System in the event of a power outage on the APS System.

The GF shall be operated with all of the protective relaying, and any Customer operating procedures and switching apparatus in service whenever the GF is connected to, or is operated in parallel with, the APS System.

- 9.2.3 An acceptable visibly open and lockable isolation point will be provided by the Customer on the Customer's side of the SES meter section, to electrically isolate the Customer-owned facilities from all APS electric service equipment in order to establish a safe work area for APS personnel.

The isolation point will comprise a load break Disconnect Device as shown on the One Line Diagram attached in Appendix A of this Agreement. The Disconnect Device shall be capable of being locked in a visibly "open" position by a standard APS padlock, and shall be installed in a place so as to provide easy and unrestricted accessibility to APS personnel on a 24-hour basis. APS shall have the right to lock open the Disconnect Device without notice to Customer, or require Customer to lock open, the Disconnect Device when interconnected operation of the GF with the APS System could adversely affect the APS System, or endanger life or property, or upon termination of this Agreement.

When an electrical clearance is required by APS and the APS electric service to Customer is at a phase to phase voltage of greater than 500 V, Customer shall provide personnel and equipment on site to open the Disconnect Device so as to provide a visible open and lockable isolation point acceptable to APS personnel.

- 9.2.4 Interconnection facilities on Customer's premises as may be required to deliver power from the GF to the APS System at the Point of Interconnection, and all equipment downstream (Customer's side) of the service entrance section(s).

- 9.2.5 In cases where the applicable rate schedule or other APS requirement and/or agreement requires meter(s) to be installed to record the output of the GF Generator(s), Customer will provide at its expense a dedicated phone line to each such meter and also to the GF service entrance section Utility meter(s) and/or sub meters if necessary. Each dedicated phone line is to be landed on the APS-provided telephone interface module, normally located within two feet of the meter.

- 9.3 The electrical output of the GF shall not contain harmonic content, which may cause disturbances on or damage to APS' electric distribution system, or other parties' systems, including, but not limited to computer, telephone, communication and other sensitive electronic or control systems.

- 9.4 Customer shall exercise reasonable care to assure that the electrical characteristics of its load and the GF, 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 APS 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 service entrance section shall not be greater than ten percent (10%) at any time. The power factor of the GF shall not be less than

ninety percent (90%) lagging, but shall not be leading, unless agreed to in writing by APS or otherwise required by APS.

- 9.5 Customer shall protect, operate and maintain the GF in accordance with those practices and methods, as they are amended or changed from time to time that are commonly used in prudent engineering and electric utility operations and shall operate and maintain the GF lawfully in a safe manner and non-hazardous condition.
- 9.6 Customer shall submit to APS, for APS review and written approval, written equipment specifications, and detailed plans of the interconnection facilities, control and protective devices and settings, and facilities as specified in the APS Interconnection Requirements manual, as may be revised from time to time, for the design, installation and operations of the GF prior to its actual installation.
- 9.7 Following APS' written approval of the proposed GF and associated facilities, neither Customer nor its grantees, lessees, licensees, successors or assigns shall remove, alter or otherwise modify or change the equipment specifications, including, without limitation, the plans, control and protective devices or settings, and in general the GF's system specifications configuration or any facilities appurtenant thereto. If Customer desires to make such changes or modifications, Customer shall resubmit to APS plans describing said changes or modifications for approval by APS. No such change or modification may be made without the prior written approval of APS.
- 9.8 If Customer utilizes service from the APS electric distribution system to facilitate start-up of its GF, the voltage flicker level shall not exceed APS standards.
- 9.9 Customer shall obtain and maintain all required permits and inspections indicating that Customer's GF complies with local and other applicable construction and safety codes.
- 9.10 Customer shall obtain the written acknowledgement of any third party who may own, operate or otherwise have the right to operate or control the GF (including, without limitation, the GF owner, the GF operator, the APS retail electric Customer of record, or the property owner), in the form of the applicable required acknowledgements as are attached to this Agreement as Appendix B, C, D, E and F. Executed original copies of such acknowledgements shall be delivered to APS before the GF commences interconnected operation. If there is subsequently a transfer of GF ownership or operating right or responsibility, it shall be Customer's obligation to obtain a signed acknowledgement from the third party to whom such transfer is made. Failure to provide such documentation may, in APS' discretion, constitute a basis to disconnect the GF from the APS System until such acknowledgements are signed and delivered to APS.
- 9.11 In the event that APS provides more than one point of electrical service delivery to Customer's Property, then Customer shall (a) have controls and/or operating procedures in place that are acceptable to APS to ensure that APS' points of delivery are never connected together or paralleled in anyway; and (b) ensure

that the GF is never connected to an electrical service other than that specified in the Schedule governing the interconnection of the GF.

