ELECTRIC DISTRIBUTION AND TRANSMISSION FRANCHISE

A FRANCHISE TO TUCSON ELECTRIC POWER COMPANY, AN ARIZONA CORPORATION, ITS SUCCESSORS AND ASSIGNS, GRANTING THE RIGHT, PRIVILEGE, LICENSE AND FRANCHISE TO CONSTRUCT, MAINTAIN, AND OPERATE UPON, OVER, ALONG, ACROSS, AND UNDER SPECIFICALLY ENUMERATED STREETS, AVENUES, ALLEYS, HIGHWAYS, BRIDGES, AND OTHER RIGHTS-OF-WAY IN THE CITY OF TUCSON, ARIZONA, ELECTRIC LINES, TRANSMISSION, AND DISTRIBUTION SYSTEM AND NECESSARY APPURTENANCES FOR THE PURPOSE OF SUPPLYING ELECTRICITY, TO THE CITY AND ITS SUCCESSORS, THE INHABITANTS THEREOF, AND PERSONS AND CORPORATIONS WITHIN THE LIMITS THEREOF FOR A PERIOD OF TWENTY-FIVE (25) YEARS; AND PRESCRIBING CERTAIN RIGHTS, DUTIES, TERMS, AND CONDITIONS.

SECTION 1. DEFINITIONS.

For the purposes of this Agreement, the following terms, phrases, words, and their derivatives shall have the meanings given in this Section. When consistent with the context, words used in the present tense include the future, words in the plural number include the singular number, and words in the singular number include the plural number. The word "shall" is mandatory and "may" is permissive. Words not defined in this Section or in A.R.S. §§ 40-201, *et seq*., shall be given their generally accepted meaning in the electric utility industry.

1. "Agreement" means this Franchise Agreement;

2. "Board" means the Dispute Resolution Board;

3. "City" means the City of Tucson;

4. "Company" means Tucson Electric Power Company, a corporation organized and existing under and by virtue of the laws of the State of Arizona, its successors, and assigns;

5. “Council" means the Mayor and Council of the City of Tucson;

6. "Electric Service Provider" or “ESP” means a company supplying, marketing, or brokering at retail any competitive services pursuant to a certificate of convenience and necessity;

7. "Facility" or “Facilities” means and includes, but is not limited to, electric works of each and every voltage, systems, improvements, and equipment of the Company such as electric substations, boxes, conduits, transformers, wires, cables (including but not limited to fiber optic cable), poles, meters, electrical equipment, electric vehicle charging infrastructure

(including Electric Vehicle Supply Equipment or Electric Vehicle Charging Equipment ("EVSE") intended to be placed in the Right-of-way for use directly by vehicles) and all necessary appurtenances thereto;

8. "Gateway Corridor Zone" means applicable rights-of-way and real properties designated on the City's Major Streets and Routes Plan pursuant to Article 5.5 of the City's Uniform Development Code, as may be amended.

9. "Member" means a member of the Utility Group;

10. "Right-of-way" means the surface, the air space above the surface and the area below the surface of any public streets, roadways, highways, avenues, lanes, alleys, courts, places, curbs, sidewalks, public utility easements, or other public ways in the City which have been or may hereafter be dedicated to or otherwise acquired by the City;

11. "Scenic Corridor Zone" means applicable rights-of-way and real properties designated on the City's Major Streets and Routes Plan pursuant to Article 5.3 of the City's Uniform Development Code, as may be amended.

12. "Transmission Line" means TEP Facilities operating at 115 kilovolts (kV) or higher.

13. "Wire" is inclusive of, but not limited to, fiber optic cable, radio frequency (RF) cable, electrical wire and telephone/data cable.

SECTION 2. GRANT OF FRANCHISE.

There is granted to the Company the right, privilege, and franchise to construct, maintain, and operate upon, over, along, across, and under the present and future Right-of-way of the City an electric transmission and distribution system together with all necessary Facilities for the purpose of supplying electricity to the City, its successors, its inhabitants, and all persons and corporations either within or beyond the limits thereof. This grant shall extend to all Right-of-way as is now designated or may be designated in the future within the corporate limits of the City and any part thereof or as now located or as they may be hereafter altered or extended with the present or future limits of the City commonly or officially designated in part as those set forth upon the City of Tucson Zoning Maps described in Section 1.4.2 of the City Unified Development Code as now in effect or hereafter amended. Nothing contained in this Agreement shall be construed to authorize the Company to engage in activities other than those authorized herein.

Notwithstanding the foregoing, to the extent that Company wishes to provide EVSE in any portion of the Right-of-way for use directly by any type of vehicle, Company shall obtain prior written approval from the City. Such approval shall be subject to City regulation and shall not be unreasonably withheld or delayed.

SECTION 3. NON-EXCLUSIVITY.

The right to use and occupy the Right-of-way for the purposes set forth in this Agreement is not and shall not be deemed an exclusive franchise. The City reserves the right to itself to make or grant a similar use in the Right-of-way to any person, firm, or corporation.

SECTION 4. EFFECTIVE DATE AND DURATION.

This Agreement shall become effective on June 1, 2023, after approval by a majority of the qualified electors residing within the corporate limits of the City and voting at a municipal election called pursuant to Article 13, § 4 of the Arizona Constitution, A.RS. § 9-501, et seq., and Chapter XVII of the City Charter to be held in the City on May 16, 2023 for that purpose and shall continue until June 1, 2048. The Company shall file with the City, on or before the approval of this Agreement by the Council, its execution of or written acceptance of all terms, provisions, and conditions of, this Agreement.

SECTION 5. RENEGOTIATION OF TERMS.

(a) Renegotiation. At Ten (10) and Fifteen (15) years after the date upon which this Agreement becomes effective, or upon assignment of this Agreement pursuant to Section 25, the City or Company may request the renegotiation of the terms of the following sections: 9 (Office), 10(e) (Community Resilience Fee), 16 (Utility Planning and Coordination Committee), 16.5 (Community Resilience Coordination Committee), 17 (Construction, Maintenance, and Repair of Right-of- way), 20 (Permits and Licenses), and 21 (Undergrounding). If the City or Company refuses to enter into negotiations, the Company or City may terminate this Agreement by giving written notice of termination to the other party. If the City or Company terminates this Agreement pursuant to this Section, the Agreement shall end on the first anniversary date immediately subsequent to the notice of termination. If the City and Company reach agreement on renegotiated provisions, the renegotiated provisions shall become effective immediately upon acceptance by the Company and approval by the Council.

