

**SCHEDULE 7
TO
CUSTOMER-OWNED SUBSTATION FACILITIES SERVICES AGREEMENT**

This Schedule ("Schedule 7") is made and entered into pursuant to Section 1.2 of that certain Customer-Owned Substation Facilities Services Agreement dated January 7, 2016 (the "Agreement") between Salt River Project Agricultural Improvement and Power District, an agricultural improvement district organized and existing under the laws of the State of Arizona ("SRP") and the City of Mesa, an Arizona municipal corporation ("COM" or "Customer"). This Schedule 7 will be effective when it is signed by both parties (the "Effective Date").

Recitals

- A. Customer and SRP (collectively, "Parties") are parties to the Agreement.
- B. Section 1.2 of the Agreement provides that:

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. . . 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.

- C. Customer has requested that SRP provide design and construction services for the construction of an additional 69/12.47kV transformer bay at Customer's Greenfield substation (the "Substation") and SRP is willing to provide such services on the terms and conditions set forth in this Schedule 7.

Agreement

In consideration of the foregoing and the mutual covenants and agreements set forth in the Agreement and this Schedule 7, the parties agree as follows:

- 1.0 Project Description (the "Project") – The design and construction of an additional 69/12.47kV transformer bay at COM Greenfield substation (the "Substation").

- 1.1 General Project and Site Description:

Substation Location: 4400 S Greenfield Road, Gilbert, Arizona 85296

Type of Service: Additional Substation 69/12.47kV transformer.

SRP Point of Delivery: Load side landing lugs of SRP's 69kV disconnect switches in the Substation.

Drawings: See Exhibit A.

Project Costs: See Exhibit B.

Ownership of Principal Equipment: See Exhibit C.

Delivery Voltage: Delivery voltage shall be at 69kV, three phase.

Estimated Construction Complete Date: See Section 4.2 ("Commercial Operation Date") and Plan of Work (Exhibit D).

- 1.2 Within 15 business days of the execution of this Schedule 7, SRP and the Customer shall use commercially reasonable efforts to agree upon a mutually acceptable Plan of Work, which will be attached to this Schedule 7 as Exhibit D. Commencement of work is subject to both SRP and Customer signing this Schedule 7 and the Plan of Work. If both parties have not signed this Schedule 7 and the Plan of Work by January 31, 2017, this Schedule 7 will be void.
- 1.3 The costs to be paid by each of the Parties hereunder are based upon completion of the Project as described in this Schedule 7 and the Plan of Work (Exhibit D). Customer shall reimburse SRP for any increased costs resulting from any change or delay in the Project that is requested or caused by Customer after the date of execution of this Schedule 7.

2.0 Project Responsibilities

2.1 Customer Responsibilities

- 2.1.1 Customer agrees to pay SRP \$2,480,235.59 (as defined in the attached Exhibit B) for the Project in the following installments within the timeframes as set forth below, and SRP agrees to invoice the Customer for each payment thirty days before it comes due.

Installment	Payment Amount	Due Dates (based on the Effective Date)
Payment I	\$826,745.20	30 days after the Effective Date
Payment II	\$826,745.20	30 days after Mobilization.
Payment III	\$826,745.19	30 days upon completion of the Project, commissioning of the Project and acceptance by Customer.

