

**CUSTOMER-OWNED SUBSTATION FACILITIES SERVICES AGREEMENT  
BETWEEN  
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT  
AND  
CITY OF MESA**

This Electric Facilities Services Agreement (“**Agreement**”) is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2015 by and between the City of Mesa, an Arizona municipal corporation, (“**Customer**”), and the Salt River Project Agricultural Improvement and Power District, an agricultural improvement district organized and existing under the laws of the State of Arizona (“**SRP**”). Customer and SRP are sometimes referred to individually as a “**Party**” or collectively as the “**Parties**.”

**RECITALS**

**WHEREAS**, Customer desires and SRP agrees to provide maintenance, repair, and emergency services with respect to Customer-owned Substation facilities pursuant to the terms and conditions of this Agreement;

**NOW, THEREFORE**, in consideration of the foregoing premises and the mutual covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to enter into this Agreement, including its exhibits and schedules, as follows:

**AGREEMENT**

**1.0    Conditions of Service.**

1.1. Services Provided. SRP shall provide services as set forth in **Schedule 1**, “Labor Charges for Services Performed on an Hourly Basis”; **Schedule 2**, “Emergency Mobile Substation Service”; **Schedule 3**, “Estimated Costs for Scheduled Preventative Maintenance Services for a Generic Substation”; **Schedule 4**, “Estimated Costs for Generic Substation Corrective Maintenance Services”; **Schedule 5**, “Equipment Ownership”; **Schedule 6**, “Emergency Response Procedures for Substations” and **Schedule 7**, “Support Services for Installation of Customer Owned Substation Transformers” for the Greenfield Water Reclamation Plant Substation located at 4400 South Greenfield Road, Mesa (“**Substation**”). It is the Parties’ intent that the Schedules in this Section 1.1 shall be comprehensive and set forth all reasonably anticipated Substation maintenance requirements. All of the Schedules are attached hereto and incorporated herein.

1.2. Additional Service(s) Requested by Customer. From time to time, Customer and SRP may negotiate and execute additional service schedules referencing this Agreement and describing additional services beyond the contemplated scope and intent of existing service schedules to be performed by SRP for Customer (“**Additional Services**” or “**Additional Schedules**”) pursuant to this Agreement. Each such

Additional Schedule shall describe the Additional Services to be performed and other terms and conditions the Parties deem appropriate. Notwithstanding the foregoing, the On-Site Representatives are hereby authorized by the respective Parties, without need to formally amend this Agreement, to mutually: (i) add recurring Additional Services to any Schedule existing as of the Effective Date; (ii) amend any Schedules existing as of the Effective Date; and (iii) agree for SRP to provide one-time or irregular Additional Services not otherwise addressed in any Schedule or Additional Schedule ("Incidental Services"), without the need to formally add an Additional Schedule. For Incidental Services, the scope of work and any unique costing shall be contemporaneously documented by a writing (or a process subsequently confirmed by a writing) agreed upon by both On-Site Representatives. Provision of Incidental Services shall be governed by the terms of this Agreement. Additional Schedules shall be designated numerically and sequentially commencing with Schedule 7, and, upon the date of execution by both Parties, shall become a part of this Agreement. Labor for Additional Services performed on an hourly basis shall be billed at the hourly rates specified in Schedule 1.

- 1.3. Definition of Services. As used in this Agreement, the term "Services" shall mean the services described in Sections 1.1 and 1.2, above, including any Additional Services. "Scheduled Services" shall mean the recurring or planned services described in Schedule 3.
- 1.4. Service Provider. Customer agrees that while this Agreement is in effect, SRP will be the exclusive provider of Services within the Substation. No other provider, including the Customer, may perform Services in the Substation while this Agreement is in effect. Notwithstanding the foregoing, Customer may perform work on Customer's low-side switch gear and related site maintenance within the Substation.
- 1.5. Scope of Facilities. The Services provided under this Agreement shall cover the Substation referenced in Section 1.1 (and all equipment and buildings inside the Substation, including the fence/wall) and are generally described in Schedules 3, 4 and 5.
- 1.6. Performance of Services. If the performance of Scheduled Services will require outages to Customer's equipment and/or interruption of electric service, such as at a water treatment or wastewater treatment plant, SRP will provide thirty (30) days' notice to Customer and will coordinate with Customer in scheduling the Services at Customer's reasonable convenience. In the event that any unscheduled or emergency Services conducted require an outage of Customer equipment and/or interruption of electric service, such as at a water treatment or wastewater treatment plant, SRP shall make a reasonable effort to notify and coordinate with Customer prior to such interruption. Except for any emergency Services or Incidental Services requested outside normal work hours, all Services shall be performed during SRP's normal straight-time work hours. Services of an emergency nature shall be provided by SRP on an as-needed and when-needed basis and Customer shall pay SRP for any applicable overtime work at the overtime rate set forth in Schedule 1 and any directly

related costs incurred by SRP while providing such emergency Services. SRP may, in its discretion, hire a subcontractor to perform any Services, provided that the subcontractor is licensed by the appropriate governmental agency and further provided that Customer shall be charged SRP's actual costs, but in no event more for the Services than as provided under the terms of this Agreement. Prior to performing Services, and annually thereafter, SRP will provide to the Customer a list of the subcontractors SRP intends to use to perform any Scheduled Services. If either Party desires to change the date(s) for the performance of any Services, such Party shall give reasonable advance written notice to the other Party, and the Parties shall negotiate in good faith to agree upon a mutually acceptable alternate date for the performance of such Services.

