

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the day and year first above written.


ARIZONA PUBLIC SERVICE COMPANY

By: _____
Its: _____

EL PASO ELECTRIC COMPANY

By: _____
Its: _____

PUBLIC SERVICE COMPANY OF NEW MEXICO

By: 
Its: Vice President, PNM Generation

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

By: _____
Its: _____

Reviewed by SRP Legal Services

By: _____
Its: _____

SOUTHERN CALIFORNIA EDISON COMPANY

By: _____
Its: _____

TUCSON ELECTRIC POWER COMPANY

By: _____
Its: _____

DMEAST #16302974 v7

Signature Page to
Amendment No. 7 to Project Co-Tenancy Agreement

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the day and year first above written.

ARIZONA PUBLIC SERVICE COMPANY

By: _____
Its: _____

EL PASO ELECTRIC COMPANY

By: _____
Its: _____

PUBLIC SERVICE COMPANY OF NEW MEXICO

By: _____
Its: _____

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

By: [Signature]
Its: Associate General Manager
+ Chief Power System Executive
Reviewed by SRP Legal Services

By: [Signature]
Its: Senior Attorney

SOUTHERN CALIFORNIA EDISON COMPANY

By: _____
Its: _____

TUCSON ELECTRIC POWER COMPANY

By: _____
Its: _____

DMEAST #16302974 v7

Signature Page to
Amendment No. 7 to Project Co-Tenancy Agreement

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the day and year first above written.

ARIZONA PUBLIC SERVICE COMPANY

By: _____
Its: _____

EL PASO ELECTRIC COMPANY

By: _____
Its: _____

PUBLIC SERVICE COMPANY OF NEW MEXICO

By: _____
Its: _____

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

By: _____
Its: _____

Reviewed by SRP Legal Services

By: _____
Its: _____

SOUTHERN CALIFORNIA EDISON COMPANY

By: 
Its: Vice President and Treasurer

TUCSON ELECTRIC POWER COMPANY

By: _____
Its: _____

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the day and year first above written.

ARIZONA PUBLIC SERVICE COMPANY

By: _____
Its: _____

EL PASO ELECTRIC COMPANY

By: _____
Its: _____

PUBLIC SERVICE COMPANY OF NEW MEXICO

By: _____
Its: _____

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

By: _____
Its: _____

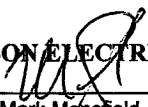
Reviewed by SRP Legal Services

By: _____
Its: _____

SOUTHERN CALIFORNIA EDISON COMPANY

By: _____
Its: _____

TUCSON ELECTRIC POWER COMPANY

By:  _____
Its: Mark Mansfield, VP Generation

DMEAST #16302974 v7

Signature Page to
Amendment No. 7 to Project Co-Tenancy Agreement

FOUR CORNERS PROJECT
OPERATING AGREEMENT
AMENDMENT NO. 13

1. PARTIES:

The parties to this Amendment No. 13 (this "Amendment") to the Four Corners Project Operating Agreement (the "Operating Agreement") are: ARIZONA PUBLIC SERVICE COMPANY, an Arizona corporation; EL PASO ELECTRIC COMPANY, a Texas corporation; PUBLIC SERVICE COMPANY OF NEW MEXICO, a New Mexico corporation; SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, an agricultural improvement district, organized and existing under the laws of the State of Arizona; SOUTHERN CALIFORNIA EDISON COMPANY, a California corporation; and TUCSON ELECTRIC POWER COMPANY, an Arizona corporation, formerly known as Tucson Gas & Electric Company (collectively, hereinafter referred to as the "Participants").

2. RECITALS:

This Amendment is made with reference to the following facts, among others:

- 2.1. The Operating Agreement has been amended by Amendment No. 1, dated August 5, 1974; Amendment No. 2, dated September 1, 1975; Amendment No. 3, dated March 23, 1981; Amendment No. 4, dated January 21, 1982; Amendment No. 5, dated January 11, 1982; Amendment No. 6, dated February 25, 1982; Amendment No. 7, dated January 1, 1983; Amendment No. 8, dated July 5, 1989; Amendment No. 9, dated October 6, 1989; Amendment No. 10, dated May 30, 1991;

Amendment No. 11, dated May 23, 1997; and Amendment No. 12, dated February 3, 2000.

2.2 The Participants wish to now amend or otherwise modify the Operating Agreement in order to create a Switchyard Engineering and Operating Committee that will, in lieu of the Engineering and Operating Committee, oversee the operation and maintenance of the Switchyard Facilities, as provided for in this Amendment.

2.3 Capitalized terms not otherwise defined in this Amendment shall have the meanings given to them in the Operating Agreement.

3. AGREEMENT:

For and in consideration of the premises and the mutual obligations of, and undertakings by, the Participants, as hereinafter provided in this Amendment, the Participants agree as follows:

4. DEFINITIONS:

The term "Switchyard Facilities" shall have the meaning given to it in Section 5.72 of the Operating Agreement. Exhibit 1 of this Amendment, however, is included as a reference with respect to the ownership percentages of the Switchyard Facilities.

