

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT
RULES AND REGULATIONS

**SRP
RULES
AND
REGULATIONS**
(Last Revised 07/06/2009)

(Note: Please refer to the SRP Home Page at www.srpnet.com for the currently effective revisions to these Rules and Regulations).

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DEFINITIONS

- 1.1 The following terms, when used herein, have the meaning specified:
- 1.1.1 ACC: The Arizona Corporation Commission.
 - 1.1.2 ACT: See “Arizona Electric Power Competition Act.”
 - 1.1.3 ADVANCE TOWARD CONSTRUCTION: Capital funds received from the Customer as an up-front payment toward design and construction; also referred to as Contribution in Aid of Construction (CIAC). The funds may or may not be refundable.
 - 1.1.4 AGREEMENT FOR ELECTRIC SERVICE: The terms and conditions, either standard or non-standard, to provide electric service and specify the Price Plan and other terms and conditions under which a Customer will pay for that service from SRP.
 - 1.1.5 ANCILLARY SERVICES: The following services, as further described in the Open Access Transmission Tariff, that are necessary to support the transmission of capacity and energy from resources to Loads while maintaining the reliable operation of the Transmission System.
 - a. ANCILLARY SERVICE 1 (Scheduling, System Control and Dispatch Service): Service required to schedule the movement of Power through, out of, within, or into a Control Area.
 - b. ANCILLARY SERVICE 2 (Reactive Supply and Voltage Control from Generation Sources Service): Service required to maintain Transmission voltages within limits generally accepted in the region and consistently adhered to by SRP.
 - c. ANCILLARY SERVICE 3 (Regulation and Frequency Response Service): Service necessary to provide continuous balancing of resources (generation and interchange) with Load and to maintain scheduled interconnection frequency at sixty Hz.
 - d. ANCILLARY SERVICE 4 (Energy Imbalance Service): Service provided to supply or absorb Energy during each hour when a

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difference occurs between the scheduled and the actual delivery of Energy to a Load within a Control Area.

- e. **ANCILLARY SERVICE 5** (Operating Reserve – Spinning Reserve Service): Service needed to serve Load immediately in the event of an electric system Contingency.
- f. **ANCILLARY SERVICE 6** (Operating Reserve – Supplemental Reserve Service): Service needed to serve Load in the event of an electric system Contingency. Such service is available to serve Load within a short period of time but not immediately.

1.1.6 **ARIZONA ELECTRIC POWER COMPETITION ACT (THE “ACT”)**: For the purpose of these Rules and Regulations, the Arizona Electric Power Competition Act is deemed to consist of the provisions of Title 30, Chapter 6 (§ 30-801, et seq.) of the A.R.S., as amended, together with other provisions of House Bill 2663 (enacted as Chapter 209, Session Laws, 43rd Legislature, 2nd Regular Session), and amendments thereto, that are relevant to the provision of retail electric competition in the service territory of a public power entity, as defined in A.R.S. § 30-801.16.

1.1.7 **A.R.S.:** Arizona Revised Statutes.

1.1.8 **BACKUP SERVICE:** Demand and Energy provided by SRP to the Customer during an unscheduled full or partial outage of Customer’s generating equipment to replace electricity ordinarily produced by that generating equipment. The largest 15-minute Demand measured on the Supply Meter of each generator will be less than or equal to the generator Reservation Capacity.

1.1.9 **BILLING, COLLECTIONS CHARGE/BILLING AND COLLECTIONS CHARGE:** A fixed monthly charge to recover costs related to maintaining Customer accounts including producing and mailing Customer bills and processing Customer payments.

1.1.10 **BILLING PERIOD:** The time interval between two consecutive meter readings.

1.1.11 **BUILDING:** A structure which stands alone or is separated from adjoining structures by fire walls with all openings therein protected by fire doors. If this definition conflicts with local building codes, the local code definition will prevail.

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- 1.1.12 **BUNDLED SERVICE:** Electric service provided as a package to the Customer including all Electric Generation Service, Transmission service, Distribution service, Ancillary Services and Other Services necessary to deliver and measure Electrical Energy and Power.
- 1.1.13 **CAPACITY:** The continuous load-carrying ability of Generation, Transmission or other electrical equipment, expressed in megawatts (MW) or megavolt-amperes (MVA).
- 1.1.14 **CERTIFICATE OF CONVENIENCE AND NECESSITY (CC&N):** For the purpose of these Rules and Regulations, a certificate issued to an Electric Service Provider by the ACC when required pursuant to A.R.S. § 40-281, et seq., and applicable ACC rules.
- 1.1.15 **CLASS OF USE:** A classification of Customer usage type, defined by end use, voltage level, electricity use pattern, Price Plan, or other criteria (e.g., Residential, General Service, Lighting).
- 1.1.16 **CODE OF CONDUCT:** The code approved by the SRP Board of Directors in compliance with A.R.S. § 30-803(F), to prevent anti-competitive activities that could result from SRP providing both competitive and non-competitive services to retail electric Customers.
- 1.1.17 **COGENERATION FACILITY:** A facility comprised of one or more Parallel Generation units that produces both (a) electric energy and (b) steam or another form of useful energy which is used for industrial, commercial, heating, or cooling purposes.
- 1.1.18 **COMMON FACILITIES:** Facilities providing electric service to Persons other than the owner, which use Energy registered through a single meter when the owner owns all distribution facilities beyond the Point of Delivery.
- 1.1.19 **COMPETITIVE TRANSITION CHARGE (CTC):** A non-bypassable charge assessed by SRP to all Customers who choose an alternative supplier of Electric Generation Service pursuant to the Direct Access Program, that is used to recover SRP Stranded Costs. The CTC is also a component of SRP's Standard Electric Price Plans.
- 1.1.20 **CONNECTED LOAD:** The sum of the ratings of the Customer's Power consuming equipment which is or may be connected to SRP's electric installation or system.

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- 1.1.21 CONSUMER OMBUDSMAN: The SRP representative who works with Customers to investigate and resolve certain non-Transmission related Customer disputes.
- 1.1.22 CONTINGENCY: The unexpected failure or outage of an electric system component, such as a generator, transmission line, circuit breaker, switch, or other element. A contingency also may include multiple components, which are related by situations leading to simultaneous component outages.
- 1.1.23 CONTRIBUTION IN AID OF CONSTRUCTION (CIAC): See Advance Toward Construction.
- 1.1.24 CONTROL AREA: An electric system or systems, bounded by interconnection metering and telemetry, capable of controlling Generation to maintain its interchange schedule with other such systems and contributing to frequency regulation of the interconnection.
- 1.1.25 CONTROL AREA OPERATOR (CAO): The operator of a Control Area.
- 1.1.26 CUSTOMER: Any Person utilizing Bundled or Unbundled Services from SRP whether or not such Person receives Electric Generation Service from SRP. Where the context requires, the term “Customer” includes an applicant for SRP service.
- 1.1.27 DASR: See “Direct Access Service Request.”
- 1.1.28 DEDICATED: Electric service provided to a Customer via facilities usually used only to serve that Customer.
- 1.1.29 DEDICATED FACILITIES: Facilities which, by contractual arrangement, are utilized by only one Customer to receive electric service.
- 1.1.30 DEMAND: The rate at which Electrical Energy is delivered to or by an electric system or part of an electric system at a given instant or averaged over any designated interval of time. Demand may be expressed in Kilowatts, Kilovolt-Amperes, megawatts, or other suitable units. The designated interval can be specified in the Standard Electric Price Plan, the Agreement for Electric Service, or within these Rules and Regulations. Types of Demand may include:
- a. AVERAGE DEMAND: The Electrical Energy delivered during any interval of time as determined by dividing the total Energy by the units of time in the interval.

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- b. **BILLING DEMAND:** Demand, usually expressed in Kilowatts, used for calculation of the bill. It may be the Connected Load, the measured Demand or a modification of either as provided for in an Agreement for Electric Service, Price Plan, or any special agreements. It may be based on the contract year, a contract minimum, or a previous maximum and, therefore, may not coincide with the actual Demand measured during the Billing Period.
 - c. **DEMAND INTERVAL:** The time period during which Electric Energy is measured, usually in 15-, 30- or 60-minute increments.
 - d. **INSTANTANEOUS DEMAND:** The rate at which Electrical Energy is delivered at a given instant.
 - e. **INTEGRATED DEMAND:** The average of the Instantaneous Demands during the Demand Interval.
 - f. **INTERRUPTIBLE DEMAND:** The amount of Customer Demand that, in accordance with contractual arrangements, can be interrupted by direct control of the electric system operator or by action of the Customer at the direct request of the electric system operator. In some instances, the Demand reduction may be initiated by the direct action of the electric system operator (remote tripping) with or without notice to the Customer in accordance with contractual provisions.
 - g. **PEAK DEMAND:** The highest electric requirement occurring in a given period (e.g., an hour, a day, month, season, or year). For an electric system, it is equal to the sum of the metered net outputs of all generators within a system and the metered line flows into the electric system, less the metered line flows out of the electric system.
- 1.1.31 **DIRECT ACCESS PROGRAM:** The Terms and Conditions for Competition in the Retail Sale of Electric Generation Service determined by SRP pursuant to A.R.S. § 30-802, the SRP Open Access Transmission Tariff (OATT) and other applicable SRP tariff(s), Standard Electric Price Plans, these Rules and Regulations, the SRP Protocols, and all related contracts and agreements, each as amended from time to time, together with any appendices or attachments thereto, as also amended from time to time.

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- 1.1.32 **DIRECT ACCESS SERVICE:** Competitive Electric Generation Service or Other Services provided to eligible Customers pursuant to the Direct Access Program.
- 1.1.33 **DIRECT ACCESS SERVICE REQUEST (DASR):** An Electronic Data Interchange (EDI) transaction used as the primary means of communication between the ESP and SRP regarding a Customer's intent to switch from one ESP to another; to update or change information about a Customer; advise of meter exchanges or request meter related actions; terminate energy services being provided by the ESP; and disconnect service to a Customer.
- 1.1.34 **DISTRIBUTION:** The portion of SRP's electric system used to deliver Electrical Energy to Customers from points on the Transmission System.
- 1.1.35 **DISTRIBUTION CHARGE/DISTRIBUTION FACILITIES CHARGE:** A fixed monthly charge used to recover costs related to the Distribution system.
- 1.1.36 **DISTRIBUTION DELIVERY CHARGE:** A charge per kWh or per kW used to recover costs related to the Distribution System.
- 1.1.37 **ELECTRIC GENERATION SERVICE:** The provision of electricity for sale to retail electric Customers, except (a) Distribution service (b) Transmission service and (c) Generation that is necessary for the reliable operation of the electric Distribution or Transmission systems.
- 1.1.38 **ELECTRIC SERVICE PROVIDER (ESP):** An entity providing Electric Generation Service and/or Other services pursuant to the Direct Access Program.
- 1.1.39 **ELECTRIC SERVICE PROVIDER SERVICE AGREEMENT/ESP SERVICE AGREEMENT:** A contract between an Electric Service Provider and SRP to facilitate the provision of Electric Generation Service and/or Other Services to retail Customers in SRP's Distribution service territory.
- 1.1.40 **ELECTRIC SERVICE SPECIFICATIONS:** The SRP manual that contains information regarding SRP's requirements for wiring, metering, equipment and other matters.

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- 1.1.41 **ELECTRICAL ENERGY/ENERGY:** The generation or use of electric Power by a device during a period of time, expressed in Kilowatt-hours (kWh), megawatt-hours (MWh), or gigawatt-hours (GWh).
- 1.1.42 **ELECTRONIC DATA INTERCHANGE (EDI):** The computer-to-computer electronic exchange of business documents using standard formats which are recognized nationally and internationally.
- 1.1.43 **ENERGY:** See “Electrical Energy.”
- 1.1.44 **ENERGY CHARGE:** A charge per kWh for the Electrical Energy used by the Customer.
- 1.1.45 **ENERGY IMBALANCE SERVICE:** See “Ancillary Services 4.”
- 1.1.46 **EXTENSION:** Lines and/or Service Laterals required to extend electric service from SRP’s existing permanent facilities to the Point of Delivery.
- 1.1.47 **FACILITIES CHARGE:** An amount to be paid by the Customer as a lump sum or periodically, for Transmission or Distribution facilities provided by SRP.
- 1.1.48 **FROZEN:** Refers to Price Plan or rider for which new Customers or new accounts are no longer accepted. A Frozen Price Plan may or may not have an expiration date. Frozen Price Plans and their associated riders may be changed in the same manner as any other Price Plan or rider.
- 1.1.49 **GENERATION:** The process of producing Electrical Energy from other forms of energy; also, the amount of Electrical Energy produced, usually expressed in Kilowatt-hours (kWh) or megawatt-hours (MWh).
- 1.1.50 **GENERATOR METER:** The time-of-use meter that measures the total Power and Energy produced by the Customer’s on-site Generation unit capable of interconnection with SRP’s electric system.
- 1.1.51 **HIGH-RISE BUILDING:** Any multi-story Building within which the most economically feasible electrical Distribution system exceeds 240 volts and step-down transformation is necessary to serve the ultimate Customer.
- 1.1.52 **INTERCONNECTION SERVICE:** Service available to a Customer owning, leasing, or operating a Qualifying Facility, or other generation facility, if approved by SRP. Such service permits a Customer to interconnect with, and deliver Power and Energy to, SRP.