- 2.1.2 Customer shall coordinate outage switching for the Customer-owned equipment with SRP in the final Plan of Work.
- 2.1.3 Customer or Customer's representative shall be responsible for protection coordination on Customer-owned equipment. Customer shall provide SRP with a copy of coordinated settings, and shall schedule with SRP a time to witness the settings or provide to SRP a report on the operation of the settings. This work will be incorporated in the final Plan of Work and performed under the Agreement.
- 2.1.4 All Project work to be performed by Customer hereunder shall be performed in accordance with all applicable building and safety codes. Customer must secure all required city, county and state permits and approvals prior to energization of the Project.
- 2.1.5 Although SRP shall to the extent possible utilize the Substation site for its temporary construction laydown and parking area for SRP materials, equipment, and vehicles for construction of the Project, Customer shall provide additional space agreeable to both SRP and Customer if deemed necessary and requested by SRP.
- 2.1.6 If Customer changes the Project, or if there is any change to the information regarding the Project provided by Customer and reasonably relied upon by SRP, SRP will charge Customer and Customer shall pay for any additional costs reasonably incurred by SRP, including but not limited to redesign, procurement, rescheduling, engineering, and Project expediting costs. Such costs may be retained by SRP from any funds previously collected from Customer, or billed directly to Customer, as appropriate. Any Project changes or additional costs would be documented in an addendum to this Schedule 7 or a change order signed by both parties.
- 2.1.7 If Customer requests acceleration of the Estimated Construction Completion Date of the Project set forth in Section 1.0 and as agreed to by the Parties in accordance with Section 1.2, and SRP agrees in writing that it will reasonably attempt to achieve energization by such date, Customer shall reimburse SRP for any labor or other cost increase reasonably incurred by SRP as a result of such acceleration.

2.2 SRP Responsibilities

SRP shall install a new 69/12.47kV transformer, including purchase of equipment, design and construction as follows:

- 2.2.1 Install a new transformer and foundation with these specifications:

- 2.2.1.1 67,000 – 12,470 Grd. Y /7,200 Nominal Voltage

- 2.2.1.2 LTC +/- 10%, plated silver contacts.
- 2.2.1.3 55 degree C windings, 28.0 MVA OA/FA/FA.
- 2.2.1.4 Oil containment and retention.
- 2.2.1.5 Install one 69kV transformer protector.
- 2.2.2 Distribution Facilities
 - 2.2.2.1 Remove 12.47kV temporary bus tie between Customer Switchgear.
 - 2.2.2.1.1 SRP to electrically confirm complete isolation of the two switchgear bus.
 - 2.2.2.2 Install 12.47kV feeder, feeder conduits, and termination kits.
 - 2.2.2.3 Install 12.47kV bus structures.
 - 2.2.2.4 Connect 12kV feeders to switchgear landing lugs to existing Switchgear.
 - 2.2.2.5 Trench, backfill, conduit and encasement for Customer feeders along with transformer controls and protection.
- 2.2.3 Install firewall between Bay 1 and Bay 2.
- 2.2.4 Install fire-quenching oil retention basin with liners
- 2.2.5 Relay instrumentation for the new transformer by including:
 - 2.2.5.1 Transformer differential instantaneous and time phase overcurrent.
 - 2.2.5.2 Instantaneous and time ground overcurrent.
 - 2.2.5.3 Sudden pressure, and temperature.
 - 2.2.5.4 (Note that certain CT and sensor outputs for relaying are included in the transformer package supplied by SRP.)
- 2.2.6 Engineering services, design, prints and record keeping functions.
- 2.2.7 Final substation grading and drainage design and construction, oil retention basins.
- 2.2.8 Field surveying and Substation staking.
- 2.2.9 Identifying and marking operating equipment within the Substation as specified by SRP.
- 2.2.10 Construction checkout and commissioning.