5. COORDINATION COMMITTEE; CHANGE IN SCOPE OF RESPONSIBILITIES:

The Operating Agreement is hereby amended by adding the following to Section 7.2:

7.2.5. Exercise general supervision over the Switchyard Engineering and Operating Committee.

7.2.6. Consider and act upon all matters referred to the Coordination Committee by the Switchyard Engineering and Operating Committee.

6. ENGINEERING AND OPERATING COMMITTEE; CHANGE IN SCOPE OF RESPONSIBILITIES:

Section 8 of the Operating Agreement is hereby amended by adding the following to the end of Section 8.1:

The Engineering and Operating Committee's functions and responsibilities set forth in this Operating Agreement shall no longer apply to the Switchyard Facilities, to the extent the continued application of such functions and responsibilities to the Switchyard Facilities after the effectiveness of this Amendment would be duplicative of, or inconsistent with, the functions and responsibilities of the Switchyard Engineering and Operating Committee for the Switchyard Facilities under this Operating Agreement or assigned to the Switchyard Engineering and Operating Committee by the Coordination Committee.

7. SWITCHYARD ENGINEERING AND OPERATING COMMITTEE:

The Operating Agreement is hereby amended by adding Section 8A as follows:

8A.1. The Switchyard Engineering and Operating Committee is hereby established. It shall consist of not more than two representatives designated by each of the Participants. Each such representative shall be authorized by the Participant by whom he or she is designated to act on its behalf, with respect to those matters that are the responsibilities of the Switchyard Engineering and Operating Committee.

8A.2. The Switchyard Engineering and Operating Committee shall be and remain in existence during the term of the Operating Agreement; provided, however, that any action or determination of the Switchyard Engineering and Operating Committee shall require an affirmative vote of all Participants, acting through

their respective representatives, that have an ownership interest in that portion of the Four Corners Project that is the subject matter of the action or determination. Only those Participants having an ownership interest in that portion of the Four Corners Project that is the subject matter of an action or determination may participate in the discussions relating to such action or determination; provided, however, that this restriction shall apply only when required by a regulatory authority with jurisdiction over the Participants(s), an applicable code of conduct, or a Participant's reasonable competitive concerns.

8A.3. The Switchyard Engineering and Operating Committee shall have the following functions and responsibilities for the Switchyard Facilities:

8A.3.1. Review and approve the following items to the extent related to the performance of Operating Work related to the Switchyard Facilities:

8A.3.1.1. Practices and procedures for accounting for transmission losses applicable to the Switchyard Facilities.

8A.3.1.2. The annual capital expenditures budget.

8A.3.1.3. The annual operating and maintenance budget.

8A.3.1.4. The written statement of operating and maintenance practices and procedures.

8A.3.1.5. Planned maintenance schedules.

8A.3.1.6. Policies for establishing inventories of Emergency Spare Parts, and Materials, and Supplies.

- 8A.3.1.7. Statistical and administrative reports, budgets and information, and other similar records, and the form and preparation thereof, to be kept and performed by the Operating Agent.
 - 8A.3.1.8. Procedures for determining the Capacity of the Switchyard Facilities.
 - 8A.3.1.9. Procedures for capital and operating and maintenance expenditures.
 - 8A.3.1.10. Procedures for performance testing.
 - 8A.3.1.11. Procedures for maintaining complete and accurate Power and Energy accounting, as applicable to the Switchyard Facilities only.
 - 8A.3.1.12. In consultation with the Operating Agent and Engineering and Operating Committee, procedures for managing Operating Emergencies or curtailed operations.
- 8A.3.2. In conjunction with the Engineering and Operating Committee, establish the criteria under which Unit 3 will be tripped, in accordance with the Unit Tripping Agreement.
- 8A.3.3. Perform such other functions and responsibilities as may be assigned to it from time to time by the Coordination Committee.
- 8A.4. The Switchyard Engineering and Operating Committee shall have no authority to modify any of the provisions of the Operating Agreement.

- 8A.5. The Switchyard Engineering and Operating Committee shall keep written minutes and records of all meetings, and any action or determination made by the Switchyard Engineering and Operating Committee shall be reduced to writing and shall become effective when signed by either representative of each Participant on the Switchyard Engineering and Operating Committee or an authorized alternate except that, in the event of an Operating Emergency, action may be taken or a determination may be made on the basis of oral approvals and such action or determination subsequently shall be reduced to writing.
- 8A.6. Each Participant shall notify the other Participants promptly of any change in the designation of its representatives on the Switchyard Engineering and Operating Committee. Any of the Participants may, by written notice to the other Participants, designate an alternate or substitute to act as such representative in the absence of any of its regular members or to act on specified occasions with respect to specified matters.
- 8A.7. The Switchyard Engineering and Operating Committee shall direct that, pursuant to FERC requirements, an ad hoc committee be formed to review all Participant and third party requests to add facilities or interconnect to the Switchyard Facilities.
- 8A.8. The Switchyard Engineering and Operating Committee shall have the authority to review and approve requests from any Participant to affix its name to Switchyard Facilities capital items, the granting of such approval only being subject to guidelines to be established by the Switchyard Engineering and Operating Committee as to the manner and location on which the name shall be affixed.