- 1.7. **Security.** Any SRP employees or contractors performing Services under this Agreement shall comply with Customer's security requirements for access to Customer's sites which are attached hereto as **Exhibit A**.

## 2.0 Parts, Labor and Warranties.

- 2.1 Parts and Material Inventory. It shall be SRP's responsibility to secure replacement parts for any Services that are to be provided under this Agreement.
- 2.2 Parts Warranty. SRP warrants that all parts provided by SRP shall be free of defect, of the same grade ordinarily used by SRP for similar SRP-owned facilities, and in compliance with any codes then applicable to Customer's systems. If, within one (1) year after a part is placed in service by SRP, it fails or is discovered to be defective, SRP will repair or replace the part at no charge to Customer.
- 2.3 Labor Warranty. SRP warrants (i) that all labor performed by SRP pursuant to this Agreement shall be performed in accordance with the terms of this Agreement and SRP's maintenance work procedures; and (ii) that all labor will conform to local utility industry standards, as well as codes then applicable to Customer's systems. If, within one full year after the completion of such labor, any portion of the labor is discovered to have failed to conform to this limited warranty, SRP shall promptly correct the nonconforming labor at SRP's expense.
- 2.4 Warranty for Repairs. Any re-performed services, repair or replacement of parts furnished under this warranty shall carry warranties on the same terms as set forth above, except that the warranty period shall be for one (1) year from the later date of such re-performed services, repair or replacement.
- 2.5 Limitations. The warranties and remedies set forth herein are further conditioned upon proper operation and maintenance of the equipment in conformance with any operation instructions provided by the manufacturer and normal industry practice. The warranty shall be void if any equipment or any part thereof within the Substation to which the warranty or remedy applies has been damaged, misused, altered or

modified by any non-SRP party (including Customer), except a subcontractor hired by SRP, or a Force Majeure Event.

2.6 Warranty Claim Notice. Customer must give SRP notice describing any warranty claim within thirty (30) days of discovery by Customer, but in no event later than the end of the applicable warranty period, or such claim shall be deemed void. If SRP discovers any defective labor or repair parts that would be covered by the warranty provided within this Agreement, SRP shall give Customer notice of discovery and take action to cure or remedy the warranty labor or repair within the warranty period.

2.7 Disclaimer of Warranties. EXCEPT AS SPECIFICALLY PROVIDED IN THIS SECTION 2, SRP MAKES NO WARRANTIES OR REPRESENTATIONS OF ANY KIND, EITHER EXPRESS OR IMPLIED, AS TO ANY LABOR, EQUIPMENT, MATERIALS AND/OR PARTS IT MAY SUPPLY, OR AS TO ANY LABOR, EQUIPMENT, MATERIALS AND/OR PARTS SUPPLIED BY CUSTOMER OR ANY OTHER SOURCE, INCLUDING, WITHOUT LIMITATION, WARRANTIES AS TO MERCHANTABILITY, CONDITION, USE, OR FITNESS FOR ANY PARTICULAR PURPOSE.

### 3.0 Charges and Payment Terms.

3.1 All charges for Services under this Agreement shall be billed to Customer by SRP on a quarterly basis, pursuant to an itemized invoice describing the work performed at each Substation. For any Additional Services set forth in an Additional Schedule or Incidental Services that SRP provides, SRP shall, upon completion of any such Additional or Incidental Services, include in a subsequent quarterly invoice to Customer an itemized description of the work performed and any other documentation as required by the terms contained within the appropriate Additional Schedule or Incidental Services documentation. Payment in full is due within thirty (30) days after the date of any bill and/or invoice.

3.2 Customer shall reimburse SRP for all lawful federal, state, county and local excise, sales, transaction privilege, gross receipts, gross income or other similar taxes (but not net income or payroll taxes) payable by SRP including, without limitation, contracting taxes imposed by federal, state, county, or other local authorities upon all charges, fees or other payments referred to in this Agreement.

### 4.0 Customer Obligations.

4.1 Prior to any SRP employees or SRP subcontractors entering the work site upon which the Substation is located, Customer shall ensure that Customer-controlled work site property outside the Substation shall be safe, secure and free from any and all risks and hazards, so that the Services may be performed in a safe, reliable and risk-free environment. In addition, Customer shall provide to SRP, at no cost to SRP, a



reasonable amount of space for SRP to securely store or park its equipment, vehicles, materials and tools while SRP is performing the Services.

- 4.2 Customer shall provide such supporting drawings, diagrams or other documents as may be available and reasonably required by SRP to perform the Services. Customer shall provide, at its expense, qualified personnel to provide SRP access to Customer's electrical panels, service entry sections, transformers, service equipment and any other parts of Customer's power and grounding distribution system necessary to complete Services. For purposes of access, substation equipment shall include both the equipment needing Service or repair and the equipment required to electrically isolate the equipment needing Service or repair.
- 4.3 Customer shall also provide, at no cost to SRP, a staging area convenient to the site of Services being performed for the SRP for the temporary deposit of spoils and containment of contaminated material resulting from such Services. After the Services are performed, SRP shall remove and dispose of spoils and contaminated material caused by SRP in the routine performance of the Services in accordance with all applicable environmental laws at no additional cost to Customer. SRP shall remove and dispose of spoils and contaminated material caused by Customer or originating from within any Customer-owned Substation facilities in accordance with all applicable environmental laws, with SRP's costs to be charged at the hourly rate then in effect under the applicable Schedule.
- 4.4 Customer will perform any switching required to isolate its electrical systems in order to enable SRP to perform the Services.