- 2.2.11 All Project construction performed and all materials and equipment installed in the Project will conform to SRP specifications, including requirements in the SRP Guidelines for Customer Ownership of Substation Equipment, as previously provided to Customer.
- 2.2.12 Until construction of the Project is completed, SRP shall procure and maintain (and shall require any SRP contractor performing work on Customer's property to procure and maintain), and provide Customer with certificates evidencing insurance (or letter of self-insurance) in accordance with the general requirements set forth in Section 8 of the Agreement and with coverage as set forth in Exhibit B of the Agreement as applicable, against claims for injury to persons or damage to property that may arise from or in connection with SRP's (or its contractors') performance of the terms and conditions of this Schedule 7 and the Agreement.
- 2.2.13 SRP shall locate an area near the Substation site where spoils from construction activities may be deposited and contaminated material may be temporarily contained. As per Section 4.3 of the Agreement, SRP shall dispose of any contaminated spoils during construction at no additional cost to Customer, in accordance with applicable laws, rules, and regulations, at a dump facility jointly agreed to by SRP and Customer.
- 2.2.14 SRP shall test and verify the accuracy of all meters.
- 2.2.15 SRP's schedule for completion of its work depends upon the availability of materials and the completion of Customer's responsibilities as set forth in Section 2.1. If delays in the in-service date become necessary, SRP shall notify Customer of such delays as soon as possible. SRP shall not be liable to Customer for any damages, whether direct, indirect or consequential, due to SRP's failure to complete and place the Project in service by the Estimated Construction Completion Date.
- 2.2.16 SRP shall comply with Exhibit E of the Agreement regarding Security, Facility Access and Identification Requirements.
- 2.2.17 SRP's review or approval of Customer's specifications, design, construction or test results related to the Project, as well as any inspections performed by SRP shall not be construed as confirming or endorsing the design or construction of the Project nor as any warranty of safety, durability or reliability of the Project, or any of the materials or equipment that are a part of it. SRP's review, approval and inspection activities are performed solely for SRP's purposes in an effort to protect SRP's electric system in the event of adverse electrical occurrences within Customer's electrical system.

3.0 Ownership of the Project

- 3.1 Except as set forth in Exhibit C to this Schedule 7, Customer shall own and be responsible to maintain all facilities and equipment downstream of the Substation Point of Delivery, including Customer's feeder and distribution system. Such ownership entails without limitation, operation, maintenance, repair, replacement, depreciation, and property taxes.
- 3.2 SRP shall own and maintain all SRP Facilities and equipment upstream of the Point of Delivery, as set forth in Exhibit C. Such SRP-owned equipment or property may be removed, replaced, or reconstructed by SRP at its sole discretion.
- 3.3 The parties agree and acknowledge that under the Agreement, SRP is providing certain Substation maintenance, repair and emergency services for Mesa, and nothing in this Schedule 7 is intended to amend Schedules 1 through 6 of the Agreement. Notwithstanding the preceding, upon completion of the Project, the Project will become part of the Substation for purposes of the Agreement and Schedules 1 through 6.

4.0 Payment and Billing

- 4.1 Subject to any charges for changes, additions, or modifications that are implemented before or after execution of this Schedule 7 as a result of Customer or SRP requests or requirements, SRP shall commence constructing the Project upon execution of this Schedule 7 and the Plan of Work, and the first payment of \$826,745.20, applicable taxes included, shall be due within 30 days (See Section 2.1.1).
- 4.2 The "Commercial Operation Date", for purposes of this Schedule 7, shall be the date on which all four of the following conditions shall have been satisfied: i) construction checkout, ii) energization of the transformer and conclusion of its loading period of 24 hours; and iii) release of the Project by SRP for commercial operation ("Commercial Operation") pursuant to Exhibit D, and iv) acceptance by Customer. Upon notification by SRP of the energization and conclusion of the energization and loading period, Customer with the assistance of a consulting professional at Customer's option, shall promptly conduct an inspection to determine if the work has been completed and is acceptable under this Schedule 7.
- 4.3 On the Commercial Operation Date, Customer shall commence to take delivery of electric service at Substation Bay 1 on the Commercial Operation Date; provided, however, that unless agreed by Customer and SRP, such date shall be no earlier than the Estimated Construction Completion Date set forth in Section 1.2.
- 4.4 Customer shall pay all amounts that SRP bills to Customer under this Schedule 7 by the time specified. If Customer fails to pay such amounts within the required time, Customer shall pay SRP interest on the delinquent amount owed at a rate not to exceed the maximum legal interest rate.