8. EXECUTION BY COUNTERPARTS:

This Amendment may be executed in any number of counterparts, and upon execution by all of the Participants, the counterparts shall have the same force and effect as an original instrument and as if all of the Participants had signed the same instrument. Any signature page of this Amendment may be detached from any counterpart of this Amendment without impairing the legal effect of any signature thereon, and may be attached to another counterpart of this Amendment identical in form hereto but having attached to it one or more signature pages.

9. EFFECT OF AMENDMENTS:

Except as specifically amended or otherwise modified herein, the Operating Agreement, as previously amended, shall remain in full force and effect.

10. EFFECTIVE DATE:

This Amendment shall be effective upon the date when executed by all of the Participants.

[Remainder of page intentionally left blank; signature page follows]

11. SIGNATURE CLAUSE:

The signatories hereto represent that they have been appropriately authorized to enter into this Amendment on behalf of the party for whom they sign. This Amendment is hereby executed as of the 1st day of December, 2010.

ARIZONA PUBLIC SERVICE COMPANY

By _____

Its _____

EL PASO ELECTRIC COMPANY

By _____

Its _____

PUBLIC SERVICE COMPANY OF NEW MEXICO

By _____

Its _____

SOUTHERN CALIFORNIA EDISON COMPANY

By _____

Its _____

TUCSON ELECTRIC POWER COMPANY

By _____

Its _____

Review by SRP Legal Services

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT

By: _____

By: _____

Printed Name: _____

Its: _____

11. **SIGNATURE CLAUSE:**

The signatories hereto represent that they have been appropriately authorized to enter into this Amendment on behalf of the party for whom they sign. This Amendment is hereby executed as of the 1st day of December, 2010.

ARIZONA PUBLIC SERVICE COMPANY

By Wesley A. Starnes

Its _____

EL PASO ELECTRIC COMPANY

By _____

Its _____

PUBLIC SERVICE COMPANY OF NEW
MEXICO

By _____

Its _____

SOUTHERN CALIFORNIA EDISON COMPANY

By _____

Its _____

TUCSON ELECTRIC POWER COMPANY

By _____

Its _____

Review by SRP Legal Services

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT

By: _____

By: _____

Printed Name: _____

Its: _____

11. SIGNATURE CLAUSE:

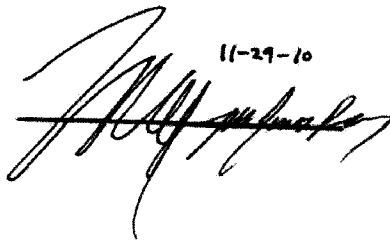
The signatories hereto represent that they have been appropriately authorized to enter into this Amendment on behalf of the party for whom they sign. This Amendment is hereby executed as of the 1st day of December, 2010.

ARIZONA PUBLIC SERVICE COMPANY

By _____

Its _____

**Reviewed and Approved
Legal Department**


11-29-10

EL PASO ELECTRIC COMPANY

By 

Its Vice President, PMSF

PUBLIC SERVICE COMPANY OF NEW
MEXICO

By _____

Its _____

SOUTHERN CALIFORNIA EDISON COMPANY

By _____

Its _____

TUCSON ELECTRIC POWER COMPANY

By _____

Its _____

Review by SRP Legal Services

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT

By: _____

By: _____

Printed Name: _____

Its: _____

11. **SIGNATURE CLAUSE:**

The signatories hereto represent that they have been appropriately authorized to enter into this Amendment on behalf of the party for whom they sign. This Amendment is hereby executed as of the 1st day of December, 2010.

ARIZONA PUBLIC SERVICE COMPANY

By _____

Its _____

EL PASO ELECTRIC COMPANY

By _____

Its _____

PUBLIC SERVICE COMPANY OF NEW
MEXICO

By Patrick Chung

Its VP GENERATION

SOUTHERN CALIFORNIA EDISON COMPANY

By _____

Its _____

TUCSON ELECTRIC POWER COMPANY

By _____

Its _____

Review by SRP Legal Services

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT

By: _____

By: _____

Printed Name: _____

Its: _____

11. SIGNATURE CLAUSE:

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ARIZONA PUBLIC SERVICE COMPANY

By _____

Its _____

EL PASO ELECTRIC COMPANY

By _____

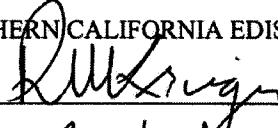
Its _____

PUBLIC SERVICE COMPANY OF NEW MEXICO

By _____

Its _____

SOUTHERN CALIFORNIA EDISON COMPANY

By 

Its Vice President

TUCSON ELECTRIC POWER COMPANY

By _____

Its _____

Review by SRP Legal Services

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT

By: _____

By: _____

Printed Name: _____

Its: _____

11. SIGNATURE CLAUSE:

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ARIZONA PUBLIC SERVICE COMPANY