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- 1.1.53 KILOVOLT-AMPERE (kVA): 1,000 volt-amperes.
- 1.1.54 KILOWATT (kW): A unit of Power equal to 1,000 watts or approximately 1.341 horsepower.
- 1.1.55 KILOWATT-HOUR (kWh): The amount of Energy delivered in one hour when delivery is at a constant rate of one Kilowatt.
- 1.1.56 LINE: A system of poles, ducts, wires, cable or equipment used for the Transmission and Distribution of electricity.
- 1.1.57 LOAD: An end-use device or Customer facility that receives Power from the electric system.
- 1.1.58 LOAD FACTOR: The ratio of Average Demand to Peak Demand during a specific period of time, expressed as a percentage.
- 1.1.59 MAINTENANCE ENERGY: The Energy purchased by Customer during its scheduled maintenance periods, calculated by multiplying the hours in the scheduled maintenance period by the Reservation Capacity of the Cogeneration Facility.
- 1.1.60 METER CHARGE: A fixed monthly charge to recover costs related to owning and maintaining the electric meter.
- 1.1.61 METER READING CHARGE: A fixed monthly charge to recover costs relating to meter reading service provided by SRP.
- 1.1.62 METER READING SERVICE PROVIDER (MRSP): An entity that reads meters, performs validation, editing and estimation on raw meter data to create validated meter data; translates validated data to an approved format; posts this data to a host computer for retrieval by billing agents; manages the host computer; exchanges data as necessary with SRP and ESPs; stores meter data for problem resolution; performs other related functions; and, if required, is certified by the ACC.
- 1.1.63 METER SERVICE PROVIDER (MSP): An entity that installs, maintains, removes, and replaces meters, and performs other related functions and, if required, is certified by the ACC.
- 1.1.64 ONE MW (Relative to Load): For the purpose of determining certain Customers' eligibility for certain Direct Access Services, a Billing Demand in excess of 1,000 kW and Energy usage of more than 300,000 kWh during each of three consecutive Billing Periods, provided the actual

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monthly maximum Demand does not fall below 700 kW during six subsequent consecutive Billing Periods. Unless otherwise provided by the applicable Price Plan, the Billing Demand and Energy usage must occur at a single Point of Delivery, and must be measured through a single meter and by time of use.

- 1.1.65 OPEN ACCESS TRANSMISSION TARIFF (OATT): The SRP tariff filed on a voluntary basis with and accepted without change (or otherwise approved) by the Federal Energy Regulatory Commission (FERC). The SRP OATT sets forth the rates, charges and general terms and conditions under which SRP will provide Transmission service.
- 1.1.66 OPERATING RESERVE - SPINNING RESERVE SERVICE: See “Ancillary Service 5.”
- 1.1.67 OPERATING RESERVE - SUPPLEMENTAL RESERVE SERVICE: See “Ancillary Service 6.”
- 1.1.68 OTHER SERVICES: Certain “other services” which may be provided competitively, as set forth in the Act. Such “other services” consist of metering, meter reading, billing and payment processing.
- 1.1.69 PARALLEL GENERATION: Electrical generation equipment which has been approved by SRP to operate interconnected (in parallel) with SRP’s system.
- 1.1.70 PERSON: Any individual, partnership, corporation, governmental body, or other entity.
- 1.1.71 PHASE I: The period commencing December 31, 1998 and continuing until Phase II commences.
- 1.1.72 PHASE II: The periods commencing a) June 1, 2000, when competitive Electric Generation Service will be available to all Customers, and b) December 31, 2000, when Other Services will be available to all Customers that have competitive Electric Generation Service.
- 1.1.73 POINT OF DELIVERY: The location at which SRP’s electric facilities make contact with a Customer's Service Equipment.
- 1.1.74 POWER: The time rate of transferring Energy, usually expressed in Kilowatts.

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- 1.1.75 **POWER FACTOR:** The ratio of real Power (Kilowatts) to apparent Power (Kilovolt-Amperes) for any given load and time and generally expressed as a percentage.
- 1.1.76 **PRICE PLAN:** See “Standard Electric Price Plan.”
- 1.1.77 **PRIMARY GENERAL SERVICE:** Electric service that does not require transformation by SRP below the voltage level at the low side of a Distribution substation.
- 1.1.78 **PROTOCOL:** The operational and administrative policies established by SRP to implement the provision of competitive Electric Generation Service and Other Services to retail Customers under the Direct Access Program.
- 1.1.79 **PROVIDER OF LAST RESORT:** The default provider of Electric Generation Service to certain Customers.
- 1.1.80 **QUALIFYING FACILITY:** A Cogeneration Facility or Small Power Production Facility which is defined as a qualifying facility under the regulations issued by the Federal Energy Regulatory Commission.
- 1.1.81 **REACTIVE SUPPLY AND VOLTAGE CONTROL FROM GENERATION SOURCES SERVICE:** See “Ancillary Service 2.”
- 1.1.82 **REGULATION AND FREQUENCY RESPONSE SERVICE:** See “Ancillary Service 3.”
- 1.1.83 **RESERVATION (RESERVED) CAPACITY:** The higher of (a) the measured kW output of each Qualifying Facility at the time of start-up test or (b) SRP’s estimate of the Customer’s peak Demand during Backup Service based on Customer’s historical usage, evaluated and updated annually and specified in the Interconnection/Generation Agreement.
- 1.1.84 **RESERVATION (RESERVED) CAPACITY CHARGE:** A seasonally adjusted monthly charge that incorporates Customer’s specific generator capacity and forced outage rate so that SRP will provide capacity when needed by the Qualifying Facility.
- 1.1.85 **RULES AND REGULATIONS:** These Rules and Regulations, which have been adopted by SRP pursuant to A.R.S. § 48-2301 et seq., § 30-801 et seq. and other pertinent authority. The Rules and Regulations have also been referred to by SRP as “Electric Service Guidelines.”

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- 1.1.86 SCHEDULING COORDINATOR (SC): An entity that provides schedules for power transactions over Transmission or Distribution systems to the party responsible for the operation and control of the Transmission grid, such as a Control Area Operator, an independent scheduling administrator, or an independent system operator.
- 1.1.87 SCHEDULING, SYSTEM CONTROL, AND DISPATCH SERVICE: See “Ancillary Service 1.”
- 1.1.88 SECONDARY GENERAL SERVICE: Electric service that requires transformation by SRP below the voltage level at the low side of a Distribution substation.
- 1.1.89 SERVICE EQUIPMENT: The necessary electrical facilities, usually consisting of a circuit breaker or switch and fuses, conductors and accessories, constituting the main control and cutoff of the supply, and which are installed, owned and maintained by the Customer.
- 1.1.90 SERVICE LATERAL: A system of wires, fixtures and sometimes poles, or the equivalent ducts, conduits and cables used to conduct electricity from the Line or Distribution transformer to the Point of Delivery.
- 1.1.91 SMALL POWER PRODUCTION FACILITY: A facility that: (a) produces Energy solely by the use of a primary energy source such as biomass, waste, renewable resources, geothermal resources, or any combination thereof; and (b) has a Power production capacity which together with any other facilities located at the same site, is not greater than 80 megawatts.
- 1.1.92 SRP: The Salt River Project Agricultural Improvement and Power District.
- 1.1.93 STANDARD ELECTRIC PRICE PLAN (PRICE PLAN): SRP’s published Standard Electric Price Plans (including riders and similar documents) for standard contract Customers, including residential, industrial, commercial, lighting, and pumping Customers. There may be more than one Price Plan setting forth the charges and conditions for a particular class or type of service. A Price Plan usually includes an identification letter and number, class of service, character or applicability, prices, conditions, and references to these Rules and Regulations.

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- 1.1.94 **STANDBY SERVICE:** Service supplied to a Customer who normally receives Power and Energy requirements from sources other than SRP.
- 1.1.95 **STRANDED COST:** Generation-related costs approved by the SRP Board of Directors for recovery through a Competitive Transition Charge in compliance with A.R.S. § 30-805(A)(3). These costs were incurred by SRP in a regulated Electric Generation Service environment and may be otherwise unrecoverable in a competitive Electric Generation Service market.
- 1.1.96 **SUPPLY METER:** The time-of-use meter that measures the total Power and Energy supplied by SRP to the Load of a Customer with a Qualifying Facility.
- 1.1.97 **SUPPLEMENTAL DEMAND:** The maximum 15-minute integrated kW Demand calculated by summing the demand of the Supply Meter plus the Demand of the Generator Meter(s) less the Reservation Capacity of Customer's generator(s).
- 1.1.98 **SUPPLEMENTAL ENERGY:** All Energy registered on the Supply Meter, less any Backup Service or Maintenance Energy.
- 1.1.99 **SUPPLEMENTAL SERVICE:** Demand and Energy purchased by Customer to supplement Power and Energy generated by Customer's generator(s).
- 1.1.100 **SYSTEM BENEFITS CHARGE:** A non-bypassable charge included in Distribution prices to fund certain programs benefiting the general public.
- 1.1.101 **TERMS AND CONDITIONS FOR COMPETITION:** SRP's terms and conditions for customer selection, complaint resolution, consumer protection, stranded costs, distribution service rates and charges, system benefit charges, and other related matters as determined in the reasonable discretion of the Board of Directors of SRP.
- 1.1.102 **TRANSMISSION/TRANSMISSION SYSTEM:** The interconnected group of lines and associated equipment used by SRP for the movement or transfer of Electrical Energy between points of supply and points at which it is transformed for delivery to Customers or is delivered to other electric systems.
- 1.1.103 **TRANSMISSION DELIVERY CHARGE:** A charge per kWh or per kW to recover costs related to the Transmission system.

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- 1.1.104 UNBUNDLED SERVICE: Elements of electric service provided and priced separately, including, but not limited to Electric Generation Service, Transmission service, Distribution service, Ancillary Services, and Other Services.
- 1.1.105 UP AND DOWN COSTS: All labor, material and other charges to install and/or remove SRP's electrical facilities. The removal (down) costs, will be reduced by the salvage value, if any, of any removed material.
- 1.1.106 VOLT-AMPERE: The apparent Power when one ampere flows between two points having a potential difference of one volt.

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GENERAL PROVISIONS

2.1 INTRODUCTION

- 2.1.1 These Rules and Regulations define the terms and conditions of SRP's agreement with a Customer to supply electric and related services, and except as otherwise provided in a written agreement between SRP and the Customer, supercede any other policies or procedures. Sections 1 through 6 of these Rules and Regulations shall apply to both SRP Bundled Service Customers and Unbundled Service Customers, except for (i) provisions that by their nature (as determined by SRP) apply solely to SRP Bundled Service Customers, and (ii) certain definitions applicable only to Direct Access Service. Terms and conditions that specifically address Direct Access Services are contained in Section 7 of these Rules and Regulations.
- 2.1.2 Implementation and administration of these Rules and Regulations is supplemented by the appropriate Standard Electric Price Plan and the Electric Service Specifications, all of which are available at SRP's main business office, 1521 N. Project Drive, Tempe, Arizona. Upon request, SRP will provide Customers with copies of the specifications relating to their service installations and a copy of the applicable Price Plan. These Rules and Regulations and the Price Plans are also available through the SRP Home Page at <http://www.srpnet.com>.
- 2.1.3 If an issue arises which is not, or is only partially addressed in these Rules and Regulations or other applicable documents, SRP reserves the right to then consider the issue and implement policy or practice pertinent to it.
- 2.1.4 The citation or referencing of any document or portion thereof in these Rules and Regulations also means any applicable successor document or portion thereof.
- 2.1.5 The descriptive headings of the various sections of these Rules and Regulations have been inserted for convenience of reference only and in no way define, modify or restrict any of the terms and provisions thereof.
- 2.1.6 When used herein, the terms "include" and "including" mean without limitation.
- 2.1.7 The waiver by SRP of any breach of any term, covenant, or condition herein contained will not be deemed a waiver of any breach of any other

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term, covenant or condition, or any subsequent breach of the same or any other term, covenant or condition herein contained.

2.1.8 These Rules and Regulations shall be deemed to have been made in the State of Arizona and shall be construed and governed by the laws of the State of Arizona. Venue for any legal proceeding arising out of or in connection with these Rules and Regulations shall be exclusively in a state or federal court located in Maricopa County, Arizona.

2.2 CHANGES TO SRP'S RULES AND REGULATIONS, STANDARD ELECTRIC PRICE PLANS, AND TERMS AND CONDITIONS FOR COMPETITION

2.2.1 SRP may change these Rules and Regulations, any Standard Electric Price Plan, any of its Terms and Conditions of Competition, or any other price, charge, minimum, demand charge, rate or other pricing term at any time, unless expressly agreed otherwise by a written contract, subject to the following:

- a. SRP will comply with the procedural requirements of A.R.S. § 30-802 and 48-2334 as amended from time to time (the "Statutory Procedures") to the extent applicable, as modified by the additional procedures set forth at Section 2.2.3 of these Rules and Regulations; and
- b. SRP will publish on its website, within one business day of approval by its Board of Directors, any changes to its Standard Electric Price Plans and will publish notice of such changes in a newspaper of general circulation as soon as reasonably practicable. In addition, SRP will give notice to each affected Customer with or prior to the first billing to such Customer under the new Price Plans. Such notice may be provided by mail or other means reasonably expected to reach each affected Customer including, without limitation, e-mail. If sent by United States mail, notice will be deemed given when deposited in the mail.

2.2.2 SRP's management is authorized to make changes to these Rules and Regulations to conform with changes to the Standard Electric Price Plans and the Terms and Conditions of Competition.

2.2.3 SRP will use the following procedures in addition to any statutory requirements for changes to its Standard Electric Price Plans or its Terms and Conditions for Competition.

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- a. Interviews. SRP will include in its statutory notices regarding proposed changes to its Standard Electric Price Plans or its Terms and Conditions for Competition, a statement that interested persons, or representatives of interested persons, may request interviews of management to ask questions and receive answers, regarding the proposed changes. Interviews may also be requested

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of the consultants, if any, selected by the Board of Directors to assist it in evaluating such proposed changes. SRP will explain in the notices the instructions and deadline for making requests for interviews, and the proposed date, time and place that management and the consultants, if any, will be available for such interviews.