## 10. MUTUAL UNDERSTANDINGS

- 10.1 At its sole cost, APS shall be allowed to install on Customer's premises, at a location mutually agreed to by the parties, any instrumentation equipment for research purposes. Such equipment shall be owned, furnished, installed and maintained by APS. The installation, operation and maintenance of such equipment shall not interfere with Customer's use and operation of its premises, but Customer shall afford APS continuing access to this equipment consistent with the requirements of APS's tariffs.
- 10.2 APS' approvals given pursuant to this Agreement or actions taken hereunder shall not be construed as any warranty or representation to Customer or any third party regarding the safety, durability, reliability, performance or fitness of Customer's GF and related facilities, its control or protective devices or the design, construction, installation or operation thereof.
- 10.3 APS (including its employees, agents and representatives) shall have the right to enter Customer's premises at all reasonable times to (a) inspect the GF, protective devices, and to read or test instrumentation equipment that APS may install, provided that as reasonably possible, notice is given to Customer prior to entering its premises; (b) maintain or repair APS equipment; (c) disconnect, or cause Customer to disconnect, the GF without notice if, in APS' opinion, a hazardous condition exists and such immediate action is necessary to protect persons, APS facilities or other customers' or third parties' property and facilities from damage or interference caused by the GF, or improperly operating protective devices; (d) open, or cause to be opened/verify opened, the Disconnect Switch (and verify properly grounded, if applicable) if an operating clearance is required by APS personnel.
- 10.4 If, at any time, APS should have reason to question the integrity of any of the GF protective and switching apparatus and believes that such loss of integrity may impair APS' electric system integrity, Customer, or its grantee, lessee, licensee, GF System Owner and/or Operating Entity shall demonstrate, to APS' reasonable satisfaction, the correct calibration and operation of the equipment in question. The demonstration shall be coordinated with Customer and APS.
- 10.5 APS will not install and maintain any lines or equipment on Customer's side of the Point of Interconnection except its metering and telecommunication equipment and possibly some research equipment. For the mutual protection of Customer and APS, only authorized employees of APS are permitted to make and energize the service connection between the APS System and the Customer's service entrance conductors. Such employees carry credentials, which they will show to Customer upon request.

10.6 Notwithstanding any other provisions of this Agreement, APS shall have the right to unilaterally file with the Arizona Corporation Commission (“ACC”), pursuant to the ACC’s rules and regulations, an application for a change in requirements, charges, classification, or service, any rule, regulation or agreement relating hereto.

## 11. ADDITIONAL TERMS AND CONDITIONS

11.1 The GF shall meet the Specifications and terms and conditions provided for in the applicable Schedule entered into pursuant to this Agreement.

11.2 In addition to the interconnection facilities and equipment provided for in Section 9 of this Agreement, Customer shall install, or cause to be installed, and will maintain the following Minimum Protective Devices and Relays and additional safety equipment on the GF:

11.2.1 Such other equipment as specified in this Agreement or as may mutually be agreed upon by the Customer and APS from time to time during the term of this Agreement and any extensions thereof.

11.2.2 Such other equipment and/or controls specified in any Schedule entered into pursuant to this Agreement.

11.3 In the event APS or its authorized agents lock open, or cause to be locked open, the Disconnect Switch, Customer shall not remove or tamper with such lock.

11.4 Customer shall, at a minimum, have the shutdown protective devices, specified in the applicable Schedule tested and calibrated at the time of installation by qualified personnel and shall also perform functional testing of these relays and associated Main or Generator breaker as applicable. Customer shall provide APS with a copy of the calibration and functional test results. Customer shall also notify APS at least five (5) working days in advance that such tests are to be performed and allow APS personnel to witness such tests.

11.5 Customer shall have all protective devices tested at time of installation and at intervals not to exceed four (4) years by qualified test personnel. Customer shall either (i) provide APS with a certified copy of the test results or (ii) notify APS as to when such tests are to be performed at least five (5) working days prior to such tests and allow APS personnel to witness the test.

11.6 Customer agrees to allow APS and its authorized agents access to the protective relaying and control facilities to conduct whatever periodic tests it may deem necessary, in addition to the requirement set forth in Section 11.5. APS will provide Customer with advance notice of such tests, and Customer’s representatives may be in attendance when such tests are performed.