(b) Impasse. In the event the parties to this Agreement reach an impasse after entering into good faith negotiations, the issue may be referred to the Board for resolution. The recommendation of the Board is not binding on either party. If either party rejects the recommendation of the Board, the City or Company may terminate this Agreement in accordance with Subsection (a).

(c) Effect of Termination. Should this Agreement be terminated pursuant to Subsection (a) of this Section 5, Company and City agree to the following:

1. Company shall be allowed to continue to collect and use the Community Resiliency Fee for any indebtedness incurred by Company pursuant to a resolution of the Community Resilience Coordination Committee prior to said termination

("Committee Resiliency Indebtedness") until the indebtedness is satisfied or the 10th anniversary of the effective date of the Agreement, whichever shall come later;

2. This Section 5(c), Section 10(e) and Section 23 below shall survive the termination of this Agreement until any Community Resiliency Indebtedness is satisfied or the 25th anniversary of the effective date of this Agreement, whichever shall come first.

3. Company shall continue to comply with all applicable laws, rules and regulations for operating, maintaining, replacing or installing Facilities in, on, under or over the Right-of-way, including acquiring required permits as necessary;

4. City and Company shall negotiate in good faith for a new franchise to present to the voters of the City of Tucson pursuant to A.R.S. § 9-501;

5. Section 23 of the Agreement shall apply as if the Agreement was not renewed;

SECTION 6. GEOGRAPHICAL SCOPE.

This Agreement shall extend to and include all those specific and particular streets, avenues, alleys, highways, bridges, and other Rights-of-way within the limits of the City, and any part thereof, either as now located and as they may be hereafter located, annexed, altered, or extended within the present or future limits of the City.

SECTION 7. THIRD PARTY ACCESS TO COMPANY'S SYSTEM.

(a) Access Requirements. Except as provided by Subsection (b), entities other than the City and Company may occupy or use the Company's Facilities only if:

1. the entity obtains the permission of the City and Company and pays all appropriate fees to the City;

2. such use or occupation of the Facilities by the entity does not interfere with the Company or City's use of the Facilities or the use of such Facilities by entities holding a valid franchise from the City;

3. such use or occupation does not endanger public health or safety;

4. the entity indemnifies and holds the City and Company harmless for any such use or occupation and, unless otherwise mandated by applicable law, the Company incurs no additional expense in connection therewith; and

5. the entity agrees to relocate such use or occupation of Company's

Facilities as described further in Section 7(c) below.

(b) Access Allowed for Electric Service Providers. Subsection (a) does not apply to Electric Service Providers holding a valid certificate of convenience and necessity from the Arizona Corporation Commission and who use the Company's distribution system to deliver electricity to customers in the City.

(c) It is recognized and understood that, pursuant to legal mandates, certain utility poles ("Occupied Pole(s)") within the Right-of-Way contain both Facilities of the Company and wires, cables and other appurtenant facilities ("Third Party Attachments") of other entities ("Attaching Entity(ies)") that are not Company property. Company shall require that each Attaching Entity maintain an agreement (a "Pole Attachment Agreement") which shall include an obligation of the Attaching Entity to relocate all Third Party Attachments of such Attaching Entity within 60 days, or such other minimum time mandated by applicable law, of Company's request. Company shall cooperate in good faith with the City to facilitate the prompt relocation of Third Party Attachments and, within 10 business days of completion of the relocation of Company's Facilities, shall provide a request to each Attaching Entity to relocate the Third Party Attachments. Upon completion of all work necessary to relocate its Facilities, the Company shall provide notice to the City of such completion. In lieu of enforcing the Pole Attachment Agreement, Company has the right, but not the obligation, to transfer ownership of and any interest in the Occupied Pole and assign the attendant Pole Attachment Agreement to the City. City shall have no obligation to accept such transfer.

SECTION 8. COMPANY STOCK.

The Company, or any entity holding this Agreement or doing any business hereunder, shall not issue any of its corporate stock on account of this grant. Any violation of the terms of this Section shall, at the option of the City and upon the passage of appropriate ordinance by the Council, operate as a forfeiture of this grant.

SECTION 9. OFFICE LOCATION AND SERVICE RESPONSE.

The Company shall maintain an office within the corporate limits of the City, provide a toll free telephone number, and shall provide prompt, reasonable responses to customers' service requests. The office must be sufficient in size and staffing to serve the needs of its customers throughout its service territory. The Company shall provide a 24-hour toll free telephone number for emergency use that is available seven (7) days a week.

SECTION 10. FRANCHISE AND OTHER FEES.

(a) As used herein, "Applicable Revenues" shall mean all amounts actually received by Company from the retail sale and/or delivery by Company of electricity within the present or any future corporate limits of the City customers and from the delivery of electricity consumed by the City, whether inside or outside of its corporate limits, including

regulatory assessments but excluding sales tax, gross revenue tax and similar governmental impositions and taxes.

(b) Imposition of Franchise Fee. The Company, its successors and assigns for and in consideration of the grant of this franchise shall pay to the City a sum equal to two and one quarter percent (2.25%) of all Applicable Revenues of Company as shown by Company's billing records (the "Franchise Fee"). Except as otherwise stated in Section 11, the Franchise Fee shall be in lieu of any and all fees, charges or exactions of any kind otherwise assessed by the City in any way associated with Company's use of the Right-of-way, including, but not limited to, the construction or repair of Company's facilities hereunder or for permits or inspections thereof during the term of this franchise.

(c) Payment of Franchise Fee. The Franchise Fee shall be paid by the Company to the City in quarterly installments within thirty (30) days after the end of each quarterly period (the "Quarterly Payments"). The first Quarterly Payment shall be due thirty (30) days after September 30, 2023.

(d) Public Benefits Fee.

(1) Use of Franchise Fee. One-ninth (1/9) of the Quarterly Payments shall be used in accordance with Paragraph (2).

(2) Use of Fee. The revenues described in Paragraph (1) shall be appropriated by the Council, subject to annual appropriation through the City's budget approval process, to be used as follows:

(A) Low Income Assistance. To fund low-income energy assistance programs such as weatherization, residential lifeline service, senior discount, bill assistance, and rate discount programs.