SRP will select, based on availability and knowledge, which members of management may be interviewed. SRP will try to make the most knowledgeable employees available for questioning. These employees will have been instructed to answer the questions to the best of their ability.

Interested persons, or their representatives, may request interviews of a particular SRP employee, but SRP reserves the right to grant or deny the request.

Unless other arrangements are made, any consultants that the Board of Directors has selected to assist it in evaluating the proposed changes will be available for interviews only on the date(s), time, and place specified in the notices.

Requests for interviews must be submitted in writing to the SRP Corporate Secretary via mail, fax, or email. The SRP Corporate Secretary is responsible for acknowledging receipt of each request for interviews.

Within fifteen (15) days after the date of the interview(s), SRP will summarize in writing the questions asked during the interviews and the responses thereto. SRP will distribute the summary to all persons on its Special Board Meeting Mailing List, as explained below in Section 2.2.3(c).

- b. Written Questions and Requests for Documents. SRP will also include in its notices regarding proposed changes to its Standard Electric Price Plans or its Terms and Conditions for Competition, a statement that, in addition to written comments on the proposed changes, interested persons or their representatives may submit written questions to management and may request documents relative to the proceedings. The notices will specify the time periods for submitting written questions and document requests, and the time period by which SRP will respond.

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Written questions may also be submitted to any consultants that the Board has selected to assist it in evaluating the proposed changes. These questions should be sent to the SRP Corporate Secretary as specified in the next paragraph. The SRP Corporate Secretary will handle questions for the consultants in the same way questions are handled for SRP management.

Written questions may be submitted in any format, including electronic; however, all questions must be addressed to the SRP Corporate Secretary, by mail, to SRP, PAB215, P.O. Box 52025, Phoenix, AZ 85072-2025, or by fax to 602-236-2188, or by email to talonon@sprnet.com.

The SRP Corporate Secretary's Office is responsible for acknowledging receipt of each submission of written questions.

- c. Mailing List. The SRP Corporate Secretary's Office will maintain a list of names, addresses, telephone numbers, fax numbers, and email addresses of persons or entities interested in the special board meeting process for changes to SRP's Standard Electric Price Plans or to its Terms and Conditions for Competition (the "Special Board Meeting Process List"). Persons or entities on this list will receive copies of written questions submitted by any interested person or their representative, and SRP's responses thereto, summaries of the interviews, and other material relevant to the process. SRP will also use this mailing list to distribute copies of requests for reconsideration and responses thereto.

2.3 CONSUMER PROTECTION

2.3.1 Confidentiality:

In accordance with state law, SRP will not release Customer information, account information and related proprietary information including, for example, the name, mailing address, service address, telephone number, account number and account usage to third parties for commercial or law enforcement purposes unless the Customer specifically waives the confidentiality of such information in writing or unless otherwise provided by court order.

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2.3.2 Unfair, Deceptive and Abusive Business, Marketing and Advertising Practices:

SRP adheres to the Code of Ethics of the American Teleservices Association, Inc., the Federal Trade Commission Telemarketing Sales Rule, the Federal Communications Commission Telephone Consumer Protection Act, and the standards of practice of the American Association of Advertising Agencies. Any changes to such documents are subject to SRP review and acceptance.

2.3.3 Customer Complaints or Questions:

- a. If a residential service Customer has a question or problem concerning electric services provided by SRP, the Customer may call the SRP Residential Customer Service Department at 602-236-8888 or toll free at 1-800-258-4777.
- b. Commercial, industrial and all other Customers who have a question or problem concerning electric services provided by SRP, may contact their SRP Account Representative about the matter, or call SRP Commercial Customer Service at 602-236-8833 or toll free at 1-800-258-4777.
- c. The SRP representative contacted will be able to resolve the issue informally or, if necessary, will document it on behalf of the Customer and direct it to the appropriate SRP department for further review and response.
- d. Disputes concerning SRP Bundled Service, from SRP residential and commercial electric Customers whose annual energy usage is less than 100,000 kWh, will be referred to the SRP Consumer Ombudsman.
- e. If the Customer's question or problem concerns electric services provided by an Electric Service Provider other than SRP, the SRP representative contacted by the Customer will direct the Customer to the responsible Electric Service Provider, or the Customer may contact the Arizona Corporation Commission at 602-542-4251 or toll free at 1-800-222-7000 about the matter;
- f. Upon the request of a Customer involved in a dispute with SRP, SRP will submit the dispute to non-binding third-party arbitration

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or mediation. SRP and the Customer will share the costs of the non-binding arbitration or mediation.

- g. Pursuant to terms of the Arizona Electric Power Competition Act, final decisions regarding a dispute with SRP may be appealable to the SRP Board of Directors.

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PROVISION OF SERVICE

APPLICATION FOR SERVICE

3.1 General:

- 3.1.1 Except where special contract provisions prevail, SRP provides service to a Customer under and in accordance with these Rules and Regulations. In applying for service, a Customer agrees to be bound by the terms and conditions of these Rules and Regulations, the Standard Electric Price Plans, the Electric Service Specifications, Interconnection Guidelines for Generators, Guidelines for Customer Ownership of Substation Equipment, and the Agreement for Electric Service, if applicable.
- 3.1.2 SRP will assess a Customer a service fee each time SRP is requested to establish or re-establish Distribution service to that Customer. As necessary, SRP will redetermine the service fee from time to time to reasonably compensate SRP for associated costs.
- 3.1.3 In the case of a new service or a connection to an established service, a Customer, if requested by SRP, will give information as to the following:
- a. Purpose for which service is to be used including a description of major appliances, motors and other electric use equipment.
 - b. Location (service address).
 - c. Address to which bills are to be mailed.
 - d. Whether the Customer is an owner, agent or a tenant of the premises. Application to establish an active account will be accepted only from the Person accepting responsibility for billing payment, or an authorized agent thereof.
 - e. Date Customer will be ready for service.
 - f. Whether premises have been previously supplied with electrical service.

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3.2 Non-Residential:

- 3.2.1 SRP may require applicants for service in classifications other than residential to sign an Agreement for Electric Service which will state the particular Standard Electric Price Plan under which the Customer will receive service and the terms thereof.
- 3.2.2 To be binding on SRP, all promises, agreements, or representations made by an employee or agent of SRP must be set forth in a written agreement, signed by a duly authorized employee or agent of SRP.
- 3.2.3 Unless otherwise required by law, service may be discontinued upon expiration of the term stated in the Agreement for Electric Service under which service is rendered. Should SRP, at its option, continue service beyond the term of the Agreement for Electric Service, such service will be under the terms and conditions provided in the Standard Electric Price Plans determined by SRP to apply from time to time. Continuance of service beyond the term of such Agreement for Electric Service will not constitute a waiver of SRP's right to discontinue service for lack of an Agreement for Electric Service.
- 3.2.4 An application for service may be made by contacting an SRP business office, by telephone through Commercial Customer Services, or via the SRP Home Page at <http://www.srpnet.com>.

3.3 Residential:

An application for service may be made by contacting an SRP business office, by telephone through Residential Customer Services, or via the SRP Home Page at <http://www.srpnet.com>.

CONDITIONS OF SERVICE

3.4 General:

- 3.4.1 Each type of electric service may not be available at a given location. Before making any installation or purchasing equipment the Customer should inquire from SRP as to the exact character of service which will be available at the Customer's service location. For very large installations or special applications, SRP may supply service under terms and conditions other than those generally available.

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3.4.2 For all Cogeneration or Small Power Production Facilities, the Customer must allow metering and monitoring equipment at the site of the generator in order to verify the reliability and quality of the electric Power connected to SRP's electrical system. The type of metering and units to be metered shall be at SRP's option. Meters and the location of metering will conform to the specifications, terms, and conditions outlined in Section 5.6.

3.4.3 SRP may require that any Load for which the use of electricity is intermittent or that causes excessive fluctuations or distortions of SRP's voltage be supplied through a service separate from all other Loads, or that the Customer provide, at the Customer's expense, suitable equipment to reasonably limit the voltage fluctuations or distortion. Examples include hoists, welders, X-ray machines, furnaces, motors, and other equipment of a character whose operation may impair service to other Customers. Reasonable limits for voltage distortion, measured at the point of common coupling (PCC) include, but are not limited to, harmonics as specified in the Institute of Electrical and Electronic Engineers (IEEE) Standard 519, latest edition, "IEEE Recommended Practices and Requirements for Harmonic Control in Electric Power Systems." Reasonable limits for voltage fluctuation levels are provided in the following table:

Reasonable Limits For Voltage Fluctuations

Voltage fluctuations frequency, as measured on SRP's side of the service transformer:	<60 times per hour	>60 times per hour, but <60 times per minute	>60 times per minute, *
Impact on 60 Hz voltage (% RMS) at PCC, relative to the steady voltage in absence of the fluctuation.	2.5%	1.0%	0.35%*

*Voltage flicker measure - RMS voltage of fluctuation.

3.5 Frequency, Voltage and Phase:

Service supplied will be alternating current at a regulated frequency of approximately 60 hertz. Single-phase and three-phase service with accompanying voltages are set forth in the Electric Service Specifications.

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3.6 Motor Loads, Alternating Current:

Motor Loads are subject to limitations set forth in the Electric Service Specifications.

CLASSIFICATION OF SERVICE - STANDARD ELECTRIC PRICE PLANS

3.7 General – Applicability or Qualifications for Rider:

In addition to specific Standard Electric Price Plans, certain riders may be available to Customers. Customers should consult the published Standard Electric Price Plans and the associated riders described below to determine whether they qualify for service under such riders.

3.8 Residential Service (E-23, E-24 and E-26):

3.8.1 Service under Standard Electric Price Plans E-23, E-24 and E-26 applies to individual residences being served through one Point of Delivery and measured through a single meter. The following types of installations and no others qualify:

- a. Individual residence, individual apartment or individual manufactured home. In the case of apartment buildings and manufactured home parks, excluding complexes owned or controlled by a cooperative or other unincorporated association, a Customer must take service under the appropriate general service Price Plan, including service to all Common Facilities.
- b. Accessory buildings and outdoor lighting, including buildings located on the same premises and occupied as living quarters by household employees of a Customer, or guest houses not rented by the Customer to permanent or transient guests, when served through the Customer's meter. SRP will not serve commercial establishments such as hotels and motels under residential Price Plans.
- c. A residential dwelling used primarily as a home that maintains standard residential service but is also used for business purposes. If service enhancement is needed to serve the residence/business, SRP will consider it general service, not residential. The Customer will then need to select an applicable general service Price Plan.

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- 3.8.2 The M-Power Price Plan for Pre-pay Residential Electric Service (E-24) is available to Customers subject to equipment availability and other conditions. The Customer may be required to sign a program agreement.
- 3.8.3 The 10-Day SurePay discount is available to Customers on residential Price Plans E-23 or E-26. The discount is applicable to SRP-supplied services. The Customer must provide SRP a signed form authorizing SRP to withdraw funds from a specified checking or savings account.
- 3.8.4 The Economy Discount Rider is available to Customers on residential Price Plans E-23, E-24 or E-26 who meet income qualifications.
- 3.8.5 The Medical Life Support Equipment Discount Rider is available to Customers on residential Price Plans E-23 or E-26 who require medical life support equipment that is essential to sustain life.
- 3.8.6 The Buyback Service Rider is available to Customers on residential Price Plans E-23 or E-26 who also meet the qualifications specified in Section 3.15.
- 3.8.7 The Solar Choice™ Rider is available to Customers on the residential Price Plans E-23 or E-26, subject to available capacity.
- 3.9 General Service (E-32 and E-36):
 - 3.9.1 The Standard Price Plan for General Service (E-36) applies to any class of service for which no other Price Plan is available.
 - 3.9.2 The Standard Price Plan for Time-of-Use General Service (E-32) is an alternative to the Standard Price Plan for General Service (E-36), subject to equipment availability.
 - 3.9.3 Temporary service will be furnished under the Standard Price Plan for General Service (E-36). SRP, at its sole discretion, will determine whether a Customer's proposed service is temporary. Charges for other than a standard Billing Period will be prorated.
 - 3.9.4 The 10-Day SurePay discount is available to Customers on General Service Price Plans E-32 or E-36. The discount is applicable to SRP-supplied services. The Customer must provide SRP a signed form

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authorizing SRP to withdraw funds from a specified checking or savings account.

- 3.9.5 The Time-Dependent Demand Rider is available to Customers on the General Service Price Plan E-36, subject to equipment availability. The Customer must sign a written agreement.
- 3.9.6 The Buyback Service Rider is available to Customers on General Service Price Plans E-32 or E-36 who also meet the qualifications specified in Section 3.15.
- 3.10 Secondary, Primary, and Dedicated Large General Service (E-61, E-63, and E-65, respectively):
 - 3.10.1 These Price Plans apply to Customers having one Point of Delivery, a minimum monthly Billing Demand in excess of 1,000 Kilowatts and 300,000 Kilowatt-hours of energy usage per month for three consecutive months. Service must be metered at either the secondary level (E-61), primary level (E-63), or the low side of a Dedicated substation (E-65).
 - 3.10.2 SRP may begin service under one of these Price Plans for new accounts with expected monthly startup Loads greater than 1,000 Kilowatts and 300,000 kWh. Service will continue under the Price Plan provided that actual Load meets the Load criteria during each of the first three consecutive months of service. If actual Load does not meet the Price Plan criteria, SRP may transfer the account to an applicable General Service Price Plan E-32 or E-36.
 - 3.10.3 Metering will be such that Kilowatts and Kilowatt-hours can be related to time of day. Time of day periods are defined in the applicable Price Plan.
 - 3.10.4 SRP charges a Facilities Charge to Customers who use SRP facilities for the transformation and distribution of electricity below the 69 kV level. The Facilities Charge is determined under the Facilities Rider Supplemental to Price Plans E-61, E-63 and E-65.
 - a. Customers served under the Facilities Rider must sign a Facilities Rider Agreement. This agreement will include a monthly Facilities Charge and terms related to the SRP-approved substation configuration, or other Dedicated Facilities from which the Customer will receive service.