By _____

Its _____

EL PASO ELECTRIC COMPANY

By _____

Its _____

PUBLIC SERVICE COMPANY OF NEW MEXICO

By _____

Its _____

SOUTHERN CALIFORNIA EDISON COMPANY

By _____

Its _____

TUCSON ELECTRIC POWER COMPANY

By 

Its Vice President; GENERATION

Review by SRP Legal Services

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT

By: _____

By: _____

Printed Name: _____

Its: _____

11. SIGNATURE CLAUSE:

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ARIZONA PUBLIC SERVICE COMPANY

By _____

Its _____

EL PASO ELECTRIC COMPANY

By _____

Its _____

PUBLIC SERVICE COMPANY OF NEW
MEXICO

By _____

Its _____

SOUTHERN CALIFORNIA EDISON COMPANY

By _____

Its _____

TUCSON ELECTRIC POWER COMPANY

By _____

Its _____

Review by SRP Legal Services

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT

By: _____

By: David H. Argbani

Printed Name: _____

Its: Associate General Manager

AMENDMENT NO. 14 TO FOUR CORNERS PROJECT OPERATING AGREEMENT

THIS AMENDMENT NO. 14 TO FOUR CORNERS PROJECT OPERATING AGREEMENT (this "Amendment") is made and entered into as of December 30, 2013, by and among ARIZONA PUBLIC SERVICE COMPANY, an Arizona corporation ("Arizona"); EL PASO ELECTRIC COMPANY, a Texas corporation ("El Paso"); PUBLIC SERVICE COMPANY OF NEW MEXICO, a New Mexico corporation ("New Mexico"); SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, an agricultural improvement district, organized and existing under the laws of the State of Arizona ("Salt River Project"); SOUTHERN CALIFORNIA EDISON COMPANY, a California corporation ("Edison"); and TUCSON ELECTRIC POWER COMPANY, an Arizona corporation ("Tucson"). Arizona, El Paso, New Mexico, Salt River Project, Edison and Tucson are herein collectively referred to as the "Parties".

RECITALS

The Parties entered into the Four Corners Project Operating Agreement, effective as of March 1, 1967, and amendments thereto through Amendment No. 13, dated December 1, 2010 (as amended by such amendments, the "Operating Agreement"), providing, among other things, for the operation and management of the Four Corners Project.

Arizona and Edison are parties to a Purchase and Sale Agreement, dated as of November 8, 2010 (the "Purchase Agreement"), providing, among other things, for the sale by Edison to Arizona, and the purchase by Arizona from Edison, of Edison's interests in the Four Corners Project and the Facilities Switchyard (the "Edison Interest Transfer").

Following the Edison Interest Transfer, Arizona, the owner of the Initial Four Corners Plant, intends to retire Units 1, 2 and 3 of the Initial Four Corners Plant.

This Amendment will take effect on the Amendment No. 14 Effective Date, as defined herein.

STATEMENT OF AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. ***Defined Terms.*** Defined terms used but not defined in this Amendment shall have the respective meanings ascribed to such terms in the Operating Agreement.
2. ***Amendment of Section 1.*** Section 1 is hereby amended to delete "SOUTHERN CALIFORNIA EDISON COMPANY, a California corporation (hereinafter referred to as "Edison");" from the eighth line thereof.
3. ***Amendment of Section 2.5.*** Section 2.5 is hereby amended to substitute "Southern California Edison Company, a California corporation (hereinafter referred to as "Edison");" for "Edison" in the first line thereof, and to add the following sentence immediately

following the last sentence thereof: "Amendment No. 14 to this Agreement provides, among other things, for updated ownership percentages as they existed following the consummation of the transfer to Arizona by Edison of Edison's interests in the Four Corners Project pursuant to that certain Purchase and Sale Agreement, dated as of November 8, 2010 (the "Purchase Agreement"). As of the effective date of Amendment No. 14 to this Agreement, Edison will no longer be a party to this Agreement, and all references to Edison as well as Edison's designation as a Participant, as that term is defined in Section 5.56 herein, are limited to facts or matters occurring or agreements entered into prior to the effective date of Amendment No. 14 to this Agreement."

4. ***Amendment of Section 5.23.*** Section 5.23 is hereby amended to substitute "and as amended from time to time" for the clause "and as amended by Amendment No. 3 executed contemporaneously with Amendment No. 6 to this Operating Agreement."

5. ***Amendment of Section 5.47.*** Section 5.47 is hereby amended to add after the word "Agreement" the following:

" , as amended from time to time. References in the Operating Agreement to the effective date thereof or of a particular provision shall mean the effective date of the original Operating Agreement or of the particular provision when first referenced in the original Operating Agreement, as then amended.

6. ***Amendment of Section 5.56.*** Section 5.56 is hereby amended to delete " , Edison" in the second line thereto, and to add the following clause immediately following "Project" in the third line thereof: " , and, when referring specifically to facts or matters occurring or agreements entered into prior to the effective date of Amendment No. 14 to this Agreement, Edison", and to add the following sentence immediately following the last sentence thereof: "The term "Original Participants" shall refer to Arizona, El Paso, New Mexico, Salt River Project, Edison and Tucson."