## 5.0 Authorized On-Site Representatives.

Prior to or upon commencement of the performance of any Services pursuant to this Agreement, each Party shall appoint and introduce to the other, one or more on-site representatives (the "**On-Site Representative(s)**") authorized to perform, on the appointing Party's behalf, the duties assigned to such representatives pursuant to this Agreement or any Additional Schedule(s). The agreement of any such On-Site Representative of a Party shall bind that Party with respect to such assigned duties or any other matter so agreed to by the On-Site Representative. Any such agreement shall be memorialized in writing as soon as possible by correspondence to the other Party. Any objection to the characterization of the agreement in such correspondence shall be made within ten (10) days of the receipt of that correspondence. Customer shall appoint one or more On-Site Representative for each Customer site where Services are to be performed.

## 6.0 Term, Renewal, and Termination.

- 6.1 This Agreement shall become effective as of the date first written above (the "**Effective Date**") and shall terminate on the anniversary of the Effective Date

(“**Termination Date**”). On the Termination Date and each anniversary of the Effective Date for five years thereafter, this Agreement shall automatically renew for a one-year term unless previously terminated by one of the Parties in accordance with the terms of this Agreement. The hourly rates contained on Schedule 1 are subject to revision by SRP, to be effective each anniversary of the Effective Date. To modify the hourly rates, SRP shall notify Customer of any planned changes to Schedule 1 (and an explanation of the basis for the changes) at least 60 days prior to the next Termination Date. If Customer objects to such changes (and the Parties are not able to otherwise reach an agreement), Customer shall have until 30 days prior to the Termination Date to notify SRP of its intent to terminate the Agreement, or Schedule 1 shall be deemed amended to reflect the changes. If SRP does not provide notice of planned Schedule 1 rate changes at least 60 days prior to the next Termination Date, no changes to Schedule 1 will occur during the following annual term.

- 6.2 This Agreement may be terminated by either Party at any time upon 180 days prior written notice provided to the other Party. In the event of termination, Customer shall pay SRP, upon the effective date of the termination, for Services rendered and reasonable expenses, if any, incurred to the date of termination, including all expense of purchasing any replacement parts then on hand or paid for by SRP that were acquired pursuant to Section 2.1 in order to perform Services under this Agreement. Upon receipt of payment for such materials, the materials shall be made available for Customer to take possession of them at any reasonable time and at the place they are presently stored. Termination shall not relieve SRP or Customer of any of their respective obligations concerning Services previously performed hereunder.
- 6.3 If Customer reasonably determines that any material Services to be provided by SRP under this Agreement are not being performed in accordance with applicable industry standards, hereinafter referred to as “**material non-performance**,” Customer shall give SRP written notice of such material non-performance. SRP shall have thirty (30) days from receipt of such notice to cure such material non-performance. If SRP fails to reasonably cure the material non-performance within such thirty-day period (or, if such material non-performance cannot be cured within such thirty-day period but is susceptible to being cured, if SRP fails to: (i) commence to cure within thirty (30) days; and (ii) act promptly and diligently to complete such cure), then Customer shall have the right to terminate the Agreement by giving SRP thirty (30) days’ written notice of such early termination of the Agreement for material non-performance and immediately contract with other parties to perform the Services. In the event Customer elects early termination of this Agreement pursuant to this Section 6.2, SRP shall be entitled to receive payment for any Services provided (or any related expenditures) up to the date of termination. The Parties acknowledge that a final payment may be necessary because the charges provided in Schedules 3, 4, 5, and 6 and Additional Schedules may not necessarily coincide with the timing of various Services to be provided during the anticipated initial term of this Agreement.
- 6.4 If SRP reasonably determines that any performance (including payment for Services) by Customer under this Agreement has not been timely performed, hereinafter also

referred to as “**material non-performance**,” SRP shall give Customer written notice of such material non-performance. Customer shall have thirty (30) days from receipt of such notice to cure such material non-performance. If Customer fails to reasonably cure the material non-performance within such thirty-day period (or, if such material non-performance cannot be cured within such thirty-day period but is susceptible to being cured, if Customer fails to: (i) commence to cure within thirty (30) days; and (ii) act promptly and diligently to complete such cure), then SRP shall have the right to terminate the Agreement by giving Customer ninety (90) days’ written notice of such early termination of the Agreement for material non-performance.

#### 7.0 Indemnification.

Each party (as ‘indemnitor’) agrees to indemnify, defend, and hold harmless the other party (as ‘indemnitee’) from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney’s fees) (hereinafter collectively referred to as ‘claims’) arising out of bodily injury of any person (including death) or property damage but only to the extent that such claims which result in vicarious/derivative liability to the indemnitee, are caused by the act, omission, negligence, misconduct, or other fault of the indemnitor, its officer, officials, agents, employees, or volunteers.

#### 8.0 Insurance.

Subject to the provisions of Section 9.0, SRP and Customer shall procure and maintain and shall require their respective subcontractors performing any Services or any other work in connection with this Agreement to procure and maintain insurance policies with the coverages and policy limits set forth on Exhibit B attached hereto.