- 4.5 Customer shall reimburse SRP for all lawful federal, state, and local excise, sales, transaction privilege, gross receipts, gross income, contracting or other similar taxes (but not net income or payroll taxes) imposed by federal, state, municipal, or other local authority, and payable by SRP, upon any charges, fees, or other payments referred to in this Schedule 7.

5.0 Warranty and Title

- 5.1 All equipment and material warranty terms and conditions of this Section 5.0 shall apply only to that equipment and material supplied by SRP and shall not apply to equipment and material supplied by Customer.
- 5.2 At transfer of title for equipment provided by SRP, SRP will assign to Customer warranties SRP has received from third parties relevant to the Project to the extent such warranties are assignable. Notwithstanding the foregoing, SRP shall warrant the equipment for one year or per the original manufacturer's warranty from the date of purchase (whichever is longer) on terms following the Commercial Operation Date ("Warranty Period").
- 5.3 SRP warrants to Customer that a) the equipment to be provided by SRP hereunder shall be designed and fit for the purpose of delivering electric energy when operated in accordance with manufacturer's specific operation instructions and, in the absence thereof, in accordance with generally accepted utility industry practices and shall be free from defects in material, workmanship and title; b) all materials shall be suitable for the conditions specified, whether the same are furnished or performed by SRP or any of its subcontractors or suppliers; and c) all services provided hereunder shall be performed in a competent, diligent manner in accordance with any mutually agreed specifications.
- 5.4 If the equipment delivered or services performed hereunder do not meet the above warranties during the Warranty Period, Customer shall promptly notify SRP in writing. All warranty claims must be submitted to SRP no later than the end of the Warranty Period. SRP shall thereupon correct, at SRP's own expense, any defects by, at its option, a) re-performing the defective services; b) redesigning and/or repairing the defective parts of the equipment; or c) by providing and installing necessary replacement parts. SRP shall provide services reasonably necessary for any such repair or replacement of the equipment.
- 5.5 Any re-performed services or repair or replacement 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.
- 5.6 SRP does not warrant the equipment or any repair or replacement parts against normal wear and tear. 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 foregoing warranty shall not apply to the equipment or any part thereof that has been damaged, misused, altered or modified by Customer or any subcontractors of Customer other than SRP.

- 5.7 This Section 6.0 sets forth the exclusive remedies for all claims based on failure of or defects in the equipment and services provided under this Schedule 7 and Agreement, whether the failure or defect arises before or during the Warranty Period and whether a claim, however instituted, is based on contract, indemnity, warranty, tort (including negligence), strict liability or otherwise. The foregoing warranties are exclusive and are in lieu of all other warranties and guarantees whether written, oral, implied or statutory. THE WARRANTY PROVIDED UNDER THIS AGREEMENT AND SCHEDULE 7 IS A LIMITED WARRANTY. EXCEPT AS EXPRESSLY PROVIDED HEREIN, NO OTHER WARRANTY, WHETHER EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED STATUTORY WARRANTY OF MERCHANTABILITY, USE, OR FITNESS FOR A PARTICULAR PURPOSE SHALL APPLY.
- 5.8 Title to equipment or materials provided by SRP pursuant to Section 2.2 shall pass to Customer when the Project is released by SRP for Commercial Operation by Customer and Customer has completed payment for any additional charges agreed upon by the Parties subsequent to the execution of this Schedule 7. SRP shall remain responsible for risk of loss or damage to the equipment and materials until the time the Project is released by SRP for Commercial Operation and accepted by Customer on the Commercial Operation Date, upon which release the Customer will be responsible for risk of loss or damage.

6.0 Agreement for Electric Service

This Schedule 7 governs the construction of the Project. Prior to the Commercial Operation Date, the Parties shall amend the Agreement for Electric Service to incorporate the Project.

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IN WITNESS WHEREOF, the Parties have executed this Schedule 7 as of the Effective Date.