(B) Undergrounding. To pay the City's share of electric transmission and distribution line undergrounding expenses incurred under Section 21.

(C) Climate Action and Adaptation Plan. To fund projects that support the implementation of the City's Climate Action and Adaptation Plan.

(e) Community Resilience Fee. In addition to the Franchise Fee, Company shall collect an amount equal to 0.75% of all Applicable Revenues of the Company (the "Community Resilience Fee") which shall be retained by the Company and disbursed by the Company pursuant to Sections 10(e) and 16.5 herein for the purposes (the " Community Resilience Fee Purposes") of (1) funding costs associated with the underground installation of new Company Facilities or conversion to underground of existing Company Facilities currently installed overhead and (2) projects that support the City's implementation of the City's approved Climate Action and Adaptation Plan specifically including efforts to (i) decarbonize City-owned and operated buildings and facilities, (ii) promote distributed energy resources such as rooftop solar to provide local renewable energy and enhance energy resilience, (iii) pursue additional local sources of renewable energy, including resource recovery and heat exchange, (iv) promote electric vehicles via charging infrastructure

expansion, (v) transition public agency fleets to zero-emission and net-zero-emission vehicles, (vi) establish accessible resilience hubs across all City Wards to provide information and resources related to climate preparedness and response, (vii) bolster City-owned and community-wide heat mitigation resources to reduce urban heat island effect and protect vulnerable individuals and communities, (viii) deploy and maintain equitable nature-based solutions that reduce or sequester emissions, improve ecosystem health, and bolster climate resilience, and (ix) bolster community and regional networks to improve community-wide emergency response and resource-sharing. For the first ten (10) years following the effective date of this Agreement (the "Priority Period"), the Community Resilience Fee shall be prioritized towards funding costs associated with the underground installation of new Company Facilities, except that, during each year of the Priority Period, approximately ten percent (10%) of the Community Resilience Fee will be allocated to projects that support the City 's implementation of the Climate Action and Adaptation Plan. The Community Resilience Fee shall be retained by the Company within an interest bearing trust account and the fees so retained (the "Community Resilience Fund") shall not be used for any purpose other than the Community Resilience Fee Purposes, subject to the conditions of Section 16.5 herein. The Community Resilience Fee shall be paid by the Company to the Community Resilience Fund in quarterly installments within thirty (30) days after the end of each quarterly period beginning thirty (30) days after September 30, 2023. Company and City agree that the Community Resilience Fee is not intended to be a payment to the City and should the Community Resilience Fee be determined to be a payment to the City by a court of competent jurisdiction, this provision shall be considered null and void and City and Company agree to renegotiate this Section 10(e) and any related provisions within 90 days of such determination.

(f) Lien. For the purpose of securing to the City the payments required to be made under Section 10(b), the City shall have a lien and the same shall be charged upon all the property, estate, and effects of the Company in any form, real, personal, or mixed. The City may enforce this lien by civil action in a court of competent jurisdiction, but such lien shall be subordinate to any mortgages or deeds of trust securing any bona fide indebtedness.

SECTION 11. FRANCHISE AGREEMENT NOT IN LIEU OF OTHER FEES OR TAXES; TREATMENT OF PUBLIC UTILITY EASEMENTS.

(a) In General. The fees required by Section 10 shall not exempt the Company from the payment of (i) general ad valorem property taxes; (ii) transaction privilege and use tax as authorized by law and collected by Company for its retail sales to its customers within the present and any future corporate limits of City; and (iii) other charges, taxes or fees generally levied upon businesses by the City, provided said charge, tax or fee is a flat fee per year and that the annual amount of such fee does not exceed the amount of similar fees paid by any other businesses operated within the City. This section shall be interpreted as requiring the Company to obtain a permit for construction only as required by applicable City Charter, Code, or ordinance.

(b) Public Utility Easements. The City may not impose any additional fees for the

Company's use of public utility easements because of such easements being a part of the Right-of-way under this Agreement.

SECTION 12. INFORMATION REQUIREMENTS; AUDITS; BILLING.

(a) Existing and Future Infrastructure. The Company shall provide to the City, within one (1) year following the effective date of this Agreement, a map of all Company Facilities and all other significant features located within the Right-of-way. This map must be in an electronic format. Upon completion of new or relocation construction of any underground Facilities in the Right-of-way, the Company shall, within sixty (60) days after the date of completion, provide the City with installation records showing the location of the underground and above ground Facilities in an electronic format.

(b) Transaction Data. The Company shall provide to the City Director of Environmental and General Services Department or the City Manager’s designee, on a quarterly basis, a list of each customer class and rate code as categorized by the Company for customers taking service within the corporate limits of the City. The Company shall provide, on a quarterly basis, monthly and total sales for each customer class by rate code with each fee payment. Breakdown of data shall be by (1) monthly volumetric usage by customer class and rate code, (2) details of any exemptions, (3) supporting worksheets, and (4) a count of customers, by customer class, who have switched to direct access. If requested by the City, the Company shall provide the City with data broken down into (1) the number of customers by class and rate code, (2) gross Company revenue by customer class and rate code, and (3) monthly demand data by customer class and rate code. The City may not request such data more than once every twelve (12) months.

(c) Audit Requirements.

1. Record Requirements. The Company shall keep and maintain complete and accurate books and records of its business and operations for the purpose of ensuring compliance with this Agreement.

2. Inspection of Records. For the purpose of verifying all amounts payable pursuant to this Agreement and verifying the Facilities within the City’s Right-of-Way, the books and records of the Company shall be subject to inspection by duly authorized officers or representatives of the City at reasonable times no more frequently than at the close of each quarterly period. City and Company agree to confer regarding any alleged or reported discrepancies or irregularities in Company procedures or activities relating to data submitted pursuant to this Section. Company shall provide responses to inquiries made by the City within a reasonable amount of time.

(d) Information Required by Other Regulatory Agencies. Upon written request by the City, the Company shall provide at the City’s expense copies of any and all reports, data, and any other type of information which the Company is required to submit to any other governmental or quasi-governmental body, including, but not limited to, the United States of America, the Federal Energy Regulatory Commission, the State of Arizona, and the Arizona

Corporation Commission. Reports, data, and any other types of information filed confidentially and not available to the public do not have to be submitted to the City.