## 12. SUCCESSORS AND ASSIGNS

This Agreement may be assigned by either Party only with the written consent of the other; provided that either Party may assign this Agreement without the consent of the other Party to any Affiliate of the assigning Party with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement; and provided further that Customer shall have the right to assign this Agreement, without the consent of APS, for collateral security purposes to aid in providing financing for the GF, provided that Customer will promptly notify APS of any such assignment. Any financing arrangement entered into by Customer pursuant to this section will provide that prior to or upon the exercise of the secured parties, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify APS of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this article is void and ineffective. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

## 13. EFFECT OF SECTION HEADINGS

Section headings appearing in this Agreement are inserted for convenience only, and shall not be construed as interpretations of text.

## 14. INDEMNITY

To the extent permitted by law, each Party to this Agreement or a Schedule entered into pursuant to this Agreement, will indemnify, defend and hold harmless the other Party, its officers, agents, and employees from any claims, damages and actions of any kind or nature arising from personal injury (including without limitation, death) and/or tangible property damage or loss to the extent such injury, damage or loss resulted from the negligent or willful or intentional acts or omissions of the indemnifying party. This indemnification shall survive the termination or expiration of this Agreement.

## 15. GOVERNING LAW

This Agreement or a Schedule entered into pursuant to this Agreement, shall be governed by, construed, and enforced 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.

## 16. UNCONTROLLABLE FORCES

No Party shall be considered to be in default in the performance of any of its obligations under this Agreement (other than obligations of said Party to pay sums to be paid by it hereunder, and other costs and expenses) when a failure of performance shall be due to an uncontrollable force. The term "uncontrollable force" shall be any cause beyond which, by exercise of due diligence such 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 restricted to, substantial failure of or threat of substantial failure of facilities, flood, earthquake, tornado, severe storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, strikes, shortages in labor, materials or supplies, 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 or authority. 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.

## 17. EVENTS OF DEFAULT; REMEDIES

- 17.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of an Uncontrollable Force as defined in this Agreement or the result of an act of omission of the other Party. Upon a Breach, the non-breaching Party shall give written notice of such Breach to the breaching Party. Except as provided in Article 17.2, the breaching Party shall have thirty (30) Calendar Days from receipt of the Default notice within which to cure such Breach; provided however, if such Breach is not capable of cure within thirty (30) Calendar Days, the breaching Party shall commence such cure within thirty (30) Calendar Days after notice and continuously and diligently complete such cure within ninety (90) Calendar Days from receipt of the Default notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.
- 17.2 If a Breach is not cured as provided in this article, or if a Breach is not capable of being cured within the period provided for herein, the non-breaching Party shall have the right to declare a Default and terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the breaching Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity.
- 17.3 Notwithstanding any provision herein to the contrary, EACH PARTY'S LIABILITY UNDER THIS AGREEMENT SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, AND IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY OR ANY THIRD PARTIES FOR INDIRECT, SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, OR EXEMPLARY DAMAGES, IN TORT, CONTRACT OR OTHERWISE. APS shall not be liable to Customer for any damages occasioned by fluctuations, interruptions or curtailment of the APS System. These limitations on damages survive the expiration or termination of this Agreement.

## 18. SEVERABILITY

Whenever possible, each provision of this Agreement or a Schedule entered into pursuant thereto will be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement is held by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

## 19. WAIVER

The failure by either Party hereto to require strict performance by the other Party of any of the provisions, terms and conditions contained in this Agreement or a Schedule entered into pursuant thereto, shall not waive, affect or diminish any right of such Party at any time or times hereafter to demand strict performance thereof, and no waiver shall operate as a waiver of any other right or any right with respect to the same condition.

## 20. DISPUTE RESOLUTION

20.1 If a dispute arises between the Parties regarding a matter provided for in this Agreement, or a Party's performance of its obligations pursuant to this Agreement or a Schedule entered into pursuant thereto, the Parties agree that such dispute will be resolved, to the extent practicable, in the manner prescribed in this Section 20.

20.2 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 seven (7) 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.

20.3 Within five (5) business days after the aggrieved Party's receipt of the Responsive Statement, the Parties will meet (either in person or telephonically) and attempt in good faith and expeditiously to negotiate a resolution to the dispute. In attendance for each Party at that session and throughout the dispute resolution procedure described in this Section 20 will be a representative or representatives of each Party who is authorized to act for the Party and resolve the dispute without resort to higher authority.

20.4 In the event such negotiations do not result in a resolution of the dispute within thirty (30) calendar days of the Claimant's Statement, either Party will be entitled to seek appropriate relief in a court of competent jurisdiction.