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- b. Installation of new Dedicated Facilities is subject to the terms and conditions of a separately negotiated construction contract. The Customer may be responsible for (i) replacement and installation of Dedicated substation equipment or other Dedicated Facilities through an Advance Toward Construction (ATC) or (ii) a change in their Facilities Charge, or both.
 - c. SRP may charge the Customer to recover costs incurred by SRP to remove Dedicated Facilities.
 - d. To the extent not recovered by SRP's Price Plans, Customers who purchase or build their own substation facilities will pay a monthly Facilities Charge to recover the cost of serving that Customer from SRP's Transmission or sub-Transmission System.
- 3.10.5 The Interruptible Rider with 10-Minutes Notice is available for Customers receiving and qualifying for electric service under both the E-61, E-63 or E-65 Standard Electric Price Plan and the Full Electric Service Requirements Rider. Customer must have at least 2,500 kW of interruptible load.
- 3.10.6 The Interruptible Rider with 30-Minutes Notice is available for Customers receiving and qualifying for electric service under both the E-61, E-63 or E-65 Standard Electric Price Plan and the Full Electric Service Requirements Rider. Customer must have at least 2,500 kW of interruptible load.
- 3.10.7 The Instantaneous Interruptible Rider is available for Customers receiving and qualifying for electric service under both the E-65 Standard Electric Price Plan and the Full Electric Service Requirements Rider. Customer must have at least 2,500 kW of interruptible load.
- 3.10.8 The Use Fee Interruptible Rider is available to Customers receiving and qualifying for electric service under a General Service Price Plan (E-32 or E-36), a Pumping Price Plan (E-47 or E-48), or a Large General Service Price Plan (E-61, E-63 or E-65) and who have a minimum annual load of 100kW. Customers taking service under this rider are eligible for credits in exchange for curtailing load at the request of SRP.
- 3.10.9 Buyback Service is available to Large General Service Customers who meet the qualifications specified in Section 3.15 and the Buyback Service Rider.

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- 3.10.10 Standby Service is available to Large General Service Customers with qualified Cogeneration and Small Power Production Facilities, who have Reservation Capacity of at least 3,000 kW per site. SRP will provide Standby Service to E-63 Customers only from a Dedicated primary feeder. SRP requires an Interconnection/Generation Agreement for Standby Service.
- 3.10.11 The Full Electric Service Requirements Rider is available for (a) E-63 and E-65 Customers served, as of May 2000, under a Full Electric Service Requirements Rider (FESR) with an expiration date of May 31, 2000 or May 31, 2001; (b) E-61 and E-63 Customers who signed a SRP Board-approved "PERKS" agreement prior to May 2000; and (c) Customers with loads (individual accounts or in aggregate) of at least 1 MW who sign a term agreement.
- 3.10.12 The Monthly Energy Index Rider is available to Customers receiving and qualifying for electric service under the E-23, E-26, E-32, E-36, E-47, E-48, E-54, E-56, E-61, E-63 or E-65 Standard Electric Price Plan and having annual energy usage in excess of 100,000 kilowatt hours. Customers receive a flat monthly average energy charge that replaces the energy commodity price in the applicable Price Plan.
- 3.11 Pumping Service (E-47 and E-48):
- 3.11.1 Service under these Standard Electric Price Plans applies to pumping water for agricultural production and pumping for municipal water utilities.
- 3.11.2 The 10-Day SurePay discount is available to Customers on Pumping Service Price Plans. The discount is applicable to SRP-supplied services. The Customer must provide SRP a signed form authorizing SRP to withdraw funds from a specified checking or savings account.
- 3.11.3 The Time-Dependent Demand Rider is available to Customers on the Pumping Service Price Plan E-47, subject to equipment availability. The Customer and SRP must sign a written agreement.

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3.12 Traffic Signal Lighting Service (E-54):

- 3.12.1 Service under this Price Plan is unmetered and applies to traffic signal lighting and related devices. It is available only to the state, a county, city, town, or other governmental body.
- 3.12.2 SRP will estimate Kilowatt-hour consumption for billing purposes based on Connected Load and duration of its use. As a condition of service the Customer must provide SRP notice of any changes in Connected Load after the initial installation.

3.13 Playground Lighting Service (E-55 - FROZEN):

- 3.13.1 Service is limited to lighting facilities installed and receiving service under this Price Plan prior to May 15, 1990. It applies to athletic stadiums, sports fields, recreational or related facilities operated by schools, churches, political subdivisions or nonprofit civic organizations. This Price Plan expires December 31, 2001.
- 3.13.2 The Customer is responsible for the acquisition, installation, operation and maintenance of the lighting facilities.

3.14 Lighting Service (E-56 and E-57):

- 3.14.1 Service under the E-56 Price Plan applies to unmetered lighting controlled by a photocell device, including lighting of public, private and common streets; municipal parking lots; public school grounds; public thoroughfares, parks, playgrounds and walkways; and publicly-owned, lighted street signs.
- 3.14.2 Service under the E-57 Price Plan applies to unmetered lighting controlled by a photocell device, including lighting of private residences, commercial applications (parking lots or otherwise), and other lighting applications that do not qualify for service under the E-56 Price Plan.
- 3.14.3 Customers with lighting controllers will pay a monthly Facilities Charge pursuant to the Price Plan, based on the maximum Load rating of the controller.
- 3.14.4 SRP will estimate Kilowatt-hour consumption for billing purposes based on Connected Load and duration of its use. SRP may meter any installation.

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- 3.14.5 A Customer must notify SRP prior to adding any facility or device which utilizes unmetered electric energy. Failure to do so will result in back billing of connection fees and any applicable SRP energy or energy-related charges from the initial date of operation and, at SRP's option, assessment of an additional fee, as determined by SRP for each unreported unmetered facility or device, or other amounts as specified in these Rules and Regulations.
- 3.14.6 SRP will maintain the lighting system except when the Customer owns the lights. SRP will maintain Customer-owned lights upon mutual agreement.
- 3.14.7 SRP provides lighting equipment at prices stated in the Public/Private Lighting Equipment Rider or the Security Lighting Equipment Rider.
- a. SRP requires a written agreement with an initial term of twenty (20) years for private lighting installations.
 - b. SRP requires a written agreement with an initial term of four (4) years for security lighting installations.

CLASSIFICATION OF SERVICE - OTHER

3.15 Interconnection Service:

- 3.15.1 This service is available to any Customer owning or operating a Qualifying Facility who wishes to interconnect with SRP and who meets SRP requirements for interconnection. Interconnection Service for non-Qualifying Facilities is at the sole option of SRP.
- 3.15.2 Prior to receiving service under the Buyback Service Rider, the Customer must enter into an Agreement for Interconnection Service. That Agreement supplements the applicable Price Plan and these Rules and Regulations, and details the rights and obligations of SRP and the Customer pertaining to Interconnection Service. All costs of interconnection and metering are the responsibility of the Customer.
- 3.15.3 Purchases by SRP of electric Power and Energy from Customers with Qualifying Facilities will be made based upon the Buyback Service Rider.

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3.16 Requirements for Submitting Self-Generation Proposals:

Customer shall provide SRP a written statement of its intent to seek and ability to operate a self-generation project or equipment and attach a copy of the engineering and economic feasibility studies supporting the proposed self-generation project. Specific requirements can be obtained by contacting SRP.

COMPETITIVE TRANSITION AND SYSTEM BENEFITS CHARGES

3.17 Competitive Transition Charge:

The Competitive Transition Charge (CTC) to recover Stranded Costs is charged to all Customers, whether they participate in the Direct Access Program.

3.18 System Benefits Charge:

The System Benefits Charge is a non-bypassable charge assessed to Customers by SRP on all retail energy delivered within the SRP Distribution service territory.

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MONETARY PROVISIONS

GUARANTEES, DEPOSITS AND ADVANCES

4.1 Form of Security:

4.1.1 Generally, SRP will require a cash deposit or other form of security to secure payment of an account or accounts for electricity and related services provided by SRP to a Customer whenever, in SRP's sole determination, there is significant risk of non-payment of indebtedness. In its determination, SRP may consider the financial condition of the Customer, the Customer's payment history with SRP, the Customer's payment history with other creditors, and the level of services provided by SRP, among other factors.

4.1.2 A cash deposit accepted as security for payment of electric service will earn interest at the rate established by SRP until a turn-off for the relevant account is processed, provided such deposit has been held by SRP for at least 180 days. All accrued interest is credited to the Customer as of December 31 of each calendar year (or another date as may be determined from time to time by SRP) or upon refund of the deposit, whichever occurs first.

4.2 Refunds of Deposits:

4.2.1 SRP will return cash deposits to the Customer when service is discontinued after first applying the deposit and accrued interest to any amounts owed to SRP.

4.2.2 SRP will refund cash deposits on residential accounts after the Customer has established a credit history satisfactory to SRP. Refunds will be made by check, by application to the account, or by other appropriate mechanism as determined by SRP.

4.3 Waiver of Deposit:

4.3.1 SRP, at its discretion, may waive or reduce a security deposit when, for example:

- a. the risk of loss is not significant, or

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- b. the maximum credit exposure under SRP's standard payment terms is nominal, or
 - c. the Customer and SRP agree to accelerated payment terms and a shorter notification timeline for disconnection than otherwise provided by these Rules and Regulations.
 - 4.3.2 SRP may revoke the waiver and require a deposit and/or additional deposit or reinstate the deposit requirements based upon the Customer's creditworthiness, as determined by SRP, or when the Customer's billings exceed limits determined by SRP, or when any other situation could adversely impact SRP.
- 4.4 Advances Toward Construction:
 - 4.4.1 General:
 - a. SRP does not pay interest on Advances Toward Construction.
 - b. If SRP must add to or enlarge its facilities due to the increased Load of an existing Customer or the projected Load of a new Customer, SRP may require the Customer to pay an Advance Toward Construction.
 - c. SRP may require a Customer who requests relocation, modification or other alteration of SRP's facilities to make a non-refundable Advance Toward Construction to the extent that the facility changes are for the benefit of the Customer.
 - d. SRP may require an Advance Toward Construction for any design and construction performed at the Customer's request and which is not specifically covered by the Rules and Regulations. Work will begin only after SRP determines the proper Advance Toward Construction and any necessary additional terms and conditions.
 - e. SRP will require a Customer who requests temporary service facilities to make a non-refundable Advance Toward Construction in the amount of the estimated Up and Down Costs prior to SRP doing any work.

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- f. SRP may require a non-refundable Advance Toward Construction for the facilities required to serve any Load which, based on SRP estimates, will not provide SRP an adequate return on investment.
- g. For platted residential developments with four or more contiguous lots of one acre or less in size, SRP may require a non-refundable Advance Toward Construction.
- h. For Distribution systems in master planned areas and commercial/industrial subdivisions, SRP may require both a non-refundable and a refundable Advance Toward Construction.
- i. For Service Laterals, SRP requires the Customer or developer to provide all trenching, backfill, boring and conduit when facilities are requested or required to be placed underground, or make a non-refundable Advance Toward Construction for the cost of such work.
- j. SRP may require a non-refundable Advance Toward Construction for any facilities that will be installed within the Customer's property to provide service to the Customer, other than Service Laterals.
- k. SRP may, at its option, compute its costs on the basis of standard unit costs as determined from periodic studies made by SRP of similar construction or removal.

4.4.2 Line Extensions:

- a. Any distribution Line Extension or reconstruction of existing single or dual phase facilities to dual or three-phase facilities over 1,000 feet in length will be individually evaluated. Such Line Extension or reconstruction may require both a non-refundable and a refundable Advance Toward Construction. Such Advances Toward Construction will be based on expected SRP revenue compared to the cost of constructing the necessary facilities to serve the Customer.
- b. For underground cable Extensions, SRP may require a Customer to provide, or pay a non-refundable advance to SRP for the cost of, all trenching, backfill, boring and conduit.

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4.5 Refunds of Advances Toward Construction:

- 4.5.1 SRP will refund any Advance Toward Construction designated as refundable, according to the terms of the refund agreement.
- 4.5.2 To be eligible for refund, the Customer must make a refund request and present satisfactory supporting documentation within the time frame provided in the refund agreement. SRP will make a reasonable effort to pay refunds due within 90 days of a timely request by the Customer.
- 4.5.3 SRP will not make cash refunds of Advances Toward Construction unless the Customer's bills have been paid in full. SRP may apply such refunds to any amounts owed to SRP by the Customer.

BILLING AND PAYMENT

4.6 Meter Readings:

- 4.6.1 SRP will read meters or calculate meter readings at regular intervals, normally 30 calendar days. If, for any reason, the meter reading interval exceeds or falls short of the regular interval by 5 calendar days or more, SRP will prorate the charges in the applicable Price Plan. At its sole discretion, SRP may change the frequency of meter reading.
- 4.6.2 SRP may compute bills under any Price Plan based on a reasonable usage estimate made by SRP if any of the following conditions apply:
 - a. The meter fails to register accurately;
 - b. The meter reader is unable to obtain a meter reading because of locked gates, safety concerns, inclement weather, or other deterrent;
 - c. Service is temporarily supplied without a meter;
 - d. A contrivance has been used to circumvent the accurate registration of metering devices; or
 - e. The meter reading schedule has been officially changed so that readings are taken at other than monthly intervals and estimation is necessary to compute the monthly bill.