(e) City Energy Usage. Upon written request by the City, the Company shall provide to the City all information it maintains with respect to energy usage by the City at each location in which electricity is delivered to a City owned or maintained location. Such information may be requested only once every twelve (12) months and shall be provided at the cost set by the Company's billing tariff as approved by the Arizona Corporation Commission.

(f) To the extent that technology exists or develops that increases the availability of or the ability to use any or all of the aforementioned information via electronic transfer, City and Company to make reasonable efforts to increase City’s ability to make use of such technology or technologies.

SECTION 13. RELIABILITY OF UTILITY SERVICE.

(a) Service Outage Map. On an annual basis, the Company shall provide to the City a report of all service outages that last for longer than one (1) hour, technical upgrades made to its distribution system, and efforts made to improve the reliability of the distribution system.

(b) Reporting and Access. The Company shall report in advance to the City any plans to include technological advances relating to communications systems, such as fiber optics, which may utilize Facilities already in place for the transmission of communication signals, which Facilities may be installed by the Company for its use, the use of the City, or for use of others as the Company may license. The City may use said Facilities if it reaches a prior agreement with the Company regarding consideration for the use of said Facilities. In no event shall the City's use impair the Company's ability to use its own Facilities. Upon request of the City, the Company will provide a detailed report for the use of such communications systems subject to protecting confidential information. Nothing contained herein shall be construed to authorize the Company to engage in communications activities for sale or lease nor shall this Agreement be construed as a franchise or license for said telecommunications activities within the City.

SECTION 14. EMERGENCY PROCEDURES.

(a) Company Equipment and Staff Requirements. The Company shall maintain equipment and staff capable of providing timely emergency repairs and restoration of service in case of power outages and other events which may present a danger to public safety or health.

(b) Joint Emergency Procedures. The Company shall cooperate with the City in developing joint standard operating procedures for emergencies requiring the response of City departments, such as Police and Fire, and the Company.

SECTION 15. INTERCONNECTIONS.

The Company shall provide information to its customers necessary for interconnection of distributed generation with its distribution system. The Company must allow such connections to its distribution system. The Company shall not impose any requirements, standards, or tests on any grid-interconnected system exceeding applicable regulatory standards or legal requirements.

SECTION 16. UTILITY PLANNING AND COORDINATION GROUP.

(a) Establishment. There shall be established a Utility Planning and Coordination Group (“Utility Group”) composed of appropriate personnel of the Company to be designated by the Company, and the City Engineer, the City Planning Director, or their designee(s), and any other appropriately qualified personnel of the City which may be designated by the City. Membership in the Group may also include representatives from any other utility or governmental agency providing utility service deemed by the City to be appropriate for fulfilling the Utility Group’s duties and purposes. Such other utilities or governments providing utility service shall be participating Members in all respects except for participation in the official reports and recommendations of the Group under this Agreement as described in Subsection (b).

(b) Reports. The Utility Group shall submit to the Council such official reports and recommendations as are specifically provided for in this Section and such other reports and recommendations as the City and Company may from time to time mutually determine to be appropriate. Any such official report or recommendation shall be by mutual agreement of both the City's and Company's representatives on the Group. In the absence of mutual agreement, the Group may submit for the consideration of the Council a summary report setting forth the various views of the Members relative to the particular matter, but such summary report shall not have the weight of an official report or recommendation of the Utility Group as a whole.

(c) Purposes. The purposes of the Utility Group shall be to:

1. provide coordination between the Company and the City in the expansion, maintenance, or relocation of the utility system of any of the Members and other existing or permitted activities within or uses of the City's Right-of-way.

2. insure that long-range planning of the Members and the City on the extension of utility services maximizes the efficient and orderly expansion of the utility system and minimizes the impact upon the infrastructure of other users of the Right-of-way.

3. insure that the Members' and the City's utility systems are expanded and modified in the public interest, avoiding undue cost burdens upon customers and taxpayers, that such expansions and modifications are coordinated in a manner to avoid arbitrary or reasonably avoidable interference with the City's planned uses of its Right-of-way, or with

utility systems of others, and that environmental consequences have been considered.

4. minimize costs associated with growth or changes to the Members' utility systems and the City's infrastructure occasioned by changes, relocations, or other modifications in those systems which presently affect existing utility systems of the Members and the City.

5. develop joint emergency procedures.

6. coordinate efforts to provide to the City location information of Members' utility systems within the Right-of-way in an electronic format compatible with the City's GIS system for recording utility system locations.

(d) Submission of Plans. All proposed changes in a Member's utility system within the corporate limits of the City shall be submitted to the Utility Group thirty (30) days before a Member's commencing construction on any such project. Changes submitted to the Utility Group shall be new transmission or distribution lines operating at 46 (forty-six) kV or greater, relocation or increase in capacity of existing electric distribution Facilities of any size from rear lot lines or alleys to other Rights-of-way, or extensions of transmission or distribution Facilities in excess of one-quarter (1/4) mile within any Right-of-way, and, on the City's part, any extensions of City water lines or other municipal utility systems which would cause relocation of a Member's utility system. The Utility Group shall meet and review any changes proposed by a Member in its utility system or proposed by the City in its water system within the corporate limits of the City and, should appropriate governmental action be deemed advisable, submit a recommendation of such action to the Council. In the event that any Member's submission results in the delay of service to a customer otherwise entitled to service, the extension may be completed and submitted for review at the next regular meeting of the Utility Group.

(e) Growth Report. The Utility Group shall, at the request of the City, prepare and present to the Council an official report and analysis of the projected growth of the City relating to future utility requirements, taking into account such factors as present and proposed zoning, public building projects, annexation programs, public streets, highways and transportation plans, building codes, and economic development trends and objectives. This analysis shall be designed to project the general location and capacity requirements of the Members within the City for generation, transmission, and substation Facilities for electric power and such major municipal utility projects as may be required by the City or other utilities serving within the City. This analysis and projection shall address periods of five (5) years and ten (10) years, shall be reviewed and updated on a periodic basis by the Utility Group, and shall be submitted to the Council for review.

(f) Meetings. The Utility Group shall endeavor to meet at least once a month or as often as necessary as determined by the Members.

