

ELECTRICAL DISTRICT NO. 3 OF PINAL COUNTY



RIDER NO. 09

PREFERENCE POWER RIDER

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REVISION NO.: 0

EFFECTIVE: 10/01/2017

Applicability

This Rider is for retail customers that were awarded hydro power from Hoover Dam. It explains how ED3 will deliver the power to the customer and net it off of their retail bill.

Conditions

This Preference Power Rider (PPR) is applicable to ED3 customers who receive a firm electric service allocation of preference power from the Western Area Power Administration ("WAPA"), or the Arizona Power Authority ("APA"). Schedule PPR is applicable to all Preference Power allocations awarded from WAPA or APA after October 01, 2017.

Definitions

Preference Power Allotment ("Allotment", "Preference Power"): Hydro power, energy and capacity, awarded to the customer from WAPA as recorded in the Federal Register or from the APA, as specified in an Electrical Supply Agreement.

Hydro Power: Electricity produced from generators that are run by moving water. No firming or layoff power will be allowed.

Preference Power Bill Crediting

ED3 will schedule all of the Preference Power according to ED3's system requirements and manage any delivery and coordination details. Any Preference Power not scheduled by ED3, or not available during the ED3's desired time periods, will not be eligible for bill crediting under this program.

ED3 will take delivery of the Preference Power, up to the customer's Allotment, at a delivery point specified by ED3 and the customer and transport it to the customer's business location at no additional charge above the current retail rate for power transmission and delivery. The standard delivery point for Preference Power from the Hoover Dam will be the Mead 230 kV substation.

The customer will designate one retail account, as the primary account to receive the Preference Power. The customer may also designate a back-up account in the event the load from the designated primary account falls below the Preference Power Allotment in an occasional month. If the customer's Preference Power Allotment is greater than any single account then up to three accounts may be used.

The customer may change their Preference Power account designations once per calendar year.

The amount of Preference Power will be limited to the customer's annual and seasonal Allotment. However, the customer may schedule additional Preference Power during the summer season (March - September) and less during the winter (October - February), as long as the annual total does not exceed the annual Allotment.

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The amount of the Preference Power credit will also be limited to the kWh on the customer's monthly retail bill for the designated account(s).

The customer's monthly bill will first be calculated without the Preference Power according to the customer's standard retail rate schedule.

The Preference Power energy scheduled for the month will then be credited off of the retail charges based on the credit rates in this rate rider.

The credit rates shown below for Preference Power will be revised from time to time to reflect changes in ED3's costs to serve.

ED3 Large General Service Bill Crediting Analysis

2016 Rate 3 - Large General Service Rates

Basic Service Charge/meter-mo	\$78.72
Demand Charge / kW-mo	\$10.85
Energy Charge / kWh	\$0.0541
PPCA Charge/kWh	\$0.0270

Large GS Billing Determinants

Accounts (82 accounts*12 months)	984
Billing Demand kW-months	168,514
Billing Energy kWh	<u>56,593,801</u>
Billing \$	\$6,495,595

Average Billing/kWh	\$0.1148	A
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Less Costs to Serve (\$/kWh)

Distribution O&M	(\$0.03949)
3rd Party Transmission	(\$0.00710)
Customer Service (A&G)	<u>(\$0.00839)</u>

Total Average Cost to Serve	(\$0.05498)	B
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Net - Power Supply Costs	\$0.05982	C=A + B
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Average System Losses (less)	8%	D
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Generation Rate Credit	\$0.05503	E=C*(1-D)
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Contract

Customer must enter into a "Bill Crediting Agreement for Customers with Preference Power" with ED3 prior to receiving service under the PPR. This agreement will specify, among other things, the customer accounts receiving Preference Power and the amount of the Preference Power Allotment.