SALT RIVER PROJECT

By: _____

Name: Jennie A. King

Its: Director, Strategic Energy Management

Date: _____

CITY OF MESA

By: _____

Name: _____

Its: _____

Date: _____

Exhibit A
Project Drawings

Exhibit B

Project Costs

Below is a description of the major distribution facilities and associated costs for the design, engineering; procurement of equipment; and construction of the transformer addition to Greenfield substation. As built documents to be provided after construction completion.

SRP Substation Design - \$170,500.00 (Non-taxable)

Substation Materials = \$1,204,905.75 (Taxable)

- 69/12.47kV Transformer, 28MVA, ABB
- 15kV Disconnect Switch, Gang Operated
- 69kV Transformer Protector
- 69kV Disconnect Switch (1200A)

Substation Construction = \$1,036,205.50 (Taxable)

- Civil Work
- Electrical Work
- Relay
- Administration/Support

Total Project Costs

Cost Type	Cost
Substation Design (non-taxable)	\$170,500.00
Substation Materials & Construction (taxable)	2,241,111.25
Total Project Costs (without tax)	\$2,411,611.25
Contract tax in Gilbert (5.07%)	113,624.34
Total Project Costs (with tax)	2,525,235.59
Less Professional Services Payment	-45,000.00
Remaining Project Costs	\$2,480,235.59

Exhibit C

Ownership of Equipment List – Greenfield Substation

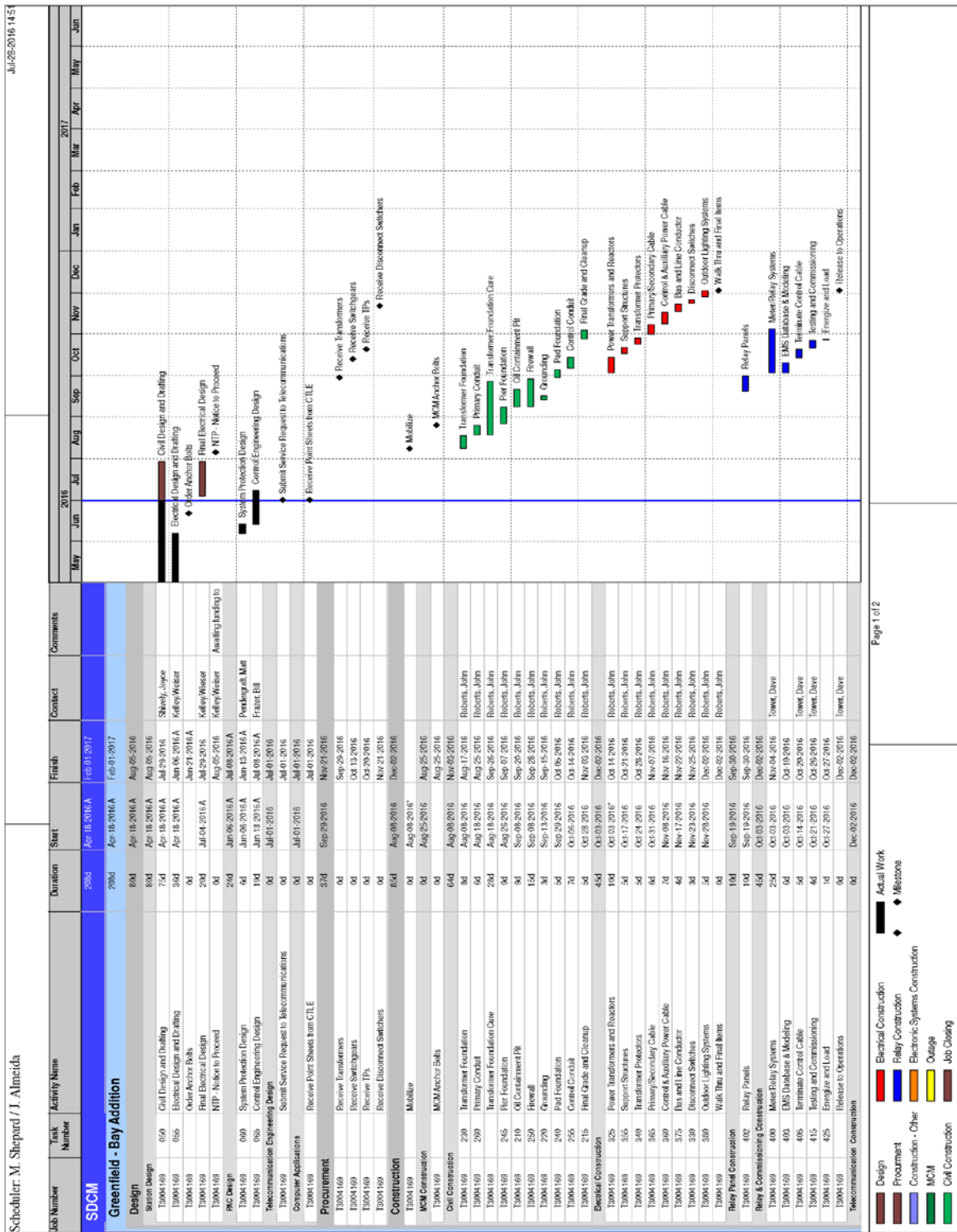
Facilities	Customer		SRP	
	Existing	New	Existing	New
69kV transformer protector	1	1		
69kV 1200A Disconnect Switch			2	1
69kV 2000A Disconnect Switch			5	
69kV Circuit Breaker			2	
69kV Potential Transformer			3	
69kV Bus and Structures			Y	
Firewall		1		
12.47kV Disconnect Switch	1	1		
69/12.47kV 28 MVA Power Transformer With High and Low Side Arresters	1	1		
Low-side bus and structures	1	1		
Fire-quenching Oil Retention Basin	1	1		
12kV cables and conduit from overhead bus to Customer's 12kV switchgear in control house	Y	Y		
12kV switchgear in control house	2			
69/12.47kV 28MVA transformer, bus and distribution feeder relaying, including Under-Frequency	1	1		
Control house with AC	Y			
Station service transformers	Y - Separate		Y - Separate	
DC batteries, chargers, conductors	Y - Separate		Y - Separate	
Billing metering (located in Customer switchgear, in Customer control house), including VTs & CTs, recorders			2	