(g) Exception. Nothing contained in this Section shall be construed to prohibit the Company from going forward with any activity that is otherwise in conformance with the

orders, rules, and regulations of the Arizona Corporation Commission and other applicable legal requirements.

SECTION 16.5 COMMUNITY RESILIENCE COORDINATION COMMITTEE.

(a) Establishment. There shall be established a Community Resilience Coordination Committee ("Community Resilience Committee") of five members composed of two members from the City, two members from the Company, and one member from either the City, the Company or a third party to be approved by the City and Company.

(b) Purposes. The purposes ("Community Resilience Committee Purposes") of the Community Resilience Committee shall be to:

1. establish committee governance documents and rules as may be necessary to carry out the Community Resilience Committee Purposes;

2. provide coordination between the Company and the City with respect to requirements and cost obligations for the underground installation of new Facilities that are required by applicable law to be constructed underground, or the conversion of aerial Facilities to underground installation;

3. support the long-range planning of the Company and the City for electricity services and promote the efficient and orderly expansion of Company Facilities within the Right-of-Way to serve the City and its residents, while minimizing the impact upon the overall aesthetic character of the City of Tucson's natural resources and built environment, as well as minimizing the impact upon Company ratepayers and City taxpayers of costs for such Facilities within the Right-of-Way;

4. support the installation of Company Facilities within the Right-of-Way in a manner that is consistent with applicable law and regulations and the voter-approved General Plan and are coordinated in a manner that creates certainty for both the Company and City concerning underground or overhead construction of Facilities in the Right-of-way;

5. pass resolutions upon the affirmative vote of three-fifths of the members of the Community Resilience Committee directing the Company to use the Community Resilience Fund towards the Community Resilience Fee Purposes except where such purpose is undergrounding required pursuant to Section 21.

(c) Role of Community Resilience Committee and City in Transmission Line Siting. All siting of a Company Transmission Line shall be subject to applicable legal and regulatory requirements, including A.R.S. §§ 40-360, et seq. Pursuant to such legal and regulatory requirements, the Company shall comply with all public outreach obligations which shall include the opportunity for the City to participate. The Community Resilience Committee shall be consulted to the extent that a particular Transmission Line is to be sited within a Gateway Corridor Zone or Scenic Corridor Zone. The Committee shall have the authority to propose recommendations to the City and the Company about the location of a Transmission Line within a Gateway Corridor Zone or Scenic Corridor Zone, which may include recommendations about the desirability of undergrounding a particular segment of a

Transmission Line within a Gateway Corridor Zone or Scenic Corridor Zone, recommendations about locating the Transmission Line outside of a Gateway Corridor Zone or Scenic Corridor Zone, and the availability of funding from the Community Resilience Fund that may be used towards undergrounding efforts within a Gateway Corridor Zone or Scenic Corridor Zone. This Section shall not supersede any local, state or federal law or regulation as to the requirements for undergrounding Facilities within the Right-of-way.

(d) Use of Community Resilience Fund. The Community Resilience Fund shall only be used towards the Community Resilience Fee Purposes, and for no other use. The Community Resilience Fund shall not be accessed by either the City or Company except pursuant to a resolution of the Community Resilience Committee that states with specificity the amount of the Community Resilience Fund that is to be used for the specific Community Resilience Fee Purpose. In determining the amount of Community Resilience Fund to provide to any given project, the Community Resilience Committee may consider all of the following: 1) the balance of the Community Resilience Fund not otherwise allocated to a project, 2) the availability of any alternative or additional funding sources; 3) City's General Plan and any applicable Specific Plans; 4) City's Climate Action and Adaptation Plan, 5) any impacts to ratepayers and/or taxpayers; 6) alternative designs, if any, and 7) impacts of planned or possible Facilities to be placed in the Right-of-way on City's natural resources and built environment.

(e) Cooperation. City and Company shall cooperate with the Community Resilience Committee as necessary to provide information and data necessary to carry out the Community Resilience Committee Purposes;

(f) Community Resilience Fund Report. The Committee shall, at the request of the City, prepare and present to the Mayor and Council an official report and analysis of projects considered by the Community Resilience Committee, together with an accounting of the Community Resilience Fund.

(g) Meetings. The Community Resilience Committee shall meet as often as necessary as determined by the Community Resilience Committee.

(h) Exception. Nothing contained in this Section shall be construed to prohibit the Company or City from going forward with any activity that is otherwise in conformance with the orders, rules, and regulations of the Arizona Corporation Commission and other applicable local, state and federal legal requirements.

SECTION 17. CONSTRUCTION, MAINTENANCE, AND REPAIR OF THE RIGHT-OF- WAY.

(a) Interference with Public Uses. The Facilities to be constructed, installed, operated or maintained hereunder, shall be so located or relocated as to interfere as little as reasonably possible with traffic or other authorized uses of the Right-of-way, including that of other utilities, over, under, or through the Right-of-way. Those phases of construction relating to traffic control, back-filling, compaction, and paving, as well as the location or relocation of said Facilities shall be subject to regulation by the City provided that such regulation is not inconsistent with applicable local, state or federal law.

(b) Repair of the Right-of-way. If, in the installation, use, or maintenance of its Facilities, the Company damages or disturbs the surface or subsurface of any public road or adjoining public property of the public improvement located thereon, therein, or thereunder, the Company shall promptly, at its own expense and in a manner reasonably acceptable to the City, restore the surface or subsurface of the public road or public property or repair or replace the public improvement thereon, therein, or thereunder in as good a condition as before such damage or disturbance. If such restoration, repair, or replacement of the surface, subsurface, or any structure located thereon, therein, or thereunder is not completed within a reasonable time after written notification by the City of any concern with the Company's performance, or such repair or replacement does not meet the City's lawfully adopted standards and the Company fails to correct within thirty (30) days after written notification by the City of such deficiency, the City shall have the right to perform the necessary restoration, repair, or replacement either through its own forces or through a hired contractor, provided that such forces or contractor is qualified to perform work near the applicable Facilities, and the Company shall reimburse the City for its expenses in so doing within thirty (30) days after its receipt of the City's invoice.