#### 9.0 Limitation of SRP’s Liability.

9.1 Any other provisions of this Agreement to the contrary notwithstanding, the total liability of SRP for all claims of any kind, whether in contract, warranty, indemnity, tort (including negligence), strict liability, or otherwise, arising out of the performance or nonperformance of Services or any other obligations in connection with this Agreement or any Additional Schedule(s) hereto shall not exceed Two Million Dollars (\$2,000,000) for the Substation site. This limitation shall survive the expiration or termination of this Agreement and any Additional Schedule(s).

9.4 This Agreement does not govern the delivery of power and energy to Customer from the SRP electrical system. Customer agrees that SRP’s liability, if any, arising out of (a) the delivery of electricity, or (b) the presence or operation of SRP’s facilities, wires, equipment or structures shall be determined and governed by SRP’s Rules and Regulations and separate agreements for electric service entered into between SRP and Customer.

## 10.0 Miscellaneous Provisions.

- 10.1 SRP shall not be liable for failure to perform or damage to equipment due to causes beyond its reasonable control such as, but not limited to, acts of God, acts of civil or military authorities having jurisdiction, fires, strikes, floods, weather, lightning, epidemics, quarantine restrictions, war, terrorism, riot, delays in transportation, railcar shortages, action or inaction by or failure to obtain authorizations or approvals from any governmental agency or authority whose requirements were not reasonably foreseeable, and inability due to causes beyond its reasonable control to obtain necessary labor, supplies, manufacturing facilities, or changes in law (“**Force Majeure Event**”). Nothing in this Agreement shall be construed to require SRP to settle a strike or a labor disturbance against its will. If any delay by SRP is attributable to any of the foregoing causes, the date of completion shall be extended for a period equal to the time lost by reason of the delay. SRP shall have no responsibility or liability for costs or expenses to Customer arising out of such delay.
- 10.2 This Agreement is independent from other agreements between the Parties pursuant to which Customer receives electrical or other service. This Agreement is not intended to expand, increase, decrease or otherwise affect Customer’s or SRP’s obligations or rights under such other agreements. This Agreement, including any attached exhibits and schedules, constitutes the entire agreement between the Parties and supersedes all prior and contemporaneous agreements and understandings of the Parties with respect to the subject matter hereof. No supplement, modification or amendment of this Agreement shall be binding and enforceable unless executed in writing by the Parties. If there is any conflict between the provisions of this Agreement and any purchase order issued by Customer for Services or Additional Services provided or to be provided pursuant to the terms of this Agreement, the terms of this Agreement shall govern.
- 10.3 No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision of this Agreement (whether or not similar) nor shall any waiver constitute a continuing waiver, and no waiver shall be binding unless executed in writing by the Party making the waiver.
- 10.4 Except as otherwise provided herein, neither Party may assign any rights or delegate any obligations or duties under this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by and against the Parties’ heirs, executors, administrators, personal representatives, successors and permitted assigns. Nothing in this Agreement is intended or shall be construed to confer upon or give any person or entity other than the Parties hereto any right, remedy or claim under or by reason of this Agreement or any part hereof, and all terms, covenants and conditions of this Agreement shall be for the sole and exclusive benefit of the Parties hereto.



- 10.5 This Agreement shall be interpreted, governed by and construed in accordance with the laws of the State of Arizona, without regard to conflicts of law principles. SRP and Customer agree that any action, suit or proceeding arising out of or relating to this Agreement shall be initiated and prosecuted in a state or federal court of competent jurisdiction located in Maricopa County, Arizona, and the Parties irrevocably submit to the jurisdiction and venue of such court.
- 10.6 Unless otherwise provided in this Agreement, all notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed duly given and received (a) if personally delivered, on the date of delivery, (b) if mailed, three (3) days after deposit in the United States mail, registered or certified, return receipt requested, postage prepaid and addressed as provided below, or (c) if sent by courier delivery service providing overnight or next-day delivery, on the next business day after deposit with such service, addressed as follows:

***If to Customer:***

By mail :

Water Resources Department  
City of Mesa  
PO Box 1466  
Mesa, AZ 85211

By delivery service:

Water Resources Department  
City of Mesa  
640 N Mesa Drive  
Mesa, AZ 85201

***If to SRP:***

By mail:

Legal Services Department  
Salt River Project (PAB 207)  
P.O. Box 52025  
Phoenix, Arizona 85072-2025

By delivery service:

Legal Services Department.  
Salt River Project (PAB 207)  
1521 N. Project Drive  
Tempe, AZ 85281

- 10.7 A Party may change its address or the person designated to receive notices by giving written notice of the change in the manner provided above.
- 10.8 The exhibits and schedules attached to this Agreement, and any exhibits and schedules executed by the Parties and referencing this Agreement after the date of this Agreement, are incorporated by reference as though each was set forth in full in this Agreement.

10.9 In case of language conflict or inconsistency between or among documents between the Parties, the following priority shall determine the governing document: First, this Agreement; second, Schedules; third, Additional Schedules; fourth, any On-Site Representative agreements.

10.10 Notice is hereby given by the Parties that this Agreement is subject to the provisions of A.R.S. Section 38-511.

10.11 Customer is prohibited by A.R.S. Section 41-4401 from awarding a contract to any contractor who fails, or whose subcontractors fail, to comply with A.R.S. Section 23-214(A). SRP warrants that it will comply with all applicable federal and state immigration and employment laws and regulations that relate to its employees.

10.12 Pursuant to A.R.S. Sections 35-391.06 and 35-393.06, SRP certifies that it does not have a scrutinized business operation, as defined in A.R.S. Sections 35-391 and 35-393, in either Iran or Sudan.