Facilities	Customer		SRP	
	Existing	New	Existing	New
Relaying pertaining to control and protection of SRP's 69kV sub-transmission			Y	
Station RTUs	Y - Separate		Y - Separate	
Station Communications	Y - Separate		Y - Separate	
Station lights	Y			
Station fence and gates	Y			
Station grounding including ground grid	Y			
Wiring and devices to allow SRP supervisory status and control of 69kV transformer protectors and low-side feeder breakers			Y	

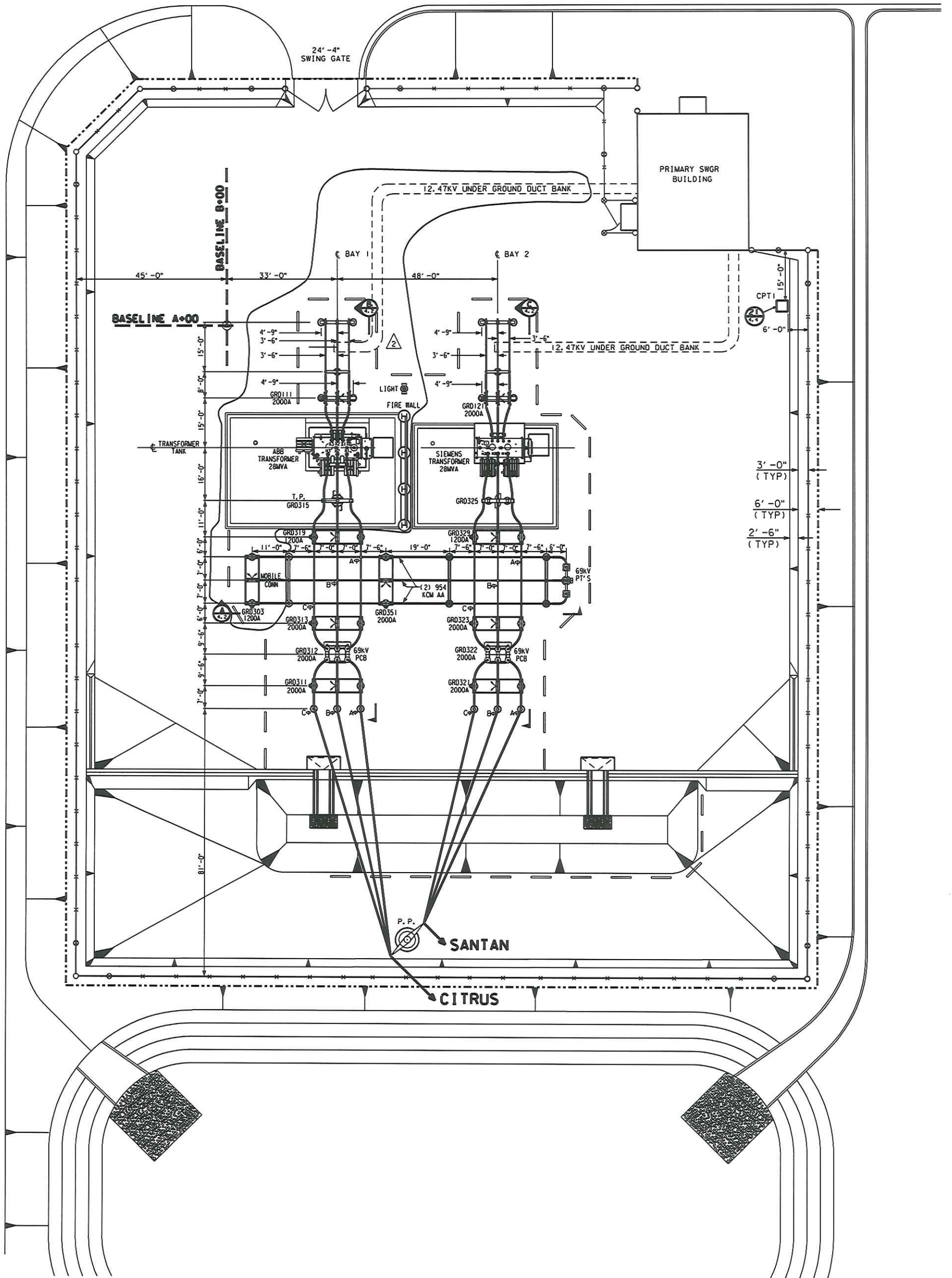
Exhibit D

Plan of Work

Plan of Work example, actual to be determined and agreed upon as per Section 1.2.



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BAY 1

TO CUSTOMER'S BAYS 1&2
ONE LINE DIAGRAM
A-1100-B.2

SEE NOTE 1

GRD 111
2000A

10kV (8.4kV MCOV)

SHORTED
2000-5

ABB
67,000-12,470V/7200V
QA/FA/FA
16.8/22.4/28 MVA (55°C)
P.O. 4500032640

2000-5
2000-5

600-5
600-5

60kV (48kV MCOV)

GRD 315
1200A 20KA I.C.
P.O. 4500076079

GRD 319
1200A

GRD 351
2000A

MOBILE CONNECTION

GRD 303
1200A

GRD 313
2000A

2000-5
2000-5

GRD 312
2000A

79

GRD 311
2000A

CITRUS HEIGHTS

[illegible]

GREENFIELD SUBSTATION