(c) Construction Delay Costs. The Company shall promptly repair and restore any property, street, alley, parkway, bridge, or public place in which the Company has performed any construction activity within a time period designated in the written notice to the Company. If, after the Company certifies to the City that its Facilities are no longer in conflict with a public project, the City discovers the Company's Facilities in the Right-of-way are still in conflict and so delays the project's construction causing the City to incur damages due to such delay, the Company shall reimburse the City for those damages attributable to the delay created by the conflict.

(d) City Notification of Delay. If the City becomes aware of a potential delay involving the Company's Facilities, the City shall promptly notify the Company of this potential delay and offer the Company thirty (30) consecutive days to respond to such notification.

SECTION 18. RELOCATION OF AND CONFLICTS WITH SERVICE.

(a) Relocation Requirement. Whenever the City shall, for a lawful purpose, require the relocation or reinstallation of any Facility of the Company or its successors in any of the Rights-of-way or public property of the City, the Company shall, upon notice of such requirement and within a reasonable amount of time, commence work to remove and relocate or reinstall such Facilities as may be reasonably necessary to meet the requirements of the City. The Company shall pay the costs of any such relocation or reinstallation unless it can demonstrate to the City that its Facilities were lawfully installed therein prior to the conveyance, dedication, or other transfer by any party of the Right-of-way to the public or to the City. For the purposes of this Section, the acquisition of Right-of-way by the City from another governmental entity shall not entitle the Company to reimbursement from the City for relocation or reinstallation unless the Company can demonstrate to the City that the Company's Facilities were lawfully installed therein prior to the conveyance, dedication, or

other transfer by any party of the Right-of-way to the other governmental entity. Any money and all rights to reimbursement from the State of Arizona or the federal government to which the Company may be entitled for work done by the Company pursuant to this Section shall be the property of the Company. The City shall assign or otherwise transfer to the Company all rights it may have to recover costs for such work performed by the Company and shall reasonably cooperate with the Company's efforts to obtain reimbursement. Reimbursement to Company under this Section shall not include upgrades or improvements of Company's Facilities as they existed prior to relocation.

(b) Discovery of Conflicts. If, during the design or construction for public improvements, the City discovers a potential conflict with proposed construction, the Company shall locate and, if necessary, expose its Facilities in conflict. The City shall make every reasonable effort to design and construct projects to avoid or minimize relocation expense to the Company. The Company agrees to furnish the location information within a time frame determined by the Utility Group or, in the absence of such a determination, a reasonable amount of time from the date of the discovery of the potential conflict. For avoidance of doubt, the timeframes for marking underground facilities in A.R.S. § 40-360.22 shall be presumed to be reasonable to furnish the location information described in this Section.

(c) Company Obligations if Conflict Exists. If, during the course of a project, the City determines that the Company's Facilities are in conflict the following shall apply:

1. Prior to City's Notice to Proceed to its Contractor. The Company shall, within a reasonable time after receiving written notice from the City, remove or relocate the conflicting Facility.

2. After City's Notice to Proceed to its Contractor. The City and Company shall immediately begin the coordination necessary to remove or relocate the Facility. Actual construction of such removal or relocation shall begin within a reasonable amount of time after written notification from the City to the Company of the conflict.

(d) Prior Right of City. The City reserves the prior and superior right to lay, construct, erect, install, use, operate, repair, replace, remove, relocate, regrade, widen, realign, or maintain any street and public ways, aerial, surface, or subsurface improvement for all public purposes, including but not limited to water mains, traffic control conduits, cable and device, storm sewers, subways, tunnels, bridges, viaducts, or any other public construction within the Rights-of-way of the City. The Company shall move its Facilities, consistent with Subsection (a), that are located in the Right-of- way at its own cost to such a location as the City directs.

(e) Relocation of Non-Company Systems. Consistent with the limitations of Subsection (a), if a conflict exists between the Company's future or existing Facilities and future or existing City utility or communication systems, or non-City utility systems occupying the Right-of-way under authority of a City permit, franchise, or license, the City shall not bear the cost of relocating such City systems or non-City systems, regardless of the

function served, where such systems must be relocated and the conflict between the Company's potential Facilities and existing Facilities can only be resolved by the movement of the existing City or permittee systems.

SECTION 19. PROJECT DESIGN MODIFICATIONS.

If City construction projects require design modifications as a direct result of the Company's Facilities in the Right-of-way, the City and Company shall make reasonable efforts, including design modification if practicable, to avoid conflicts with Company Facilities. The Company shall pay for any increased construction or redesign costs caused by such modification unless the location of Company's Facilities within the Right-of-way reasonably should have been known by the City prior to project design, was not factored into such design by the City, and there exists a suitable alternative design that meets the City's objectives which would not conflict with Company's Facilities, in which instance the costs of such design modification shall be borne by the City. Such modifications may be made only in the event the City and Company determine that modification of the project is more feasible than relocation of the Facility.

SECTION 20. PERMITS AND LICENSES.

(a) Permit Requirement. The Company shall, when required by applicable City Charter, Code, or ordinance, obtain a permit and pay all applicable fees prior to removing, relocating, or reconstructing, if necessary, any portion of its Facilities in the Right-of-way. Whenever the Company causes any opening or alteration to be made for any purpose in any Right-of-way, the work shall be completed within a reasonable time and the Company shall, consistent with the requirements of applicable City Charter, Code, or ordinance, without expense to the City, and upon the completion of such work, restore the property disturbed in a manner consistent with the City's duly adopted standards or as required by its permit which may incorporate special standards when required for City purposes. Pursuant to applicable City Charter, Code, or ordinance, the City shall issue such permit to the Company on such conditions as are reasonable and necessary, and not inconsistent with applicable local, state and federal law and regulation, to ensure compliance with the terms and conditions of this Agreement and any other applicable ordinance or rule or regulation of the City.

SECTION 21. CITY REQUIRED UNDERGROUNDING WHERE NOT REQUIRED BY LAW.

(a) In General. Subject to Subsection (c), in any area where the Company is not required, pursuant to federal, State, or local law or agreement, to place its Facilities underground, in any new construction or relocation of aerial transmission or distribution lines, the City may require the Company to place such lines underground if the City pays the difference between the cost of placing such lines underground and the cost of placing them aerially.

(b) City Projects. In the design and construction of any City project, the Company shall, at the City's option, relocate existing aerial lines underground. The Company shall provide to the City a design and an itemized cost estimate for such undergrounding. Subject to Subsection (c), the City shall pay all costs associated with the undergrounding required by this Subsection except for the Company's electrical engineering costs for design and cost estimate for such undergrounding.