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- 4.6.3 Any failure of SRP to render a complete monthly bill shall not be a waiver of SRP's right to payment for services supplied by SRP.
- 4.6.4 Meters will be considered accurate for billing purposes when their registered usage is maintained within a specified plus or minus range of 100% accuracy. The range will not exceed the variation established by standard utility practice, except when such allowable range is otherwise specifically limited by special contractual provisions. When a meter test confirms the registered usage variation to be in excess of the allowable variation, SRP will adjust the billing, either debit or credit, retroactively for a time period reasonably estimated by SRP to be the period of the metering error. When a requested meter test confirms that registered usage is within the registration accuracy standards, SRP may assess the Customer a service fee.
- 4.6.5 When the Customer's service entrance is energized for the Customer's convenience, but unmetered, the Customer will pay SRP a daily charge determined by SRP.

4.7 Billing and Terms:

- 4.7.1 SRP will send the Customer a bill for electric services provided by SRP and other SRP charges. Except as provided in Section 4.8 or agreed in writing by SRP, the Customer must pay the bill before it becomes delinquent. At SRP's option, any Person, other than the Customer-of-record, who benefited from electric services provided by SRP may be held responsible for payment.

Note: These provisions are applicable to SRP charges only. For questions concerning charges from other Electric Service Providers, see the Direct Access Program portion of these Rules and Regulations.

- a. If one or more of the applicable charges of the Price Plans change during a Billing Period, SRP may prorate the charges accordingly.
- b. Unless otherwise provided in these Rules and Regulations, a charge may be imposed for connection or reconnection of service. A service fee may also be charged for other SRP actions related to a Customer's account.
- c. SRP increases or decreases bills in proportion to any taxes, fees, or charges (excluding federal or state income taxes) levied or

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imposed by any governmental authority and payable by SRP for any services, Power, or Energy provided by SRP.

- 4.7.2 Bills will be delinquent unless payment is received by the due date listed on the bill. SRP may charge interest on all delinquent amounts owed to SRP at a rate not to exceed the maximum legal interest rate, and may assess a late payment fee on delinquent amounts.
- 4.7.3 At the option of SRP, kW Demand for billing purposes will be determined on a connected Kilovolt-Ampere load basis for spot welder and arc welding machines, X-ray apparatus, or any other intermittent or fluctuating Loads. A Customer should consult SRP before installation of any such equipment.
- 4.7.4 When a Person causes SRP to incur unusual administrative, labor, material, or other costs, SRP may assess a fee to recover such costs.
- 4.8 Payment Disputes:
 - 4.8.1 The Customer should notify SRP of discrepancies in SRP's billing for services provided by SRP. SRP will not consider the amount in dispute for collection action until SRP has verified that the bill was correct, provided the Customer notifies SRP of the claim before the amount becomes delinquent and pays all other amounts billed by SRP.
 - 4.8.2 A residential Customer dissatisfied with SRP's determination may appeal the decision to SRP's Consumer Ombudsman for another review and final determination.
- 4.9 Collection of Terminated Accounts:
 - 4.9.1 A Customer whose account has been terminated will be issued a final bill, which must be paid in full upon presentation. If a final bill becomes delinquent, SRP may use any legal means available to collect the amount due. The Customer will reimburse SRP for all costs and expenses incurred by SRP to collect the amount due.
 - 4.9.2 If SRP disconnects an account for non-payment and the Customer does not pay the account in full, SRP may use any legal means available to collect the amount due. The Customer shall reimburse SRP for all costs and expenses incurred by SRP to collect the amount due.

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DISCONTINUANCE AND RECONNECTION

4.10 General:

Failure of SRP at any time to suspend the delivery of service, to terminate an Agreement for Electric Service, or to seek any other legal remedy upon default or breach by the Customer will not affect SRP's right to seek any such remedies for the same or any future default or breach by the Customer. If a Customer fails to perform as required by these Rules and Regulations, the Price Plans, the Electric Service Specifications or the Customer's Agreement for Electric Service, if any, SRP may disconnect service. SRP also may disconnect service to the Customer when necessary to comply with any law or regulation applicable to SRP or Customer, or order of a governmental entity having jurisdiction.

4.11 Reconnect After Disconnect for Non-Payment:

4.11.1 Seven calendar days prior to disconnecting service for a delinquent SRP billing, SRP will mail or personally deliver to the Customer a written notice stating the delinquent amount and that SRP intends to disconnect service unless the delinquent amount is promptly paid. This notification requirement does not apply to delinquent extensions for payment of prior billings when a 7-day notice was previously given, or to delinquent extensions for payment of deposits or other up-front charges which were billed as a courtesy to the Customer, or to insufficient funds regarding the Customer's payment.

4.11.2 Once SRP disconnects service, SRP will not reconnect service until the Customer (a) applies for service; (b) pays all amounts the Customer owes SRP, including but not limited to a charge for the cost of disconnecting and reconnecting service; and (c) corrects the condition that resulted in the disconnection. SRP may require an additional security deposit based on its evaluation of the Customer's creditworthiness.

4.12 Fraud:

4.12.1 A Customer may not connect a wire or contrivance to any apparatus used by SRP to supply electricity to a Customer, nor can the Customer provide power to any device by induction from SRP's lines, in such manner that the Customer takes electricity which is not properly metered or accounted for. No meter or other instrument installed for measuring the quantity of electricity consumed may be wrongfully obstructed, altered, injured or

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prevented from functioning. When a meter seal has been broken by someone other than SRP's personnel, SRP may assess a reconnection fee to the Customer's billing. Bills for unmetered electricity may include the full cost or expense incurred by SRP to investigate and confirm diversion of electricity. SRP also reserves the right to impose additional charges, as it deems appropriate, when a provision of this Section 4.12.1 has been violated. Bills for all such charges are due and payable immediately upon presentation unless otherwise agreed by SRP.

4.12.2 If SRP has evidence that any of the conditions of Section 4.12.1 exist, SRP may, at any time, without notice, discontinue the supply of electricity to the Customer and remove the meter or meters, apparatus and wires, and any evidence of the condition.

4.12.3 SRP will charge the Customer for periods of unmetered service, estimated using data from available records and information. In the event of damage to meters or service equipment, the current Customer of record shall pay SRP based on estimated Energy usage not previously billed as well as any SRP costs associated with restoring proper metering or service.

4.12.4 If SRP disconnects service to the Customer because of a violation of these Rules and Regulations, SRP will not restore service to the Customer until all amounts due SRP have been paid. SRP will include the full cost or expense incurred by SRP for the removal and reinstallation of the meter or meters, apparatus and Service Lateral. The Customer's service entrance must comply with SRP's then current Electric Service Specifications before it can be re-energized.

4.13 Other Reasons for Discontinuance:

4.13.1 SRP may terminate its Agreement for Electric Service and suspend the delivery of service for any other default or breach of the agreement by the Customer, but SRP will not terminate or suspend service without first giving written notice to the Customer, stating in what particular way the agreement has been violated. Such notice need not be given in the event of a short circuit on the Customer's side of the Point of Delivery, nor in the event that utilization of the service by the Customer is a safety hazard or may cause damage to Persons or property.

4.13.2 Upon prior written notice, SRP may terminate or suspend the delivery of service if (a) the Customer refuses to grant or is unable to procure

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rights-of-way necessary for SRP's facilities according to Section 5.1.5 or (b) SRP is not permitted proper access to SRP Lines or equipment necessary to provide service to the Customer or to read the meters on the Customer's premise.

RESALE OF ENERGY PURCHASED UNDER SRP STANDARD ELECTRIC PRICE PLANS

4.14 General:

- 4.14.1 Without written notice to and assent from SRP, a Customer may not resell, redistribute, or re-deliver electric Power and Energy supplied by SRP except as stated in the following Sections.
- 4.14.2 Written notice is not required if the owner or legal tenant of the premises being served elects to accept delivery of Power and Energy to all facilities through one Point of Delivery which is measured through one meter for distribution only to lessees.
- 4.14.3 The owner or legal tenant who elects to accept delivery of Power and Energy to all facilities through one Point of Delivery which is measured through one meter for distribution to lessees, will be responsible for the expense, installation and maintenance of submeters or other devices installed in the Customer's distribution system to determine the lessees' electrical usage.
- 4.14.4 Revenues collected by the owner or legal tenant from a lessee for lessee's electrical usage must be in accordance with the rules and regulations established by the authorized governmental agencies having jurisdiction thereof.
- 4.14.5 If a Customer violates any provision of Section 4.14, SRP may disconnect the supply of electric Power and Energy, may refuse to supply electricity and will have the right to use any other available legal remedy to enforce compliance with such provision.

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BILLING OPTIONS

4.15 Customer Selected Due Date (CSDD):

- 4.15.1 Eligible commercial and residential Customers may select the date in the month, within SRP guidelines, that their electric bills will be due.
- 4.15.2 CSDD accounts are read on the normal meter reading schedule, but SRP postpones the printing and mailing of the bill until 21 days prior to the Customer's selected due date (or 10 days if Customer elects to participate in 10-day SurePay). When a due date falls on a weekend or on an SRP holiday, the due date is the next SRP business day.
- 4.15.3 To be eligible for CSDD, the amount owed to SRP must be no more than 60 days in arrears.
- 4.15.4 The 29th, 30th or 31st day of each month may not be selected as a due date.
- 4.15.5 Once enrolled in the program, Customers must pay their bills by their selected due date. The second delinquency in a 12-month period automatically removes a Customer from the CSDD program.
- 4.15.6 Customers may change their selected due date once during each rolling 12-month period.

4.16 SurePay (Automatic Payment Option):

- 4.16.1 The Customer may authorize SRP to electronically withdraw the amount of the monthly bill for SRP services directly from a specified checking or savings account. The Customer must provide SRP a signed form authorizing SRP to withdraw the funds. SRP may discontinue the Customer's participation in this option upon the second occurrence of insufficient funds regarding the Customer's payments during the period of the current and immediately preceding 11 Billing Periods.

4.17 Managed Payment Plan (MPP):

- 4.17.1 All eligible Customers may have SRP equalize their monthly charges over a 12-month period for electric services provided by SRP. Residential Customers are eligible for this program if they have no past due amounts owing on their account. Commercial Customers are eligible if they have

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no past due amounts owed to SRP and a minimum of 12 months' usage history at their current premise.

- a. The Customer may sign up for the program throughout the year. October is the settlement month.
- b. Payment amounts are calculated as follows: Last year's usage for the months remaining in the current plan year multiplied by 1.1. That amount is then divided by the number of months remaining in the current plan year to arrive at the equalized monthly charge. If such usage data is not available for residential accounts, estimates will be used.
- c. SRP will review each Customer's SRP account balance on a quarterly basis and the equalized monthly charge may change if the Customer's usage pattern has changed.

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CONSTRUCTION

LINES

5.1 General:

- 5.1.1 Lines and electric connections necessary to supply service to the Customer will be provided by SRP in accordance with accepted utility engineering practice and subject to the applicable conditions and provisions of these Rules and Regulations. All connections to SRP's Lines will be made by SRP unless otherwise agreed to in writing by SRP.
- 5.1.2 Only one Service Lateral per Building will be constructed and service will be supplied only under a single set of conditions, such as voltage and number of phases, except that, where two or more Classes of Use are required or if, in SRP's opinion, the Building is exceptionally large or has extraordinary electric capacity requirements, SRP may approve more than one Point of Delivery to the Building. Separate applications for service must be made for each delivery and each must be metered separately.
- 5.1.3 SRP reserves the right, at any time, to designate the location of its Lines on a Customer's premises and the location of the Point of Delivery and/or Customer's Service Equipment. Customer's Service Equipment must be installed in accordance with SRP's Electric Service Specifications.
- 5.1.4 If SRP is not given adequate assurance of a satisfactory return on investment to extend its facilities, SRP will extend those facilities only after satisfactory arrangements have been made with the Customer to reimburse SRP for the cost of the required installation and the cost of operation thereof.
- 5.1.5 Upon SRP's request, the Customer must provide SRP rights-of-way satisfactory to SRP for Lines and other equipment necessary or incidental to the provision of service by SRP. The Customer shall be deemed to have granted an easement to SRP for all Service Laterals located upon the premises of the Customer. Upon SRP's request, the Customer must allow installation and maintenance of equipment of other utilities on SRP's rights-of-way located upon property owned or controlled by the Customer. SRP is not obligated to commence construction of an Extension of its electric system for service to the Customer until each Customer to be served by such Extension has obtained and delivered to SRP permanent easements or rights-of-way satisfactory to SRP. If SRP agrees, SRP may

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obtain such easements or rights-of-way and Customer shall reimburse SRP for all costs SRP incurs.

- 5.1.6 If the Customer requests relocation or removal of SRP's facilities upon or from the premises of the Customer, such relocation or removal will be made at the expense of the Customer.
- 5.1.7 If electrical service to a location is terminated, SRP may, in its sole discretion, either remove its Service Lateral or leave all or any portion of such Service Lateral in place. If any portion of the Service Lateral is not removed by SRP and any person, including the owner of the premises, later requests relocation or removal of such Service Lateral, the relocation or removal will be made at the expense of the requesting person.
- 5.1.8 The length of Line to be used in computing the additional Advance Toward Construction, if any, will be measured along the shortest practical distance, as determined by SRP.
- 5.1.9 Any overhead or underground Extension not specifically addressed by these Rules and Regulations will be constructed only after special study by SRP to determine the non-refundable Advance Toward Construction and/or additional terms and conditions.

5.2 Service Laterals:

- 5.2.1 SRP will install an overhead or underground Service Lateral from existing overhead or underground Lines provided the point of attachment is within the distance limits established by SRP's construction standards, and provided that adequate clearance can be maintained from any obstructions or hazards. If extra facilities are necessary because of excessive distance, an Advance Toward Construction may be required.
- 5.2.2 Where only underground Lines are available, overhead Service Laterals will not be constructed to serve Customers.