7. ***Amendment of Section 6.2.*** Section 6.2 is hereby amended to delete " , Edison" from the first line thereof.

8. ***Amendment of Section 8A.3.2.*** Section 8A.3.2 is hereby amended to add the following sentence at the end thereof:

"Upon the retirement of each of Units 1, 2 and 3, this Section 8A.3.2 shall be of no force and effect."

9. ***Amendment of Section 8.2.3.*** Section 8.2.3 is hereby amended to read in full as follows:

"Establish procedures for the delivery of coal to the Minimum Coal Storage Pile if one is maintained."

10. ***Deletion of Section 8.2.9.*** Section 8.2.9 is hereby deleted in its entirety and Section 8.2.10 is renumbered Section 8.2.9.

11. **Amendment of Section 17.1.1.2.** Section 17.1.1.2 is hereby amended to substitute "63%" for "15%" in the first line thereof, and to delete "Edison 48%" in the second line thereof.

12. **Amendment of Section 17.1.1.3.** Section 17.1.1.3 is hereby amended to substitute "75.33%" for "43.33%" in the first line thereof, and to delete "Edison 32%" in the second line thereof.

13. **Amendment of Section 17.1.1.4.** Section 17.1.1.4 is hereby amended to substitute "52.23%" for "40.23%" in the first line thereof, and to delete "Edison 12%" in the second line thereof.

14. **Amendment of Section 17.1.1.6.** Section 17.1.1.6 is hereby amended to substitute "57.90%" for "54.44%" in the first line thereof, and to delete "Edison 3.46%" in the second line thereof.

15. **Amendment of Section 17.1.1.7.** Section 17.1.1.7 is hereby amended to substitute "63%" for "15%" in the first line thereof, and to delete "Edison 48%" in the second line thereof.

16. **Amendment of Section 17.1.1.8.** Section 17.1.1.8 is hereby amended to substitute "62.45%" for "19.25%" in the first line thereof, and to delete "Edison 43.2%" in the second line thereof.

17. **Amendment of Section 17.1.1.9.** Section 17.1.1.9 is hereby amended to read in full as follows:

"17.1.1.9(a) Common Facilities and Related Facilities - for Operating Costs incurred prior to, or required to satisfy liabilities related to operation of the Common and Related Facilities, prior to the effective date of Amendment No. 14.

Arizona	73.20%
El Paso	5.07%
New Mexico	9.42%
Salt River Project	7.24%
Tucson	5.07%

17.1.1.9(b) Common Facilities and Related Facilities - for all Operating Costs not covered by Section 17.1.1.9(a).

Arizona	63%
El Paso	7%
New Mexico	13%
Salt River Project	10%
Tucson	7%

provided, that if any of Units 1, 2 or 3 of the Initial Four Corners Plant is operated for a period after the effective date of Amendment No. 14, the Operating Agent shall adjust the percentages in this Section 17.1.1.9(b) during such period to reflect the operation of such Unit(s) at the Initial Four Corners Plant, subject to review by the Auditing Committee.

Operating Costs which cannot be assigned to any generating Unit or facility but apply to all units shall be shared among all Participants at the Enlarged Four Corners Generating Station in the same said percentages as the Common Facilities and Related Facilities.”

18. ***Amendment of Section 17.12.*** Section 17.12 is hereby amended to read in full as follows:

“17.12 The Participants shall reimburse Arizona for other costs incurred in operating the Four Corners Project which are not specifically delineated in the Operating Agreement. Such reimbursement shall be shared by the Participants in proportion to their respective Participant Share(s). The reimbursement methodology shall be determined pursuant to the guidelines presented in Sections 17.9.3, 17.9.4 and 17.9.5.”

19. ***Amendment of Section 19.19.*** Section 19.19 is hereby amended to substitute “81.50%” for “57.50%” in the fifth line thereof, and to delete “Edison 24.00%” from the ninth line thereof.

20. ***Amendment of Section 21.1.4.*** Section 21.1.4 is hereby amended to read in full as follows

“21.1.4. Physical damage insurance, covering the Four Corners Project”

21. ***Amendment of Section 24.1.1.*** Section 24.1.1 is hereby amended to add the following sentence after the final sentence thereof: “Normal delivery points for Arizona shall also be where Arizona’s 500kV transmission line is attached to the 500kV bus in the 500kV switchyard. Such point is shown on Exhibit 2 hereof as position #9.”

22. ***Amendment of Section 24.1.2.*** Section 24.1.2 is hereby amended to substitute “[Reserved]” for the text thereof.

23. ***Amendment of Section 24.2.1.*** Section 24.2.1 is hereby amended to add the following sentence after the final sentence thereof: “Arizona shall also be entitled to sufficient Capacity in the 345kV switchyard to permit 21.6 megawatts of its entitlement of Power and Energy from Units 4 and 5 to be delivered from said units, or from position #9 in the 500kV switchyard, to the point where the Connection to 345kV Switchyard Facilities is attached to the 345kV bus in the 345kV switchyard (positions #1 and #3).”