**IN WITNESS WHEREOF**, the Parties have executed this Agreement as of the Effective Date.

## **SALT RIVER PROJECT**

By: \_\_\_\_\_  
Joseph M. Nowaczyk  
Director, Electric System Maintenance

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

## **CITY OF MESA**

By: \_\_\_\_\_

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

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

## **Exhibit A**

### **SECURITY, FACILITY ACCESS, AND IDENTIFICATION REQUIREMENTS**

#### **(Section 1.7)**

#### **FACILITY ACCESS REQUIREMENTS**

Salt River Project (SRP) employees requiring access to the Greenfield Water Reclamation Plant must present an SRP picture identification card and sign in/out with plant personnel in the Operations Administration Building. SRP will only be allowed on site for specific business related needs.

#### **CONTACT INFORMATION**

Any questions pertaining to site-specific procedural issues should be directed to the Facility Supervisors.

Mike Davis    Office 480+644-6012    Cell 480-209-0348

Bill Daskam    Office 480-644-6014    Cell 480-209-0462

Ray Aguallo    Office 480-644-2358    Cell 480-294-4373

#### **IDENTIFICATION REQUIREMENTS**

Any SRP employee requesting or requiring access to the Greenfield Water Reclamation Plant, following demonstration/documentation of a justified business need, is required to present an SRP picture identification card to plant personnel. It must include a recent photograph easily discernible.

Due to the difficulty in authenticating various types of identification, the prevalence of identity theft/fraud, and the criminal counterfeiting of identification documents, the City of Mesa may modify or change its criteria at any time.

Plant staff shall implement, monitor, and comply with access control procedures. This will primarily be accomplished at, but is not limited to, the main entrance to the facility. When checking identification for those requesting access to the Greenfield Water Reclamation Plant, the following forms of ID are deemed acceptable:

- 1) Driver's license issued in the United States
- 2) State issued ID (United States)
- 3) SRP issued - Picture Identification Badge
- 4) Military ID
- 5) Passport

## **VEHICULAR ACCESS REQUIREMENTS FOR OTHER THAN SRP VEHICLES**

Vehicular access to Greenfield Water Reclamation Plant by any individual, in addition to the individual identification process as previously described will also include a display of a valid driver's license, current vehicle registration and proof of insurance as required by the Arizona Revised Statute, Title 28. Individuals presenting driver's licenses, registrations and proof of insurance will be approved or denied based upon plant staff ability to readily authenticate the documents in accordance with A.R.S. Title 28.

If the documents, regardless of origin, cannot be authenticated by the plant staff, the vehicle will not be permitted to enter and/or remain on the Greenfield Water Reclamation Plant Property.

### **CITY OF MESA WATER RESOURCES DEPARTMENT SPECIAL EXEMPTIONS FOR SRP STAFF ACCESS**

The following are special exemptions for SRP staff access to the Greenfield Water Reclamation Plant facilities:

- SRP staff, including maintenance and operation crews, meter readers, troubleshooters, engineers and technicians, will continue to commonly access the substations via the main access to the property, as long as they show valid identification upon demand by plant staff, and follow notification procedures upon entering/exiting the substation.
- SRP staff and SRP-approved contractors that need to pass through the treatment facility secured areas and front security gates will sign in at the administration building. While on City of Mesa property, plant staff has the right to stop SRP staff and request valid identification at any time.
- Prior to, or immediately upon entry into substations, all entrants shall inform SRP Power Dispatching Office (PDO) and a Customer-designated representative of the entry, the work plan, and the means of communication between PDO and individuals entering the substation. The phone number to reach SRP PDO is 602-236-5309. Specific contact procedures may be developed between the Parties, and documented outside of this Agreement.



## **INSURANCE REQUIREMENTS**

### **(Section 8.0)**

#### **INSURANCE REQUIREMENTS:**

Without limiting any liabilities or any obligations under this Agreement, both SRP and Customer shall procure and maintain the following forms of insurance:

1. Worker's compensation insurance to cover obligations imposed by applicable federal and state statutes and employer's liability insurance with a minimum limit of ONE MILLION DOLLARS (\$1,000,000).
2. Commercial general liability insurance with a minimum combined single limit of TWO MILLION DOLLARS (\$2,000,000) per occurrence. The policy shall include coverage for bodily injury liability, property damage liability, personal injury liability, contractual liability for liability assumed under this Agreement, owner's and contractor's protective liability and broad form property damage. The policy shall include "X" (explosion), "C" (collapse) and "U" (underground) coverages and shall contain a severability of interests provision.
3. Comprehensive automobile liability insurance with a combined single limit for bodily injury and property damage of not less than TWO MILLION DOLLARS (\$2,000,000) each occurrence with respect to the insured's vehicles, whether owned, hired or non-owned, assigned to or used in connection with this Agreement.
4. Each Party shall endorse the policies required by Sections 2 and 3 of this **Exhibit B** to include the other Party, its governing bodies, officers, officials, agents and employees, as additional insured's.
5. Prior to performing any obligations required under this Agreement, each Party shall provide to the other party certificates of insurance as evidence that policies providing the required coverages, conditions and limits are in full force and effect. Such certificates shall be sent directly to the other Party in accordance with Section 10.7 of this Agreement. The policies shall contain a waiver of subrogation against the other Party, its governing bodies, officers, officials, agents and employees. Each insurance policy required by the insurance provisions of this Agreement shall provide the required coverage and shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days prior written notice has been given to the other Party. Such notice shall be by certified mail, return receipt requested. Each Party reserves the right to request and receive certified copies of any and all of the above policies and/or endorsements.
6. At the option of a Party, all or a portion of the insurance required of that party may be self-insured. If self-insured, a letter of self-insurance shall be provided evidencing same.
7. If either Party utilizes subcontractors for any of the work performed in this Agreement, without limiting any liabilities or any obligations under this Agreement, the Party shall require any subcontractor to procure and maintain the following forms of insurance:

- a. Worker's compensation insurance to cover obligations imposed by applicable federal and state statutes and employer's liability insurance with a minimum limit of ONE MILLION DOLLARS (\$1,000,000).
- b. Commercial general liability insurance with a minimum combined single limit of TWO MILLION DOLLARS (\$2,000,000) per occurrence. The policy shall include coverage for bodily injury liability, property damage liability, personal injury liability, contractual liability for liability assumed under this Agreement, owner's and contractor's protective liability and broad form property damage. The policy shall include "X" (explosion), "C" (collapse) and "U" (underground) coverages and shall contain a severability of interests provision.
- c. Comprehensive automobile liability insurance with a combined single limit for bodily injury and property damage of not less than TWO MILLION DOLLARS (\$2,000,000) each occurrence with respect to the insured's vehicles, whether owned, hired or non-owned, assigned to or used in connection with this Agreement.
- d. Each subcontractor shall endorse the policies required by Sections 2 and 3 of this **Exhibit B** to include the contracting Party, its governing bodies, officers, officials, agents and employees, as well as the other Party, its governing bodies, officers, officials, agents and employees, as additional insured's. Subcontractor insurance shall be primary insurance as respects each contracting Party and any insurance or self-insurance maintained by the Party shall be excess the subcontractor's and shall not contribute.

## Schedule 1

### LABOR CHARGES FOR SERVICES PERFORMED ON AN HOURLY BASIS

Labor Rate for scheduled maintenance services performed within normal business hours is \$131.48/hour.

The following hourly multipliers apply for emergency services or services requested by Customer to be performed outside normal business hours:

#### **CHARGE MULTIPLIERS BASED ON TYPE OF JOB OR CALL-OUT SCHEDULE:**

1 times for weekday 6 am to 6pm callout

1½ times for off-hour alarms 6pm to 6am callouts, weekday nights

2 times for weekends (exclusive of Saturday 12:01 a.m. to 6:01 a.m.) and SRP Holiday callouts

HOURS	MON	TUES	WED	THU	FRI	SAT	SUN
00:00 to 06:00	1.5	1.5	1.5	1.5	1.5	2.0	2.0
06:00 to 18:00	1.0	1.0	1.0	1.0	1.0	2.0	2.0
18:00 to 24:00	1.5	1.5	1.5	1.5	1.5	2.0	2.0

## **Schedule 2**

### **EMERGENCY MOBILE SUBSTATION SERVICE**

Rate:

1. One-time costs per mobile per occurrence (for setup, up and down, breakdown, calibration, transportation, etc.) of \$75,000 to \$90,000; and
2. Per day rate of \$1915.

Availability: No guarantee of availability

Customer acknowledges that failed Substation equipment components are subject to manufacturers' delivery lead times. For example, a replacement 69kV to 12kV transformer has a 12 to 14 month lead-time for delivery. A 12kV breaker has a 4 to 6 month lead-time.



### Schedule 3

#### ESTIMATED COSTS FOR SCHEDULED PREVENTATIVE MAINTENANCE SERVICES FOR A GENERIC SUBSTATION

Equipment/Yard	Maintenance Required	Interval	Estimated Cost
1-69KV Transformer Protectors	Insulation and Timing Tests, Mechanical Operations Check	Once every 5 years	\$ 3,381
1-69KV Transformer @ 28MVA with LTC	Transformer Tests - TTR, Megger, Power Factor, Oil Dielectric, Ancillary devices and gauges. LTC Checks - Mechanical Operations, Inspect and clean contacts, reversing switches	Once every 5 years	\$ 15,026
Relay Maintenance	Transformer Relaying - Check settings, clean and adjust	Once every 5 years	\$ 15,114
Oil Containing Equipment - Transformer	Obtain and test oil samples from equipment - Fluid Quality, DGA	Annual - Fluid Quality Semi-Annual - DGA	\$ 1,503
Fencing	Inspect chain link posts, fabric, gates and fence ground connections. (Repairs may require materials and labor cost approval and reimbursement by Customer)	Annual	\$ 250
Ground Grid Testing	Test and inspect ground grid (Repairs may require materials and labor cost approval and reimbursement by Customer)	Once every 10 years	\$ 1,878
Water Erosion	Inspect for water erosion damage. (repairs may require material and labor cost approval and reimbursement by Customer)	Annual	\$ 250
Weed control	Apply weed pre-emergent and remove weeds	Annual	\$ 751
Infrared Testing	Infrared testing of the following equipment - Transformer, Lightning Arresters, Transformer Protector, Low-side Bus	Semi-annual	\$ 1,001
Site Inspection	Yard security, Yard erosion, Inspection of all electrical equipment including; Transformer fans, Oil pumps, and Apparent oil leaks, LTC operation, Transformer protector, nitrogen blanket (if applicable).	Monthly	\$ 250
HVAC	HVAC Maintenance	Annual	\$ 751
Relay Maintenance	Line Relaying - Check settings, clean and adjust	Once every 5 years	
Battery Testing	Load test batteries	Annual	