EXTENSIONS

5.3 Construction - Line Extensions:

- 5.3.1 SRP will extend its Lines to serve a Customer where such Lines are contiguous to the existing electrical utility system; i.e., an extension must

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- be a branch from, a continuation of, or an addition to, an existing SRP Line.
- 5.3.2 SRP may construct Line extensions with greater Capacity than that required by the Customer's electrical Load. The Customer will not be required to bear the cost of such additional Capacity unless the excess is specifically requested or needed to supply anticipated Load growth of the Customer.
- 5.3.3 Distribution Line extensions in excess of 1,000 feet for a single Customer, or in excess of 1000 feet on average for more than one Customer, must be agreed to in writing by the Customer(s) and SRP.
- 5.3.4 When special Lines are constructed to serve a large Load, and such Lines would not otherwise be profitable, nor constructed except for the revenue derived from the requesting Customer, then other Customers will be served from said Lines only upon their execution of Agreements for Electric Service. Such agreements will provide for the discontinuance of service in the event of a loss of revenue derived from the large Load or, at the option of SRP, will require the other Customers to pay an additional monthly minimum charge and/or an Advance Toward Construction as set forth in Section 4.4.2a.
- 5.3.5 When a Customer requests electric service that requires a three-phase Line Extension, SRP will extend any three-phase feeder Line required to serve the Extension if (a) in the opinion of SRP, the feeder Line will promote the overall efficiency and reliability of its electric system, (b) the feeder Line is a continuance of SRP's existing three-phase Distribution system, and (c) the remaining capacity of the existing feeder is greater than the sum of the Loads of the Customers for whom the Extension and any adjacent Extension is being constructed.

OTHER CONSTRUCTION STANDARDS

5.4 Building and Service Entrance:

- 5.4.1 Customers will provide all wiring within Buildings on their premises and between the Buildings and the service entrance. The location of the service entrance must be approved in advance by SRP.

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- 5.4.2 The Customer must install, operate and maintain electrical installations to be safe and adequate at all times. The SRP Electric Service Specification manual may be used as a guide. Sections of these specifications relevant to the Customer's installation will be furnished upon request. The manual adheres to the "National Electric Code" and the "Electric Utilities Service Equipment Requirements" and is generally compatible with local municipal codes. The Electric Service Specifications are subject to such additions and revisions required to remain current with code changes and SRP policy.
- 5.4.3 SRP is not obligated to inspect the Customer's wiring or electrical installation. SRP may refuse or discontinue service to a Customer if, in SRP's opinion, any portion of the Customer's installation is unsafe or creates a safety hazard.
- 5.5 High-Rise Buildings:
- 5.5.1 The Customer will provide and own all the distribution facilities within a High-Rise Building, except when a study by SRP indicates a concentration of electrical usage to justify the additional investment and ownership of such facilities by SRP.
- 5.5.2 When SRP will provide and own the distribution facilities, the Customer or Building owner must provide rights-of-way within the High-Rise Building that are satisfactory to SRP. In all cases, the raceways dedicated for use of SRP's facilities will be separated from all other raceways, shafts, etc. within the Building.
- 5.6 Meters and Equipment:
- 5.6.1 Except as otherwise agreed by SRP, (a) only Customers who are eligible to select, and have selected, a competitive Electric Generation Service Provider may choose a competitive Meter Service Provider, and (b) unless Customer is eligible to choose and has chosen a competitive Meter Service Provider, SRP will furnish and install the meter or meters to measure the electricity used by the Customer. The SRP meter or meters may be installed on the Customer's side of the Point of Delivery and will remain the property of SRP. The Customer must furnish sufficient space and proper devices for the installation of meters. Regardless of who is the Meter Service Provider, the meter location must be approved by SRP and must offer adequate protection of metering equipment. The location must also provide sufficient space and reasonable access for service and meter

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reading functions. Any Customer contemplating a change in installation or location of meters or equipment must file the proper application for such change with SRP. After an application has been filed, SRP may grant to the Customer or Customer's agent permission to access the service entrance meter area.

- 5.6.2 The Customer must protect all property of SRP, including but not limited to Lines, meters, structures, and other equipment located on the Customer's premises, from theft, damage or interference.
- a. The Customer shall be responsible for loss of or damage to SRP property located on the Customer's premise arising from the Customer's neglect, carelessness or misuse and shall reimburse SRP for the cost of necessary repairs or replacements.
 - b. The Customer must notify SRP of any failure of SRP equipment.
- 5.6.3 SRP will install one meter or set of measuring devices for each Service Lateral, except where individual metering is necessary to bill multiple Customers or different Classes of Use.
- 5.6.4 A Customer desiring the advantages of having the total electrical usage at a given premise or enterprise billed as a unit must bring wiring to a central point so that the entire Load for a given type of service may be supplied through a single Service Lateral and one meter.
- 5.6.5 When two or more Classes of Use exist within a Building, a separate application must be made for each Class of Use. SRP may require that each Class of Use be metered separately. Different Classes of Use may be supplied through a separate Service Lateral at the sole discretion of SRP.
- 5.6.6 When two or more meters are to be installed on the same Building to service different Customers, they must be grouped at a common point. The meter loops for each Customer must be clearly designated. Arrangements of meter loops and meter boards must be made by the Customer or owner of the Building at a location or locations to be designated by SRP, and must be installed in accordance with the Electric Service Specifications or as required by authorized governmental agencies having jurisdiction.
- 5.6.7 When electric meters are to be installed on a switchboard, the Customer is responsible for all drilling necessary for SRP to mount and connect its

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meters before installation of the meters. A template for such drilling can be obtained from SRP.

5.6.8 Metering transformers, if required, will be furnished and installed by SRP. An Advance Toward Construction may be required for them.

5.6.9 Except as may be provided in the Customer's Agreement for Electric Service, any device or equipment installed by SRP on the Customer's premises will be owned and maintained solely by SRP regardless of any Advance Toward Construction or deposit which may have been provided.

5.6.10 If a Customer, such as the operator of a mobile home park, desires that the master meter being used to bill the Customer be replaced with multiple meters billed individually to individual tenants, the Customer shall contact SRP regarding the matter. SRP will then inspect the Customer's premises and determine the physical changes required to convert from master metering to individual metering. The Customer may be required to pay an Advance Toward Construction for any new or upgraded facilities which SRP determines are necessary. The Customer will also be responsible for removal of all Customer-owned electrical facilities no longer required to provide electric service.

5.7 Point of Delivery:

5.7.1 In all cases, SRP will determine the Point of Delivery.

5.7.2 The Customer is responsible for construction, operation and maintenance of the Customer's facilities. SRP is responsible for construction, maintenance and operation of SRP's facilities. SRP will at all reasonable times, as a condition of service and in accordance with these Rules and Regulations, have the right of access to SRP's facilities, including termination connections.

5.8 Voltage:

5.8.1 SRP will furnish and install the necessary transformation equipment to furnish the Customer with service at one of the nominal voltages specified in the applicable SRP Price Plan. SRP reserves the right to install the transformer and related facilities in a manner which promotes the overall efficiency and reliability of SRP's electrical system and which provides service consistent with recognized utility practices to the Customer's Point of Delivery in accordance with these Rules and Regulations.

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- 5.8.2 SRP will provide service to Large Industrial and Commercial Customers from SRP's facilities built based on SRP standards applicable to the type and character of service to be furnished.

LIABILITY AND RESPONSIBILITY

CUSTOMER'S EQUIPMENT AND ITS OPERATION

6.1 General:

SRP may refuse or disconnect service when the Customer's wiring or equipment is so designed or operated as to disturb service to other Customers or constitutes a physical or electrical hazard, as determined by SRP. All motors connected to SRP Lines must be of a type that will not require starting current deemed unreasonable by SRP, or will be equipped with protective devices to restrict the starting current to limits acceptable to SRP. SRP may require that motor loads of less than 5 horsepower be single phase.

6.2 Generation on Customer's Premises including Backup Generators:

6.2.1 Energizing equipment connected to the SRP electric system could act as a source of electrical backfeed, causing injury or death to electrical utility personnel working on the overhead or underground power lines in the vicinity. No electrical generation device may be connected to any portion of a Customer's electric system that is connected to the SRP electric system unless SRP has been notified of and approved such connection. Such notification and approval must each be in writing. If a Customer desires its or a third party's generation device to be directly or indirectly connected to SRP's electric system through the Customer's electric system, the Customer must first enter into an Interconnection Service Agreement with SRP. Customer may refer to "SRP Interconnection Guidelines for Generators" for technical information about connecting generators to the SRP electric system.

6.2.2 For Customer Load normally served from the SRP system, which can also be switched to a Customer's generator if the SRP electric system is deenergized, an open type transfer switch shall be installed between SRP's and Customer's electric systems. This switch shall electrically and mechanically prevent connection of the Customer's generator to SRP's electric system. The Customer should contact SRP if the Customer has any questions regarding these requirements.

6.3 Customer-Owned Substations:

Customers who own substations connected directly to the SRP 69kV or greater voltage transmission system, shall conform to the "SRP Guidelines for Customer Ownership of Substation Equipment."

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6.4 Polyphase Circuit Balance:

A Customer receiving three-phase electric Energy must maintain, as nearly as is reasonably possible, equal currents in the three phases at the Point of Delivery. If, at any time, the current in any phase exceeds the average of the currents in the three phases by more than 5%, the amount to be paid by the Customer for the period during which the imbalance occurs may be increased by a percentage equal to that of the imbalance.

6.5 Power Factor:

SRP may include adjustments to bills for Loads for which the Power Factor falls below 85 percent lagging at any metering point during any Billing Period. If a Customer's Load operates at less than 85% Power Factor, SRP may require the Customer to provide, at Customer's expense, corrective equipment to increase the Power Factor to at least 85%.

6.6 Single Phasing and Phase Reversal Protection:

6.6.1 SRP shall not be responsible to the Customer, and the Customer shall release SRP for damage to motors, other current-consuming equipment, and/or devices mechanically or electrically connected to such equipment, resulting from any phase reversals, single-phasing of three-phase service, or other similar conditions except when such damage is the direct result of SRP's gross negligence.

6.6.2 For three-phase motors driving elevators, hoists, tramways, cranes, conveyors, or other equipment which could create hazard to life in the event of uncontrolled reversal of motor rotation, the Customer must provide reverse-phase and open-phase protection, at the Customer's expense, to completely disconnect the motors from their electrical energy source in the event of phase reversal or loss of one or more phases.

6.7 Changes in Installation:

Each of SRP's service wires, transformers, meters and other devices used to supply electricity to the Customer's installation has a maximum capacity. Customer must obtain prior written consent of SRP to increase the Connected Load. Failure to obtain such consent may result in damage to SRP's equipment, extended interruption of the Customer's service, and damage to equipment of other Customers. When such damage

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is due to failure of the Customer to obtain consent, SRP may require the Customer to pay any and all damages including the cost to repair or replace the damaged equipment.

LIABILITY

6.8 Liability-General:

6.8.1 SRP makes no warranty, express or implied, as to the adequacy, safety, operation or other characteristics of any of the structures, equipment, wires, conduits, appliances or devices owned, installed, operated or maintained by the Customer or leased by the Customer from third parties.

6.8.2 Except in those instances when SRP is grossly negligent, the Customer shall indemnify and hold harmless SRP from and against all claims, whether arising in tort, contract, strict liability, or any other legal theory, for loss of or damage to property or injury to Persons arising out of (a) the delivery or use of electric service at or on the Customer's side of the Point of Delivery, and (b) the Customer's delivery of electricity to SRP.

6.8.3 Except in those instances when SRP is grossly negligent, SRP shall not be liable, whether in tort, contract, strict liability, or any other legal theory, for the loss of or damage to property (but not including bodily injury) arising (a) out of the delivery of electricity, or (b) from the presence or operation of SRP's facilities, wires, equipment or structures on or near the Customer's premises.

6.9 Service Interruptions, Variations and Curtailments – Limitation on Liability:

6.9.1 SRP does not guarantee a regular and uninterrupted supply of service to customers. SRP makes no warranty, express or implied, as to the adequacy, consistency, safety, character, or any other characteristic of the electricity or the supply or delivery thereof. SRP expressly disclaims all warranties, express or implied, regarding the supply and delivery of electricity to Customer.

6.9.2 SRP may, without liability, interrupt or limit the supply of service in order to make repairs, changes, or improvements to any part of its system for the general good of the service or the safety of the public or to prevent or limit any actual or threatened instability or disturbance of the system.

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- 6.9.3 If a shortage of electricity occurs and SRP apportions its available supply of electricity, or reduces the system voltage, or temporarily disconnects service, SRP shall not be liable for any resulting loss or damage.
- 6.9.4 If Load reduction is required, Customer Load will be curtailed as deemed practicable by SRP in its sole discretion.
- 6.9.5 SRP shall not be liable, whether in tort, contract, strict liability, or any other legal theory, for any losses, costs, damages or expenses, other than for bodily injuries, arising out of any interruption, variation and/or curtailment of service, including but not limited to an interruption, variation and/or curtailment of service permitted by this Section 6.9 or caused by an uncontrollable force. The term “uncontrollable force” shall include but not be limited to accident, flood, earthquake, tornado, storm, lightning, and other natural catastrophes, fire, epidemic, failure of facilities, war, riot, civil disturbances, terrorism, labor disturbances, labor disputes, strikes, sabotage, restraint by court or public authority, action or non-action by any governmental agency or authority or failure to obtain the necessary permits, licenses, authorizations, or approvals from any governmental agency or authority, state or municipal interference, or any other cause beyond SRP’s control. SRP shall exercise due diligence to restore service in the event interruptions occur. Nothing herein shall be construed to require SRP to settle a strike or labor dispute.
- 6.9.6 For all service interruptions, variations and/or or curtailments of any nature, including any interruption, reversal, spike, surge or variation in supply or voltage, transient voltage, or any other failure in the supply of electricity, to the extent the liability of SRP has not been precluded altogether pursuant to these Rules and Regulations, the liability of SRP to Customers or other Persons for damages, of whatever nature, including loss of business, loss of production or damage to computers or other electronic equipment and appliances, shall in no event exceed the cost of necessary repairs of physical damage proximately caused by the service failure to those electrical delivery facilities of Customers which were then equipped with the protective safeguards recommended or required by the then current edition of the National Electrical Code, or liquidated damages in the amount of \$10,000, whichever is less.
- 6.9.7 Service to Customer is expressly conditioned upon, and, in consideration for the services being rendered to Customer by SRP, the Customer hereby releases and agrees to release SRP from any direct, indirect or consequential loss, damage, claim, charge, cost or expense of any kind or

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nature that has resulted or may result, in connection with variations, curtailment and/or interruption to electric service to the Customer.