24. ***Amendment of Section 24.2.4.*** Section 24.2.4 is hereby amended to substitute “[Reserved]” for the text thereof.

25. ***Amendment of Section 24.4.*** Section 24.4 is hereby amended to substitute “57.90%” for “54.44%” in the third line thereof, and to delete “Edison 3.46%” in the fourth line thereof.

26. ***Deletion of Sections 26.3, 26.4, 26.5 and 26.6.*** Sections 26.3, 26.4, 26.5 and 26.6 are hereby deleted in their entirety.

27. ***Amendment of Section 32.1.3.*** Section 32.1.3 is hereby amended to read in full as follows:

“32.1.3. Public Service Company of New Mexico
c/o Secretary
Main Offices
Albuquerque, New Mexico 87158-1245”

28. ***Amendment of Section 32.1.5.*** Section 32.1.5 is hereby amended to substitute “[Reserved]” for the text thereof.

29. ***Amendment of Exhibit 2.*** Exhibit 2 is hereby amended as follows:

To substitute “63%” for “15%” in the first line of the “PROJECT ALLOCATION” table relating to the “CONNECTION TO RESERVE AUXILIARY POWER SOURCE,” and to delete “Edison 48%” from the second line thereof.

To substitute “57.90%” for “54.44%” in the first line of the “COST ALLOC. & OWNERSHIPS” table relating to the “NO.1 230/345KV BUS TIE TRANSFORMER,” and to delete “Edison 3.46%” from the second line thereof.

To substitute “62.45%” for “19.25%” in the first line of the “COST ALLOCATION & OWNERSHIPS” table relating to the “CONNECTION TO 345KV SWITCHYARD FACILITIES,” and to delete “Edison 43.20%” from the second line thereof.

To substitute “75.33%” for “43.33%” in the first line of the “COST ALLOCATION & OWNERSHIPS” table relating to the “500KV SWITCHYARD LIMITS,” and to delete “Edison 32.00%” from the second line thereof.

To substitute “52.23%” for “40.23%” in the first line of the “COST ALLOCATION & OWNERSHIPS” table relating to the “345KV SWITCHYARD LIMITS,” and to delete “Edison 12.00%” from the second line thereof.

To substitute “63%” for “15%” in the first line of the “PROJECT ALLOCATION” table relating to the “345/500KV, 4-16 250MVA EA.” diagram on the lower right corner of Exhibit 2, and to delete “Edison 48.00%” from the second line thereof.

30. ***Deletion of Exhibit 4.*** Exhibit 4 is hereby deleted in its entirety.

31. ***Amendment No. 14 Effective Date; Termination.*** The “Amendment No. 14 Effective Date” means the date of consummation of the Edison Interest Transfer pursuant to the Purchase Agreement (the “Edison Transfer Closing Date”); provided, however, that this Amendment will terminate if (a) Arizona or Edison provides written notice to the Parties to the effect that the Edison Transfer Closing Date will not occur, (b) the Purchase Agreement is terminated, or (c) the Edison Transfer Closing Date does not occur on or prior to December 31, 2013.

32. **Notices.** Any notice provided for in this Amendment shall be deemed properly served, given or made if delivered in person or sent by registered or certified mail, postage prepaid, to the persons specified below:

Arizona Public Service Company
c/o Secretary
P.O. Box 53999
Phoenix, Arizona 85072-3999

El Paso Electric Company
c/o Secretary
P.O. Box 982
El Paso, Texas 79960

Public Service Company of New Mexico
c/o Secretary
Main Offices
Albuquerque, New Mexico 87158-1245

Salt River Project Agricultural
Improvement and Power District
c/o Secretary
P.O. Box 1980
Phoenix, Arizona 85281

Southern California Edison Company
c/o Secretary
P.O. Box 800
Rosemead, California 91770

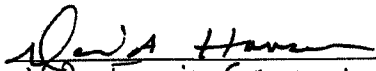
Tucson Electric Power Company
c/o Secretary
P.O. Box 711
Tucson, Arizona 85702

33. **Effect of Amendment.** The Parties acknowledge and agree that (a) except as specifically amended by this Amendment, the Operating Agreement is unamended, and (b) the Operating Agreement, as amended by this Amendment, remains in full force and effect.

34. **Counterparts; Facsimile.** This Amendment may be executed in any number of counterparts, each of which will be deemed an original, but all of which together shall constitute one and the same instrument. Any facsimile copies hereof or signature hereon shall, for all purposes, be deemed originals.

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the day and year first above written.

ARIZONA PUBLIC SERVICE COMPANY

By: 
Its: V.P. Fossil Generation

EL PASO ELECTRIC COMPANY

By: _____
Its: _____

**PUBLIC SERVICE COMPANY OF
NEW MEXICO**

By: _____
Its: _____

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

By: _____
Its: _____

Reviewed by SRP Legal Services

By: _____
Its: _____

**SOUTHERN CALIFORNIA EDISON
COMPANY**

By: _____
Its: _____

TUCSON ELECTRIC POWER COMPANY

By: _____
Its: _____

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the day and year first above written.