Equipment/Yard	Maintenance Required	Interval	Estimated Cost
Battery Inspection	Verify Float Voltage, electrolyte levels, cell voltage, specific gravity readings, charger output, check for unwanted grounds, visual inspections of cells and battery cables, rack and ventilation.	Quarterly	
Infrared Testing	Infrared testing of the following equipment - High-side Disconnects, Bus and Breakers, Station line drops.	Semi-annual	
Site Inspection	Yard security, inspection of all electrical equipment including Station Batteries, High-Side Breakers and Disconnects, Annunciator, Station Service.	Monthly	
Transformers	Transformer - Fall Protection Installed	Once	\$ 1,446
			\$ 41,601

**Generic Substation Inspections - include visual inspection of all equipment, documentation of fluid and gas levels, LTC position, documentation of fluid temperatures, equipment counters and vacuum board testing.**

Station Condition	Transformers	Circuit Switchers
Disconnects	Oil Temp	Counter
Standoff Glass	Oil Temp Max	Gas Level
Structures/Lights	Winding 1 Temp	
Control House	Winding 1 Temp Max	
Annunciator	LTC Counter	
Yard Clean	LTC Control	<b>Breakers 69KV</b>
Yard Erosion	Tap Position	Gas Pressure
Excess Material	Tap Position Min	Gas Pressure High
Oil Leaks	Tap Position Max	Gas Comp Hours
SPCC Checks	LRT Test	Gas Comp Starts
SF6 Full	Oil Level	Gas Temp Lo
SF6 Empty	N2 Pressure	Gas Temp High
SF6 Partial	Aux Equip	Op Comp Hours
N2 Full		Op Pressure
N2 Empty		Oil Level
N2 Partial		Counter

**Schedule 4**

**ESTIMATED COSTS FOR GENERIC SUBSTATION CORRECTIVE MAINTENANCE SERVICES**

<b>Transformers:</b>	<b>Jobs</b>	<b>Avg MH</b>	<b>Estimated Manhour Repair Cost</b>	<b>Parts</b>		<b>Total Cost</b>
Bushings - Caps- Oxidizing, Repaint	27	18	\$ 2,367	Caps - Trench Bushings		\$ 2,367
Bushings - Hot Spot	4	62	\$ 8,152	4-hole pad	\$ 55	\$ 8,207
Bushings - Oil Level / Quality (Dark)	11	55	\$ 7,231	Bushing/each	\$2,582	\$ 9,813
Bushings - Repair	7	26	\$ 3,418	Bushing/each	\$2,582	\$ 6,000
Bushings - Replacement	52	172	\$ 22,615	Bushing/each	\$2,582	\$ 25,197
Bushings - Test / Re-test	3	25	\$ 3,287			\$ 3,287
LTC - Contact Problem	10	38	\$ 4,996	Moving contacts, each	\$ 16	\$ 5,012
				Reversing Switch	\$ 275	
				Collector Ring		
LTC - Counter	10	7	\$ 920			\$ 920
LTC - Door Gasket - Replace	12	15	\$ 1,972	Gasket		\$ 1,972
LTC - Drag Hands	6	10	\$ 1,315			\$ 1,315
LTC - Filter System	18	12	\$ 1,578	Filter		\$ 1,578
LTC - Hotspot	16	96	\$ 12,622			\$ 12,622
LTC - Not Operating Properly (Motor, MicroSw, etc)	59	23	\$ 3,024	Various		\$ 3,024
LTC - Oil Leak	8	16	\$ 2,104	Gasket		\$ 2,104
LTC - Oil Level / Overflowing	9	97	\$ 12,754	Transition Board, Seals and Gaskets		\$ 12,754
LTC - Sudden Pressure	2	6	\$ 789			\$ 789
LTC - Vacuum Bottle Test Sw	2	40	\$ 5,260	Vacuum Board		\$ 5,260
				Fiber Optics/ phase	\$ 667	
LTC - Misc	14	98	\$ 12,885			\$ 12,885
Transformer - Arrestor - Replacement	7	47	\$ 6,180	Arrestors/each	\$ 350	\$ 6,530
Transformer - Desiccant Breather / Filter	15	9	\$ 1,183	Desiccant	\$ 142	\$ 1,325
Transformer - Diff/LO Rolled	11	45	\$ 5,917			\$ 5,917
Transformer - Fan Problem - Motors, Cage	131	7	\$ 920	Motor	\$ 200	\$ 1,120

<b>Transformers:</b>	<b>Jobs</b>	<b>Avg MH</b>	<b>Estimated Manhour Repair Cost</b>	<b>Parts</b>		<b>Total Cost</b>
Transformer - Hot Spot	4	13	\$ 1,709			\$ 1,709
Transformer - Liquid Level / Overtemp Alarm / Loss of Cooling	35	6	\$ 789			\$ 789
Transformer - Nitrogen - Added gas	1246	1.5	\$ 197	Nitrogen Gas		\$ 197
Transformer - Nitrogen - Leak	12	13	\$ 1,709	Nitrogen Gas, Gaskets		\$ 1,709
Transformer - Oil Leak	11	50	\$ 6,574	Gaskets		\$ 6,574
Transformer - Oil Leak - Bushing	4	72	\$ 9,467	Bushing, Gaskets		\$ 9,467
Transformer - Oil Leak - J Box (CT Block)	4	318	\$ 41,811	CT Block	\$ 560	\$ 42,371
Transformer - Oil Leak - Pump	4	16	\$ 2,104	Gaskets		\$ 2,104
Transformer - Oil Leak - Radiator	17	60	\$ 7,889	Gaskets		\$ 7,889
Transformer - Oil Leak - Temperature Well	4	19	\$ 2,498	Gaskets		\$ 2,498
Transformer - Sudden Pressure	34	14	\$ 1,841			\$ 1,841
Transformer - Vacuum Pressure Gage	17	7	\$ 920	Gage	\$ 146	\$ 1,066
Transformer - Velcon Filter Install / Moved	60	19	\$ 2,498			\$ 2,498
Transformer - Misc.	1	87	\$ 11,439			\$ 11,439