(c) Exception to Undergrounding. The Company shall be required to place new aerial transmission or distribution lines underground pursuant to this Section only when such placement is feasible for technical or system reasons. Such reasons cannot include the monetary cost of the proposed undergrounding project.

(d) Joint Use of Trenches. In the construction of new underground Facilities or the relocation of existing aerial Facilities underground, the Company shall notify all Members of the Utility Group within a reasonable amount of time prior to construction. Any Member of the Utility Group shall be permitted to co-locate its utility system, lawfully permitted in the Right-of-way, in the proposed underground location upon such reasonable terms and conditions as the Company may require so long as such co-location does not interfere with Company's Facilities or use of the Right-of-way.

(e) Moratorium on Relocations. If the Company undergrounds Facilities pursuant to the provisions of Section 16.5, Section 18 or Section 21, then the Company shall not be required to pay any cost for relocating such line for a period of ten (10) years after completion of such undergrounding.

SECTION 22. CITY ACCESS TO COMPANY INFRASTRUCTURE.

(a) In General. The Company shall, without cost to the City, allow the use by the City of space in excess of the Company's existing or projected requirements upon its Facilities for Wires for fire alarm, police, and communications purposes of the City. The Company shall furnish, string on the available space on its poles, and maintain all Wires and fixtures necessary for fire alarm, police, and communication purposes of the City that are located on Company Facilities. The City shall pay the Company's actual cost for providing such access to Company's Facilities, including the furnishing, stringing and maintaining of City Wires and fixtures, as described in this Section.

(b) City Access to Company Underground Facilities. Whenever the Company proposes to install new underground conduits or replace existing underground conduits within or under the Right-of-way, it shall notify the City as soon as reasonable prior to such construction and shall allow the City, at its own expense and without charge to the Company, to share the trench of the Company to lay its own conduit. The City's access may not unreasonably interfere with the Company's Facilities, the utility systems of other entities lawfully permitted in the Right-of-way, or delay the accomplishment of the project.

(c) Excess Capacity. If requested by the City under Subsections (a) and (b), the design of any new or upgraded infrastructure of the Company shall provide for capacity

dedicated for City use. The City shall pay all costs of design, construction, and maintenance of such infrastructure associated with such additional capacity.

(d) Indemnification. The City shall indemnify and hold harmless the Company, its officers, employees, agents, and servants against and from any and all claims, demands, causes of action, suits, proceedings, regardless of the merits of the same, damages, including damages to Company property, liability, and costs or expenses of every type, all or any part thereof which arises by reason of any injury to any person or persons, including death, or property damage, resulting from the gross negligence of the City, its officers, boards, commissions, agents, employees, and servants which may be occasioned by the use set forth in this Section or while performing any functions in proximity with the Company's operations under this Agreement except to the extent caused by Company's negligence.

SECTION 23. FAILURE TO RENEW AGREEMENT.

If this Agreement is not renewed prior to the expiration of its term and the City has not purchased or condemned the Facilities, the Company and the City agree to abide by the terms of this Agreement for one (1) year after such expiration or until a new agreement is reached, whichever occurs first.

SECTION 24. REMOVAL OF FACILITIES.

When the Company abandons any of its Facilities and records such abandonment pursuant to A.RS. § 40-360.30(A), it shall notify the City of such abandonment. Abandoned Facilities shall be removed from the Right-of-way to the satisfaction of the City at Company's cost unless permitted by the City to be left in place in such manner as the City may prescribe. The Company shall, to the satisfaction of and without cost or expense to the City, promptly remove such Facilities. All City property affected by such removal shall be repaired and restored by the Company consistent with the provisions of this Agreement upon written notice from the City. Any such Facilities which are not removed within one hundred twenty (120) days of either the date of abandonment or of the date the City issues a permit authorizing removal, whichever is later, shall automatically incur charges to be determined by the City. For the purposes of this Section, "abandoned" has the same meaning as that term has in A.R.S. § 40-360.21(1).

SECTION 25. SUCCESSORS OR ASSIGNS.

(a) Assignment Requirements. The right, privilege, or franchise granted by this Agreement shall not be leased, assigned, or otherwise alienated without the express consent of the City evidenced by an ordinance or resolution passed by the Council. The Company shall provide not less than ninety (90) days' notice to the City prior to any such assignment. No dealing with the lessee or its assigns on the part of the City to require the performance of any act or payment of any compensation by the lessee or his assigns shall be deemed to operate as such consent. Any assignment shall become effective upon the passage of an ordinance or

resolution by the City and written acceptance of this Agreement and any renegotiated terms by the successor.

(b) City Consent Provided. The consent of the City is given to the Company to subject this grant and any property constructed or operated under it to any present or future mortgage or other charge incurred by the Company in the ordinary course of business solely for the purpose of securing bonds, notes, or other obligations of the Company. A mortgagee, creditor, or trustee may exercise its rights under any such mortgage or charge without further consent of the City and may purchase at judicial, trustee's, or other involuntary sale and may own and exercise this Agreement and the rights granted by it, but shall be equally subject, with the Company, to the duties and obligations imposed by this Agreement.

SECTION 26. REGULATION BY THE CITY.

As required by the City Charter, the City expressly reserves to itself, subject to the limitations of the Constitution and laws of Arizona, the right, whether in terms reserved or not, to make all regulations which shall be necessary to secure, in the most ample manner, the safety, welfare and accommodation of the public, including, among other things, the right to pass and enforce ordinances to require proper and adequate extensions of the service of such grant, to protect the public from danger or inconvenience in the operation of any work or business authorized by this Agreement, and to make and enforce all such regulations as shall be reasonably necessary to secure adequate, sufficient, and proper service, extensions, and accommodations for the people and ensure their comfort and convenience. The City, subject to the limitations of the Constitution and laws of Arizona, shall have full power to enforce, by forfeiture or otherwise, compliance by the Company with all of the terms and conditions of this Agreement for the effective security of efficient service or for the continued maintenance of the property of the Company in good condition and repair throughout the term of this Agreement.

SECTION 27. DISPUTE RESOLUTION.