ARIZONA PUBLIC SERVICE COMPANY

By: _____
Its: _____

EL PASO ELECTRIC COMPANY

By: JV Shockley
Its: Chief Executive Officer

APPROVED AS TO FORM
OFFICE OF THE GENERAL COUNSEL _____

**PUBLIC SERVICE COMPANY OF
NEW MEXICO**

By: _____
Its: _____

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

By: _____
Its: _____

Reviewed by SRP Legal Services

By: _____
Its: _____

**SOUTHERN CALIFORNIA EDISON
COMPANY**

By: _____
Its: _____

TUCSON ELECTRIC POWER COMPANY

By: _____
Its: _____

DMEAST #16300040 v7

Signature Page to
Amendment No. 14 to Project Operating Agreement

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the day and year first above written.

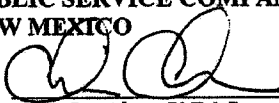
ARIZONA PUBLIC SERVICE COMPANY

By: _____
Its: _____

EL PASO ELECTRIC COMPANY

By: _____
Its: _____

**PUBLIC SERVICE COMPANY OF
NEW MEXICO**

By: 
Its: Vice President, PNM Generation

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

By: _____
Its: _____

Reviewed by SRP Legal Services

By: _____
Its: _____

**SOUTHERN CALIFORNIA EDISON
COMPANY**

By: _____
Its: _____

TUCSON ELECTRIC POWER COMPANY

By: _____
Its: _____

DMEAST #16300040 v7

Signature Page to
Amendment No. 14 to Project Operating Agreement

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the day and year first above written.

ARIZONA PUBLIC SERVICE COMPANY

By: _____
Its: _____

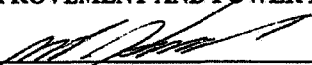
EL PASO ELECTRIC COMPANY

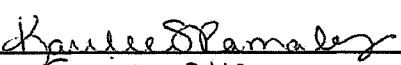
By: _____
Its: _____

**PUBLIC SERVICE COMPANY OF
NEW MEXICO**

By: _____
Its: _____

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

By: 
Its: Associate General Manager
& Chief Power System Executive
Reviewed by SRP Legal Services

By: 
Its: Senior Attorney

**SOUTHERN CALIFORNIA EDISON
COMPANY**

By: _____
Its: _____

TUCSON ELECTRIC POWER COMPANY

By: _____
Its: _____

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the day and year first above written.

ARIZONA PUBLIC SERVICE COMPANY

By: _____
Its: _____

EL PASO ELECTRIC COMPANY

By: _____
Its: _____

**PUBLIC SERVICE COMPANY OF
NEW MEXICO**

By: _____
Its: _____

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

By: _____
Its: _____

Reviewed by SRP Legal Services

By: _____
Its: _____

**SOUTHERN CALIFORNIA EDISON
COMPANY**

By: 
Its: Vice President and Treasurer

TUCSON ELECTRIC POWER COMPANY

By: _____
Its: _____

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the day and year first above written.

ARIZONA PUBLIC SERVICE COMPANY

By: _____
Its: _____

EL PASO ELECTRIC COMPANY

By: _____
Its: _____

**PUBLIC SERVICE COMPANY OF
NEW MEXICO**

By: _____
Its: _____

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

By: _____
Its: _____

Reviewed by SRP Legal Services

By: _____
Its: _____

**SOUTHERN CALIFORNIA EDISON
COMPANY**

By: _____
Its: _____

TUCSON ELECTRIC POWER COMPANY

By:  _____
Its: Mark Mansfield, VP Generation

AMENDMENT NO. 1 TO SHIPROCK - FOUR CORNERS PROJECT 345-KV SWITCHYARD INTERCONNECTION AGREEMENT

THIS AMENDMENT NO. 1 TO SHIPROCK - FOUR CORNERS PROJECT 345-KV SWITCHYARD INTERCONNECTION AGREEMENT (this "Amendment") is made and entered into as of December 30, 2013, by and among ARIZONA PUBLIC SERVICE COMPANY ("Arizona"), an Arizona corporation; EL PASO ELECTRIC COMPANY ("El Paso"), a Texas corporation; PUBLIC SERVICE COMPANY OF COLORADO ("PSCo"), a Colorado corporation; PUBLIC SERVICE COMPANY OF NEW MEXICO ("PNM"), a New Mexico corporation; SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT ("Salt River Project"), an agricultural improvement district, organized and existing under the laws of the State of Arizona; SOUTHERN CALIFORNIA EDISON COMPANY ("Edison"), a California corporation; TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC. ("Tri-State"), a Colorado cooperative corporation doing business in the states of Colorado, Nebraska, New Mexico, and Wyoming; TUCSON ELECTRIC POWER COMPANY ("Tucson"), an Arizona corporation; and THE UNITED STATES OF AMERICA acting by and through the Administrator, Western Area Power Administration, Department of Energy ("Western"), represented by the officer executing this Agreement or a duly appointed successor; individually referred to as "Party" and collectively as "Parties".