- 6.9.8 A variety of protective devices and alternate power supplies that may prevent or limit damage that may arise as a result of the events described in this Section 6.9 are available for purchase by the Customer from third parties. In addition, insurance coverage for such damage may be available for purchase by the customer. Customer assumes full responsibility for obtaining the necessary protective devices, alternate power supplies, and insurance, and SRP shall in no event be liable for any loss, damage, claim, charge, cost or expense of any kind or nature that Customer could have prevented or insured against through procurement of protective devices, alternate power supplies, and insurance.
- 6.9.9 Customer shall use reasonable efforts to avoid or mitigate its damages or losses suffered as a result SRP's conduct under Section 6.9, Service Interruptions, Variations and Curtailments – Limitation on Liability.

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ACCESS

6.10 Access to Premises:

- 6.10.1 In accepting service, the Customer grants to SRP's employees and agents an unconditional right of access to the premises of the Customer at all reasonable times for purposes such as installing, connecting, reading, testing, repairing, adjusting, disconnecting, removing, inspecting or maintaining any of SRP's meters, wires, poles or other apparatus.
- 6.10.2 All employees authorized to do work for SRP on the premises of the Customer will carry badges or other suitable identification, which they are instructed to show to the Customer upon request.

ENCROACHMENTS

6.11 Vegetation Encroachments and Hazards:

- 6.11.1 When vegetation (trees, shrubs, vines, etc.) on a Customer's premises encroaches upon any of SRP's Lines or other equipment and interferes with SRP's ability to safely operate, maintain and protect the SRP electric system, SRP has the right to prune or remove the vegetation and may charge the Customer for SRP's costs to do so. SRP shall not be liable to Customer for any damages associated with the pruning or removal of such vegetation, including, but not limited to, the value of or replacement cost of such vegetation.
- 6.11.2 The Customer, not SRP, is responsible for pruning or removing vegetation interfering with street light facilities or Service Laterals. The Customer should hire a qualified line clearance tree trimmer to clear encroaching vegetation from such facilities, and shall comply with Arizona Revised Statutes § 40-360.41 et seq. (regarding activities near overhead power lines.)

6.12 Structural Encroachments and Hazards:

- 6.12.1 A Customer shall not construct or install any structure (including walls, fences, mailboxes and other permanent objects) or excavate or place fill near any SRP electric facilities (whether overhead or underground) in such a manner that such structure, excavation or fill interferes with SRP's ability to safely operate, maintain and protect the SRP electric system. Customer

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must at all times maintain all clearances from SRP facilities as specified in the National Electric Safety Code, in Arizona Revised Statutes § 40-360.21 et seq. (regarding activities near underground facilities) and § 40-360.41 et seq. (regarding activities near overhead power lines), in any applicable SRP easement or other right-of-way document, or otherwise required by law, rule or regulation. Customer is responsible for properly locating and protecting underground SRP facilities by obtaining an appropriate Blue Stake clearance before any excavation is made. The Blue Stake telephone number is (602) 263-1100, or 1-800-STAKE-IT.

- 6.12.2 SRP reserves the right to remove or modify any structure, fill any excavation, or remove any fill that encroaches upon SRP's electric facilities and interferes with SRP's ability to safely operate, maintain and protect the SRP electric system and may charge the Customer for SRP's costs to do so. SRP shall not be liable to Customer for any loss of or damage to Customer's property resulting from such action.

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DIRECT ACCESS PROGRAM

7.0 INTRODUCTION:

The following Rules and Regulations apply to Electric Service Providers (ESPs), their agents and SRP Distribution Customers who elect to participate in SRP's Direct Access Program.

7.1 Definitions:

The definitions of principal terms are found in Section 1.0.

7.2 Retail Electric Service Competition:

7.2.1 SRP's Distribution service territory is open to competition for Electric Generation Service and Other Services (metering, meter reading, billing and payment processing (collecting) services) in accordance with the Arizona Electric Power Competition Act.

7.2.2 SRP will discharge its responsibilities to all qualified providers of such services under the Direct Access Program in a non-discriminatory manner in accordance with its Code of Conduct, the Act and other applicable laws, rules and regulations.

CUSTOMER PARTICIPATION

7.3 Phase I Participation:

7.3.1 SRP is opening its Distribution service territory to competition in two phases. In Phase I, which began on December 31, 1998, SRP made 20% of its 1995 retail peak Load available for competitive Electric Generation Service. This 20% included about 110,000 residential accounts, 12,000 commercial accounts, and 112 megawatts (MW) of large business electric Load.

7.3.2 Customers with account(s) that are part of the 20% are able to choose an ESP for such accounts from those ESP's certificated by the ACC. SRP considers such customers to be participants in Phase I whether or not they select an ESP other than SRP.

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7.3.3 During Phase I, SRP will not offer choice of ESPs (a) for accounts that are not part of the 20%, (b) to general service class Customers or large general service class Customers who move into SRP's Distribution service territory after the August 1998 Billing Period, or (c) to residential Customers who move into SRP's Distribution service territory after October 31, 1998.

7.3.4 Eligible Customers with Load of One MW or greater may also elect Other Services, as provided below.

7.4 Phase II Participation:

All Distribution Customers will be eligible for (a) competitive Electric Generation Service on June 1, 2000, and (b) Other Services on December 31, 2000 if Customer has competitive Electric Generation Service.

7.5 Service Elections by Customers:

All SRP Distribution Customers eligible for competitive Direct Access Service may obtain such service under one of the following two options:

7.5.1 Standard Electric Price Plans:

Under this option, SRP will provide all standard electric energy services, including metering, meter reading, and billing and payment processing (collection), on a bundled basis at standard prices established by SRP. Any eligible Customer that has not chosen Direct Access Service will remain on the appropriate Price Plan. Direct Access Service Customers may, with certain exceptions, also request to return to a Price Plan.

7.5.2 Direct Access Service:

Under this option, Customers eligible for Direct Access Service may purchase Electric Generation Service and, if eligible, Other Services from competitive providers.

7.6 Responsibility for Direct Access Services:

7.6.1 SRP Not Liable for ESP Services:

To the extent a Customer takes service from an ESP (or its agents), SRP has no obligation to the Customer with respect to service provided by the

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ESP. The Customer must look to the ESP to carry out the responsibilities associated with such ESP service.

7.6.2 ESP Not Liable for SRP Services:

To the extent a Customer takes service from SRP, an ESP has no obligation to the Customer with respect to service provided by SRP. The Customer must look to SRP to carry out the responsibilities associated with such SRP service.

7.7 Transmission and Distribution Service for Direct Access Customers:

Subject to the provisions of the Direct Access Program (including but not limited to the applicable Price Plans), applicable rules of the Federal Energy Regulatory Commission and compliance therewith by ESP and Customer, SRP will provide Transmission and Distribution service for delivery of electric Power and Electrical Energy to Direct Access Service Customers under applicable Price Plans, tariffs, contracts and these Rules and Regulations. For any Transmission service that SRP provides to allow an ESP to serve a Direct Access Service Customer, the Customer is deemed to have authorized its ESP (and any Scheduling Coordinator providing scheduling coordination services to ESP) to act as the Customer's agent to obtain such Transmission service. The Customer is obligated to pay SRP for any Transmission services.

7.8 Eligible Customers with Load of One MW or Greater:

During Phase I of competition, eligible Customers with an electric Load of One MW or greater who elect competitive Electric Generation Service, may also elect certain Other Services (metering, meter reading, billing and payment processing) to the extent such services are offered by the selected ESP, or by a third party, provided that such third party meets the requirements of the ACC, ESP and SRP. Metering, meter reading, and billing and payment processing service options are described in the Section titled "Unbundled Services and Obligation to Serve" of these Rules and Regulations, set forth below.

7.9 Customers Considered as Participants:

Customers, who elected to participate in Phase I, whether they choose to continue Electric Generation Service from SRP or select an ESP, may choose or change their Electric Generation Service supplier in accordance with the provisions of the Direct Access Program.

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7.10 Right to Participate, Change of Premises:

7.10.1 Right to Participate in the Direct Access Program:

The right to participate in the Direct Access Program belongs to the eligible Customer who chooses to participate and is not associated with the premise occupied by that Customer.

7.10.2 Changing Premises within SRP's Distribution Service Territory:

During Phase I, a Customer who elected to participate in the Direct Access Program and who then moves from one premise to another, both of which are within SRP's Distribution service territory, may continue to participate.

7.10.3 Changing Premises outside of SRP's Distribution Service Territory:

During Phase I, a Customer who elected to participate in the Direct Access Program and who then moves to a premise located outside of SRP's Distribution service territory, becomes ineligible to participate in the Direct Access Program during the remainder of Phase I, even if the Customer subsequently returns to SRP's Distribution service territory.

7.11 Aggregation:

Accounts of different Customers or multiple accounts of the same Customer may be aggregated (combined) for Direct Access Service.

7.12 Master-Metered Customers:

For Customers with master meters, each eligible individual master-metered account (including those for which the Customer provides sub-metered tenant billings) may participate in the Direct Access Program as a single account. A master-metered Customer may not partition the electric Load of a single master-metered account among more than one ESP. The entire Load of a single master-metered account must receive Electric Generation Service from only one ESP.

7.13 Split Load:

A Customer requesting Direct Access Service may not partition the competitively served portion of the electric Load of a service account among more than one ESP. The entire competitive Load of a service account must be allocated to only one ESP.

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UNBUNDLED SERVICES AND OBLIGATION TO SERVE

7.14 Distribution Services:

7.14.1 Within the SRP Distribution service territory SRP is the sole provider of Distribution services. The Customer must always contact SRP for the following Distribution services:

- a. Application for Distribution service
- b. Termination of Distribution service

Distribution services will be provided by SRP to Distribution Customers subject to and in accordance with Sections 1 through 7 of these Rules and Regulations.

7.14.2 The Customer must contact its Electric Service Provider to initiate and terminate service provided by that ESP, including Electric Generation Service.

7.14.3 Service to all SRP Customers, including Direct Access Customers, shall be subject to service interruptions, variations and curtailments as provided in Section 6.9 of these Rules and Regulations. SRP's liability in connection with service to Direct Access Customers shall be determined in accordance with Sections 6.8 and 6.9 of these Rules and Regulations.

7.15 Distribution Service Customer Responsibilities:

7.15.1 The Distribution service Customer must resolve any SRP credit-related matters directly with SRP. Such matters include but are not limited to payment arrangements, credit extensions, deposits, refunds, and disconnections for non-payment.

7.15.2 The Customer should call SRP if the Customer desires to report an interruption of electric service.

7.16 Meter Installation and Maintenance; Meter Reading; Billing and Payment Processing:

7.16.1 For Customers with Loads of One MW or greater who choose competitive Electric Generation Service, the following functions are competitive during Phase I.

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- a. Metering, including installation and maintenance.
- b. Meter reading.

When competitive meter reading service is elected, SRP must be provided meter reads in accordance with its then current meter reading schedule for the Customer's premise.

- c. Billing and payment processing for competitive Electric Generation Service.

7.16.2 Effective December 31, 2000, the preceding functions will be competitive for all Customers who elect competitive Electric Generation Service.

7.17 Meters and Metering Options for Direct Access Customers:

7.17.1 Customers with Loads in excess of 100,000 kWh per year who choose an ESP must have a meter capable of measuring Load in 15-minute intervals. The cost of meters, including installation costs and any associated monthly charges shall be paid in accordance with the ESP Operating Protocol.

7.17.2 Until December 31, 2000, residential Customers or commercial Customers with Loads of 100,000 kWh per year or less who choose interval metering, or whose ESP requires interval metering, must use interval metering provided and installed by SRP. The party requesting the interval metering is responsible for the cost of the meter, including installation cost.

7.17.3 All meters provided by ESPs or Customer must meet applicable American National Standards Institute (ANSI) standards for safety, reliability and accuracy.

7.17.4 The ESP initiating the removal of an existing meter by SRP must pay the removal cost. If an existing SRP meter is made surplus as a result of competitive metering service, the ESP must pay the unrecovered cost of the existing meter. SRP will then retire the meter from service. The ESP may acquire the retired meter by notifying SRP of such ESP intent prior to removal of the meter.

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7.17.5 While metering service remains non-competitive, SRP will offer optional meter technologies which SRP has approved and which are capable of providing data to bill the rates offered by ESPs. Optional meter technology will be offered under the following terms:

- a. The incremental cost (including cost of purchase, installation, maintenance, and meter reading), if any, of a meter upgrade beyond the SRP standard is the responsibility of the requesting ESP or Customer.
- b. If an existing meter is made surplus by a meter upgrade, the ESP requesting the upgrade will pay the unrecovered cost for the existing meter.
- c. If feasible, SRP will install the related equipment (switches, communications, etc.) necessary to enable ESPs to offer options such as interruptible service, but the ESP must pay the incremental cost of the equipment, including installation cost.