(a) In General. If a dispute exists regarding an obligation of the City or Company under this Agreement and the matter cannot be resolved through the mutual agreement of the parties, such controversy may be, but need not be submitted to arbitration. The arbitration procedures described in A.RS. § 12-1501, et seq. (Uniform Arbitration Act), shall be followed to the extent they do not conflict with the provisions of this Section.

(b) Dispute Resolution Board. All disputes regarding an obligation of the Company or City under this Agreement may be submitted to a Dispute Resolution Board. The Board shall consist of one member selected by the City, one member selected by the Company, and a third person agreed upon by both parties. The person agreed upon by both parties shall be chairperson of the Board. The City and the Company shall share expenses for the Board equally.

(c) Decisions of the Board. The Board shall hear disputes promptly and render an

opinion as soon as possible but in no event later than sixty (60) days after the Board has concluded the arbitration proceedings. Decisions of the Board are not binding on the City or the Company.

SECTION 28. ENTIRE AGREEMENT.

This Agreement constitutes the entire agreement of the parties. There have been no representations made other than those contained in this Agreement or any exhibits.

SECTION 29. SEVERABILITY.

(a) In General. Except as provided in Subsection (b), if any provision of this Agreement is adjudged invalid or unconstitutional, the same shall not affect the validity of this Agreement as a whole or any part of the provisions hereof other than the part so adjudged to be invalid or unconstitutional.

(b) Exception. If any part of Section 10 is adjudged invalid or unconstitutional, this entire Agreement will be deemed to be invalid and without effect.

SECTION 30. INDEMNIFICATION AND INSURANCE.

(a) Indemnification. Except to the extent caused by the gross negligence or willful misconduct of the City, the Company shall indemnify, defend, and hold harmless the City from any and all claims, demands, suits, actions, proceedings, loss, cost, and damages of every kind and description, including any reasonable attorney's fees and/or litigation expenses, which may be brought or made against or by any person, caused by, arising out of, or contributed to, in part, by reasons of any act, omission, professional error, fault, mistake, or negligence of the Company, its employees, agents, representatives, or affiliates, their employees, agents, or representatives in connection with or incidental to the performance of this Agreement, or arising out of worker's compensation claims, unemployment compensation claims, or unemployment disability compensation claims of employees of the Company and/or its affiliates or claims under similar such laws or obligations.

(b) Insurance. The Company shall maintain throughout the term of this Agreement liability insurance to adequately insure and/or protect the legal liability of the Company with respect to the installation, operation, and maintenance of its Facilities together with all the necessary and desirable appurtenances authorized by this Agreement to occupy the Right-of-way. Such insurance program will provide protection for bodily injury and property damage including contractual liability and legal liability for damages arising from the operation by the Company of its Facilities. Such insurance program shall comply with the insurance requirements of the City Risk Manager. The Company shall file with the City documentation of such liability insurance program within sixty (60) days following the effective date of this Agreement and thereafter upon request of the City. Failure to file such documentation shall render this Agreement voidable at the option of the City. The policy limits or any insurance

maintained in compliance with this Section shall not limit the Company's indemnification requirements under Subsection (a).

SECTION 31. FORCE MAJEURE.

The Company shall not be deemed to be in violation of this Agreement for the delay of performance or failure to perform in whole or in part its obligations under this Agreement due to strike, war or act of war (whether an actual declaration is made or not), insurrection, riot, act of public enemy, fire, flood, act of God, or by other events to the extent that such events are caused by circumstances beyond the Company's control and are not caused by negligence on the part of the Company or any person acting on its behalf. In the event that the delay in performance or failure to perform affects only part of the Company's capacity to perform its obligations under this Agreement, the Company shall perform such obligations to the extent it is able to do so in as expeditious a manner as possible. The Company shall promptly notify the City in writing of an event covered by this Section and the date, nature, and cause of the event. The Company, in such notice, shall indicate the anticipated extent of such delay and the obligations under this Agreement that will or may be affected by the delay or failure to perform.

SECTION 32. AFFIRMATIVE ACTION.

The Company and its affiliates shall adhere to a policy of equal employment opportunity and demonstrate an affirmative effort to recruit, hire, promote, and upgrade the position of employees regardless of race, color, religion, ancestry, sex, age, physical handicap, national origin, sexual or affectional preferences, or marital status.

SECTION 33. ELECTION.

This Agreement shall be submitted to be voted upon by the qualified electors residing within the corporate limits of the City at a general or special municipal election of the City to be held for that purpose. Before calling any such election, the estimated expenses of the election, to be determined by the Council, shall be first deposited by the Company for such franchise with the City Clerk.

SECTION 34. NOTICES.

Any notice required or permitted to be given hereunder shall be in writing, unless otherwise expressly permitted or required, and shall be deemed effective either (i) upon hand delivery to the person then holding the office shown on the attention line of the address below, or, if such office is vacant or no longer exists, to a person holding a comparable office, or (ii) on the third business day following its deposit with the United States Postal Service, first class and certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

To City:

City of Tucson
Attn: City Manager
255 W. Alameda
Tucson, AZ 85701

Copy to:

City of Tucson
Attn: Utility Coordinator
Department of Transportation and Mobility
201 N. Stone Avenue
Tucson, AZ 85701

To Company:

Tucson Electric Power Company
Attn: Manager, Land Resources
88 E. Broadway Blvd.
Tucson, AZ 85701

Copy to:

Tucson Electric Power Company
Attn: General Counsel
88 E. Broadway Blvd.
Tucson, AZ 85701

The Company shall maintain within the City throughout the term of this Agreement an address for service of notices from the City by mail and a local office and telephone number for the conduct of matters relating to this Agreement during normal business hours. The Company shall provide to the City, within thirty (30) days after the effective date of this Agreement, the name, position, and address of the individual who is designated by the Company to receive notices from the City pursuant to or concerning this Agreement.

PASSED, ADOPTED AND APPROVED by the Mayor and Council of City of Tucson, Arizona, on this ____ day of _______________, 2023.

APPROVED:

____
The Honorable Regina Romero, Mayor
City of Tucson, Arizona

ATTEST:

____
Suzanne Mesich
City Clerk

APPROVED AS TO FORM:

____
Mike Rankin
Attorney for City of Tucson

ACCEPTED WITHOUT CHANGE:

____
Tucson Electric Power Company
By: Orrin Terryl Nay, Vice President

____
Date