## Schedule 5

### EQUIPMENT OWNERSHIP

Equipment	Owner
Power Transformer	COM
Transformer Lightning Arrestor	COM
Transformer Overcurrent Relaying	COM
Transformer Sudden Pressure	COM
Low-side Switchgear	COM
Low-side Bus	COM
Low-side Breakers	COM
Low-side Relaying	COM
Transformer Protector	COM
Station Ground	COM
Transformer Differential Relaying	COM
AC Station Service Transformer	COM
Station Lights	COM
Station Fence	COM
Station Batteries	SRP
Station Battery Charger	SRP
Control House	COM
Wiring & Devices for Supervisor Control	N/A
Status of Low-side Devices	SRP
High-side Bus	SRP
High-side Breakers	SRP
High-side Switches	SRP
Station RTU	SRP
Line Drops	SRP
High-side Cap Banks	N/A
High-side Relaying	SRP
Station Comm Circuits	SRP
Billing Metering	SRP
Digital Fault Recorders	N/A

**KEY:**           COM=City of Mesa-Owned Equipment  
                   SRP= SRP-Owned Equipment  
                   N/A=Not Applicable

**Note:** City of Mesa will be billed for substation service activities associated with COM items.

## **Schedule 6**

### **EMERGENCY RESPONSE PROCEDURES FOR SUBSTATIONS**

#### **EMERGENCY ALARM RESPONSE:**

SRP PDO (Power Dispatch Operations) receives an alarm customer owned equipment and dispatches first responder, Electrician Troubleshooter, to the substation.

Transformers alarms would be:

- LTC Trouble alarm,
- LTC extreme position,
- LTC lockout,
- Vacuum circuit alarm,
- Low oil level in both LTC & Main Tank,
- High LTC filter PSI (if equipped)
- High temp,
- Loss of AC,
- Low DC,
- loss of cooling,
- Transformer differential
- Sudden Pressure
- Overcurrent

Buss alarms would be:

- differential,
- Under voltage,

Plant personnel call PDO to respond to respond to other emergency conditions:

- 12kV Breaker trip

SRP Electrician Troubleshooter responsibilities:

- First responder troubleshooting to report to Plant Assigned Emergency Coordinator
- Troubleshooter to report to Plant Coordinator probable root cause and mitigating strategies

Plant Assigned Emergency Coordinator responsibilities:

- Receive Troubleshooter's information and decide on mitigation strategy implementation

### **EMERGENCY RESPONSE PERFORMANCE STANDARD:**

SRP typically is able to respond within 2 hours of an alarm reported from PDO. City of Mesa plant personnel requiring emergency response by SRP shall call PDO directly to dispatch SRP first responder.

- SRP Power Dispatching Office: 602-236-3891 or 602-236-3892

### **ANCILLARY TRANSFORMER EQUIPMENT FAILURE – NON CATASTROPHIC:**

Equipment failures include the following, however, not limited to:

- Animal Flashover
- Oil Leaks
- Instrument monitor failures
- Lightning strikes
- Loss of SF6 Pressure
- LTC miss operations
- Hot Spot infrared finding
- In operable transformer cooling fans
- In operable transformer oil pump

### **CATASTROPHIC FAILURE:**

Catastrophic Events:

- Transformer Fire,
- TP projectile explosion
- Vandal Electrocution
- Senior is the first responder and calls Duty Supervisor
- Duty Supervisor reports to site to assist Plant Assigned Emergency Coordinator
- Duty Supervisor implements Substation Maintenance emergency response plan.
- Once a Utility Rep has been established, the Duty Supervisor hands off the responsibility for the situation over to that employee who works one on one with the onsite FD incident commander to stabilize the situation. Other employees are involved in this process, there are many roles that are established to help support the Utility Rep. COM may elect to have a Rep to assist with onsite logistics, we would need to set up a joint training effort with them.

Fire Marshall – Utility Rep is established to work alongside FD with departmental support team to help stabilize the situation.

Site stabilization

- Plant Assigned Emergency Coordinator to decide with SRP Utility Rep when crews are to stop emergency response work.
- Plant Assigned Emergency Coordinator to communicate with SRP Key Account Manager restoration activities for SRP.

**SRPSRP ENGINEER CONSULTATION:**

- Field Engineer call out, if recommended by Troubleshooter/COM Coordinator.
- RCA Reporting, COM Coordinator request
- RCA on-site meeting/debriefing, upon COM Coordinator request

**ASSIGNED EMERGENCY COORDINATOR:**

- |  |              |
|--|--------------|
| ○ Operator on Duty (24/7)                            | 480-276-0982 |
| ○ Electrical Foreman –                               | 480-644-3087 |
| ○ Electrical & Instrumentation Facility Supervisor – | 480-209-0462 |
| Alt.   | 480-357-9582 |