## 21. ATTORNEY'S FEES

In the event either Party shall institute legal proceedings under or arising out of this Agreement and obtain a judgment or decree in its favor, including appeal to enforce any of the terms of this Agreement, the prevailing Party shall be entitled to recover, in addition to any other remedy, its reasonable actual attorney's fees, court costs, cost of investigation and other related costs allowed by law.

## 22. INSURANCE

During the term of this Agreement and any extensions thereof, Customer at its option may elect to maintain public liability and property damage insurance to cover Customer's use, interconnection and operation of the GF as contemplated in this Agreement. Any insurance coverage shall not constitute a limitation of Customer's indemnity under Section 14, Indemnity, hereof.

23. SIGNATURE CLAUSE

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date hereinabove set forth.

ARIZONA PUBLIC SERVICE COMPANY

**TOWN OF PRESCOTT VALLEY**

**“APS”**

**“Customer”**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

Date Signed: \_\_\_\_\_

EXHIBIT A

SCHEDULE NO. # \_\_\_\_\_

**SCHEDULE AGREEMENT FOR THE INTERCONNECTION OF THE CUSTOMER / LOCATION OF GF FACILITY PHOTOVOLTAIC SYSTEM TO THE APS DISTRIBUTION SYSTEM**

**PURSUANT TO THE**

**MASTER AGREEMENT FOR THE INTERCONNECTION OF GENERATING FACILITIES TO THE APS DISTRIBUTION SYSTEM BETWEEN ARIZONA PUBLIC SERVICE COMPANY AND CUSTOMER (APS AGREEMENT NO. \_\_\_\_\_)**

This SCHEDULE, dated \_\_\_\_\_, 20\_\_ is entered into by the undersigned Parties, pursuant to, in accordance with and subject to the terms and conditions of the Master Agreement for the Interconnection of Generating Facilities to the APS Distribution System, dated as of \_\_\_\_\_, 20\_\_ (APS Agreement No. \_\_\_\_\_ and also referred to as the "Master Agreement").

1. This Schedule is entered into in respect to the ownership, installation, operation and maintenance of the GF described herein.
2. The GF shall be permanently located at GF LOCATION and is scheduled to begin operation in electrical parallel with APS' electric distribution system, on or about \_\_\_\_\_, 20\_\_.
3. In addition to the provisions specified in Section 5 of the Master Agreement, this Schedule shall remain in effect as long as the GF referred to herein remains interconnected with the APS System.

4. The Specifications of the GF are described as follows:

Type: Manufacturer and Model No.

Fuel or Energy Source: Photovoltaic

Unit Nameplate Output Rating: kW Output

No. of Units: \_\_\_\_\_

Total Nameplate Output of all Units: Total system kW output

5. Attached to this Schedule and made a part hereof is the following Appendix:

APPENDIX A: Operating Agreement

6. Special Terms and Conditions:  
(To be provided per project)

7. This Schedule is entered into pursuant to, in accordance with and subject to the terms and conditions of the Master Agreement. In the event of conflicts between this Schedule and the Master Agreement the terms of this Schedule shall govern. No provision contained in this Schedule shall have the effect of amending the Master Agreement's terms and conditions as they pertain to any other Schedule entered into under the Master Agreement. The Master Agreement may only be amended or modified by a written amendment signed by the Parties.

**Customer**  
**Resv #** \_\_\_\_\_  
\_\_\_\_\_ **kW**

8. Execution:

IN WITNESS WHEREOF, the Parties have caused this Schedule to be executed by their duly authorized representatives as of the date hereinabove set forth.

**ARIZONA PUBLIC SERVICE COMPANY**

**CUSTOMER**

**“APS”**

**“Customer”**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **APPENDIX A (IF APPLICABLE)**

### **OPERATING AGREEMENT**

1. Customer and APS shall jointly develop, implement and maintain an “Operating Agreement” which shall be used when either Party needs to establish a safe working area on its 12.47 kV equipment and it is necessary to isolate the affected equipment from any APS power source(s) and any power source(s) located on Customer’s Property. This Operating Agreement will also address the normal day-to-day operating requirements relating to Customer’s interconnected GF.
2. Such Operating Agreement may be modified and/or updated from time to time with the mutual consent and written agreement of both Parties without requiring any revision to the Master Agreement, this Schedule or its attachments.
3. Each Party shall keep a current copy of such Operating Agreement on file: Customer shall maintain a copy at its control center or other designated location, and APS shall maintain a copy in its designated operations center. Each Party shall be available on a 24 hour basis for the administration of the Operating Agreement.
4. In the event that any pertinent information (such as contact names, telephone numbers, safety procedures, etc) relating to a Party and contained in the Operating Agreement should change, it shall be that Party’s responsibility to contact the other Party by written notice in order to update the Operating Agreement.