7.18 Customer Billing and Payment Options:

7.18.1 Direct Access Customer Billing During Phase I:

SRP will provide consolidated billing for all Customers with Load of less than One MW. For Customers with Load of One MW or greater, the ESP may choose SRP consolidated billing or dual billing.

a. SRP Consolidated Billing:

SRP's consolidated bill consists of charges to the Customer for services provided by the ESP and SRP.

b. Dual Billing:

For Customer with Load of One MW or greater, the ESP may bill the Customer directly for services provided by the ESP. SRP will bill the Customer directly for services provided by SRP.

7.18.2 Direct Access Customer Billing During Phase II:

Beginning December 31, 2000, the ESP may choose dual billing or SRP consolidated billing for each Direct Access Service Customer.

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7.18.3 Billing and Payment Options:

SRP will offer the following billing options while billing remains non-competitive:

a. Managed Payment Plan (MPP)

All eligible Customers may equalize their monthly charges over a 12-month period for electric services provided by SRP. Customers must contact their ESP to determine whether the ESP's monthly service charges to the Customer during the period can also be equalized. The ESP is responsible for equalizing its own bills to Customers. Requests by a Customer to be added to MPP must be received by SRP at least 5 working days prior to the next scheduled meter read date.

b. Summary Bill:

This option allows commercial and industrial Customers to receive a single combined monthly billing statement for their multiple service accounts. This option is not available to residential Customers.

c. Spanish Bills:

Upon request, SRP will provide residential bills in Spanish.

d. Large Print Bills:

Upon request, SRP will provide residential bills using a larger size of print. However, such bills contain fewer details than bills using the standard size print.

e. Customer Selected Due Date:

Upon the concurrence of the Customer's ESP, an eligible commercial or residential Customer may select the date in the month, within SRP guidelines, when its electric bill will be due. The selected due date must be acceptable to SRP and the ESP.

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f. SurePay (Automatic Payment Option):

For either the monthly SRP consolidated billing or the monthly billing provided by SRP as its part of dual billing, any Customer may authorize SRP to withdraw electronically the amount of the bill from a specified checking or savings account. The Customer must provide SRP a signed form authorizing SRP to withdraw the funds. Any discount provided by SRP under this option only applies to charges for SRP-provided services.

7.19 Identity of Supplier:

SRP will include the name and telephone number of the Customer's ESP on all SRP consolidated billings.

7.20 Credit, Collections, and Partial Payments:

7.20.1 SRP will apply its usual and customary credit policy and remittance procedures to all Customer accounts regardless of whether a Customer has elected Direct Access Service. However, SRP will not provide collection services for any ESP.

7.20.2 When SRP provides billing and payment processing services on behalf of an ESP, SRP will apply partial payments made by a Customer first to SRP billings, and then to billings of the current ESP. SRP will apply payments made by Customers in excess of amounts due against future billings for services provided by SRP.

7.20.3 SRP will not disconnect electric service for amounts owed to an ESP.

7.21 Default Service for Current and New Customers:

SRP will continue to provide Bundled Service to each existing and new Customer who does not choose competitive Electric Generation Service, in accordance with the applicable Price Plan.

7.22 Provider of Last Resort:

7.22.1 SRP will be the Provider of Last Resort for Electric Generation Service for every retail electric service Customer within SRP's Distribution service territory whose annual usage is 100,000 kWh or less if other suppliers are unwilling or are unable to supply Electric Generation

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Service, and whose Electric Generation Service has been discontinued through no fault of the retail electric service Customer.

7.22.2 For such Provider of Last Resort Customers:

- a. SRP will provide Electric Generation Service in accordance with its applicable Price Plans.
- b. SRP may require an appropriate deposit as a condition of service.
- c. SRP may require the Customer to be in good credit standing with SRP.
- d. SRP may waive its standard notification requirements in the event of extenuating circumstances affecting an ESP's operations and ability to comply with such requirements.
- e. SRP will notify the Customer of the date that it began Provider of Last Resort Electric Generation Service to the Customer. No switching fee applies to commencement of Provider of Last Resort service. The Customer may select a new ESP in accordance with the Direct Access Program.
- f. The Customer must pay SRP for Provider of Last Resort and any other services provided by SRP.

7.23 Distribution Customers Returning to SRP for Electric Generation Service:

7.23.1 SRP may, at its option, provide Electric Generation Service to retail electric service Customers who wish to return to SRP. Except for Customers entitled to Provider of Last Resort service, SRP is not legally obligated to provide Electric Generation Service to other returning retail electric service Customers. SRP will review each request on an individual basis.

7.23.2 If an ESP defaults, SRP may, in its sole discretion, provide temporary service to a returning customer either under SRP's existing Price Plans or under applicable market rates, whichever are greater, during the time in which SRP determines its willingness and ability to provide Electric Generation Service to that Customer on an ongoing basis. The Customer must pay SRP for any such temporary service.

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7.24 Processing of Switching Applications:

During Phase I, SRP will not assess a switching charge for a Customer's first switch from SRP Bundled Service. Beginning June 1, 2000, SRP will assess a switching charge to the ESP gaining the Customer (including SRP for a returning Customer), for all switching applications submitted on behalf of the Customer.

7.25 Frequency and Timing of Switching:

7.25.1 A Customer may request to switch ESP's no more than once each Billing Period. SRP will process the first valid request received within a Billing Period.

7.25.2 SRP must receive electronic notification from the ESP acquiring a Customer of the Customer's intent to switch ESPs not later than 10 days prior to the scheduled meter date, with the switch to be effective on such read date. However, if SRP has to provide upgraded meter equipment, or if the Customer has elected competitive metering service, the switch may be delayed until a later meter-read cycle.

7.26 Energy-Related Services:

SRP provides various energy-related services. These may include, but are not limited to:

- a. Energy efficiency audits,
- b. Heating, ventilation, air conditioning and miscellaneous appliance management,
- c. Sales and installation of emergency backup power equipment, and
- d. Home automation.

COMPETITIVE TRANSITION AND SYSTEM BENEFITS CHARGES

7.27 Competitive Transition Charge

SRP assesses a Competitive Transition Charge ("CTC") to recover SRP Stranded Costs from all Customers who choose an alternative supplier of Electric Generation Service pursuant to the Direct Access Program. The CTC charge is a component of SRP's Price Plans.

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7.28 System Benefits Charge

SRP assesses a System Benefits Charge on all retail energy delivered within the SRP Distribution service territory. SRP assesses the Provider of Last Resort component of the System Benefit Charge only to Customers whose annual energy usage is 100,000 kWh or less.

TAXES AND OTHER CHARGES

7.29 Customers must pay all taxes, fees and similar charges applicable to Direct Access Service. The ESP and SRP are each responsible for calculating the taxes, fees and charges for their respective services and remitting them to the appropriate jurisdiction.

CONSUMER PROTECTION

7.30 Cooling-Off Period:

Residential Customers have a three-day cooling-off period during which they may cancel a contract with a new ESP and provide written notice to that ESP of the cancellation.

7.31 Customer Authorization for ESP Service:

7.31.1 Before submitting a DASR to SRP on behalf of an SRP Distribution Customer who desires to change its Electric Generation Service supplier, the ESP acquiring such Customer must obtain a written and dated authorization form from the Customer confirming the change of supplier. The ESP is responsible for retaining such authorization forms, and upon request shall provide copies to SRP, the Distribution Customer and other appropriate parties.

7.31.2 The Customer authorization to change ESP shall:

- a. not contain any inducements;
- b. not state or suggest Customer take action to retain the current supplier of Electric Generation Service;
- c. be in legible print with clear and plain language confirming the rates, terms, conditions and nature of the service to be provided;

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- d. be in the same language as any promotional or inducement materials provided to the Customer; and
- e. not be collected by using a box or container to collect sweepstake or contest entries that, at the same time, is used to collect authorization by a retail Customer to change their supplier of Electric Generation Service or to subscribe to other services.

7.31.3 Advertising, service agreements and bills must use plain language and uniform words and phrases to allow the Customer to accurately compare offers and services.

7.31.4 An ESP that submits or executes a change in the retail Customer's supplier of Electric Generation Service in violation of the requirements stated above may be liable to refund the entire amount of the Customer's electricity charges attributable to Electric Generation Service from such ESP for three months, or the period of unauthorized service, whichever is less, in accordance with A.R.S. § 30-806(C).

7.32 Disputed Customer Authorization:

SRP will refer to the ACC disputes regarding a Customer's authorization for services from an ESP that is subject to ACC certification.

7.33 Access to the SRP Distribution System:

SRP will allow access to its Distribution system only to ESPs authorized under A.R.S. § 30-801, et seq., that have been certificated by the ACC and that have appropriate ESP contract(s) in effect with SRP.

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7.34 General Obligations of ESPs:

7.34.1 Authorization to Provide Direct Access Services or Act as Agent of Customer:

The ESP must obtain any written authorization necessary to provide Direct Access Service to the Customer or for the ESP (or its Scheduling Coordinator, if applicable) to act as Customer's agent to acquire Direct Access Service.

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7.34.2 Timeliness and Due Diligence:

ESPs must exercise due diligence to meet their obligations and deadlines pursuant to the Direct Access Program.

7.34.3 Arrangements with ESP Customers:

ESPs must assure that appropriate contractual or other arrangements necessary to implement Direct Access Service, including any necessary arrangements with MSPs or MRSPs, are in place with their Customers. Such contracts or arrangements must be consistent with all applicable laws, ACC requirements and the Direct Access Program. SRP is not responsible to monitor, review or enforce contracts or arrangements on behalf of ESP or any other party.

7.34.4 Transfer of Cost Obligations Between ESPs and Customers:

Nothing in these Rules and Regulations is intended to prevent ESPs and their Customers from agreeing to reallocate between them any costs for Direct Access Services which are designated in the Direct Access Program to be paid by a particular party, to the extent such reallocation is permitted by law. Such reallocation will not affect either party's payment responsibility to SRP.

7.35 List of Participants:

ESPs meeting SRP's contracting requirements may obtain from SRP the list of Direct Access Program Customers who authorized SRP to release their account information.

7.36 Governing Documents:

7.36.1 At any time the ESP is providing service to Direct Access Customers, the ESP must retain in effect its CC&N and must abide by the provisions of any required ESP Service Agreement and all applicable provisions of the Direct Access Program.

7.36.2 Documents applicable to the Direct Access Program are available for review at SRP's main office located at 1521 N. Project Drive, Tempe, Arizona, 85281-1206. Many of the documents, including Protocols applicable to ESPs, are available on the SRP web site at www.srpceps.com.

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7.37 Competitive Services and Certification:

SRP's Distribution service territory is open to competition for the sale of Electric Generation Service by ESPs certificated by the ACC, and who have an appropriate ESP Service Agreement in force with SRP. Providers of Other Services shall also be certificated by the ACC, if required, and must have an agreement acceptable to SRP in force with either an ESP which is a provider of Electric Generation Service, or SRP.

7.38 Responsibility for Purchases of Electric Power:

ESPs who are providers of Electric Generation Services are responsible for the purchase of the electric generation needs of their Direct Access Service Customers. Such ESPs shall ensure delivery of such purchases in accordance with the schedules provided by the ESP's Scheduling Coordinators to the SRP Control Area Operator.

7.39 Scheduling Coordination:

ESPs providing Electric Generation Service must have one or more Scheduling Coordinators, with no more than one Scheduling Coordinator per service account. ESPs must disclose the identity of these Scheduling Coordinators to SRP, including when the ESP is performing Scheduling Coordinator services on its own behalf. SRP will not enforce requirements between an ESP and its Scheduling Coordinators. Scheduling Coordinators must enter into a Scheduling Coordinator agreement with SRP and must comply with the SRP Protocols and other applicable provisions of the SRP Direct Access Program.

7.40 Contracting with SRP:

To conduct business within the SRP Distribution service territory, a provider of Electric Generation Service must enter into an appropriate ESP Service Agreement with SRP. Among other requirements, the ESP must:

7.40.1 Provide SRP a copy of the approved Certificate of Convenience and Necessity (CC&N).

7.40.2 Provide SRP a copy of the signed agreement between the ESP and a qualified Scheduling Coordinator, unless the ESP intends to perform Scheduling Coordinator services on its own behalf.

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- 7.40.3 Interact with SRP via established EDI transaction sets and satisfactorily complete data transfer testing.

METER SERVICE PROVIDERS AND METER READING SERVICE PROVIDERS

- 7.41 Provision of Competitive Metering or Meter Reading Services:

A party providing competitive metering or meter reading services to a Direct Access Service Customer must obtain and maintain in effect any certification required by the ACC, comply with all applicable Protocols for Meter Service Providers (MSPs) or Meter Reading Service Providers (MRSPs), comply with other applicable provisions of the Direct Access Program and with all other applicable laws, rules and regulations. MSP or MRSP services provided by the ESP, whether directly or by contract between the ESP and an independent MSP or MRSP, must be performed in accordance with the applicable ESP Service Agreement. MSPs or MRSPs planning to offer services directly to Direct Access Customers must enter into an appropriate ESP Service Agreement with SRP.

SCHEDULING COORDINATORS

- 7.42 Application Request:

A Scheduling Coordinator (SC) applicant may request an application and other necessary information from SRP by mail, fax, e-mail, or in person. Alternatively, the applicant may obtain the application and necessary information from the SRP web site at www.srpcps.com.

- 7.43 Governing Documents:

7.43.1 Scheduling Coordinators must abide by the provisions of the Scheduling Coordinator agreement with SRP and all applicable provisions of the Direct Access Program.

7.43.2 Documents applicable to the Direct Access Program are available for review at SRP's main office located at 1521 N. Project Drive, Tempe, Arizona, 85281-1206. Many of the documents, including Protocols applicable to SCs, are available on the SRP web site at www.srpcps.com.