RECITALS

The Parties entered into the Shiprock - Four Corners Project 345-kV Switchyard Interconnection Agreement, accepted by the Federal Energy Regulatory Commission on September 23, 2002 (the "Interconnection Agreement"), providing, among other things, the terms and conditions relating to the relocation and upgrade of the Four Corners Project transmission line.

Arizona and Edison are parties to a Purchase and Sale Agreement, dated as of November 8, 2010 (the "Purchase Agreement"), providing, among other things, for the sale by Edison to Arizona, and the purchase by Arizona from Edison, of Edison's interests in the Four Corners Project and the Switchyard Facilities (the "Edison Interest Transfer").

This Amendment will take effect on the Amendment No. 1 Effective Date, as defined herein.

STATEMENT OF AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. ***Defined Terms.*** Defined terms used but not defined in this Amendment shall have the respective meanings ascribed to such terms in the Interconnection Agreement.
2. ***Amendment of Cover Page.*** The cover page of the Interconnection Agreement is hereby amended to delete "SOUTHERN CALIFORNIA EDISON COMPANY" therefrom.

3. ***Amendment of Section 1.*** Section 1 is hereby amended to delete "SOUTHERN CALIFORNIA EDISON COMPANY ("SCE"), a California corporation;" from the eighth line thereof.

4. ***Amendment of Section 2.*** Section 2 is hereby amended to add the following as Section 2.8 to the Interconnection Agreement:

"2.8 As of the effective date of Amendment No. 1 to the Interconnection Agreement, Southern California Edison Company, a California corporation ("SCE"), is no longer a party to the Interconnection Agreement or a Four Corners Participant as defined in Section 4.21 of the Interconnection Agreement following the consummation of the transfer to APS by SCE of SCE's interests in the Four Corners Project pursuant to that certain Purchase and Sale Agreement, dated as of November 8, 2010. The term "Original Parties" shall refer to APS, EPE, PSCO, PNM, SRP, SCE, Tri-State, TEP and Western."

5. ***Amendment of Section 4.15.*** Section 4.15 is hereby amended to delete "SCE," from the second line thereof.

6. ***Amendment of Section 4.21.*** Section 4.21 is hereby amended to delete "SCE," from the first line thereof.

7. ***Amendment of Section 4.32.*** Section 4.32 is hereby amended to delete "SCE," from the second line thereof.

8. ***Amendment of Section 35.1.*** Section 35.1 is hereby amended to delete the following:

"Southern California Edison Company
Attn: Secretary
P.O. Box 800
Rosemead, California 91770"

9. ***Amendment of Exhibit 1.*** Exhibit 1 is hereby amended to substitute the following "Ownership" table in its entirety for the "Ownership" table in the bottom right-hand corner of the exhibit:

<u>Ownership</u>			
APS	52.23%	SRP	10.00%
EPE	10.50%	TEP	4.65%
PNM	22.62%		

10. ***Amendment of Exhibit 4.*** Exhibit 4 is hereby amended to include the following paragraph following the "Notes" section thereof:

"This Exhibit 4 reflects the historical allocations of the Common Facilities Costs which were incurred under the Interconnection Agreement. Amendment No. 1 to the

Interconnection Agreement ("Amendment No. 1"), provides, among other things, for updated ownership percentages as they existed following the consummation of the transfer to APS by SCE of SCE's interests in the Four Corners Project pursuant to that certain PURCHASE AND SALE AGREEMENT, dated as of November 8, 2010 (the "Purchase Agreement"). As of the effective date of Amendment No. 1, SCE is no longer a party to the Interconnection Agreement."

11. ***Amendment of Exhibit 8.*** Exhibit 8 is hereby replaced by Attachment 1 to this Amendment.

12. ***Amendment of Exhibit 10.*** Exhibit 10 is hereby replaced by Attachment 2 to this Amendment.

13. ***Amendment No. 1 Effective Date; Termination.*** The "Amendment No. 1 Effective Date" means the date of consummation of the Edison Interest Transfer pursuant to the Purchase Agreement (the "Edison Transfer Closing Date"); provided, however, that this Amendment will terminate if (a) Arizona or Edison provides written notice to the Parties to the effect that the Edison Transfer Closing Date will not occur, (b) the Purchase Agreement is terminated, and Edison hereby agrees to provide written notice to the other Parties of such termination, within five (5) days of such termination, or (c) the Edison Transfer Closing Date does not occur on or prior to December 31, 2013.

14. ***Notices.*** Any notice provided for in this Amendment shall be deemed properly served, given or made if delivered in person or sent by registered or certified mail, postage prepaid, to the persons specified below:

Arizona Public Service Company
c/o Secretary
P.O. Box 53999
Phoenix, Arizona 85072-3999

El Paso Electric Company
c/o Secretary
P.O. Box 982
El Paso, Texas 79960

Public Service Company of Colorado
c/o Manager Transmission Operations West
P.O. Box 1078
Golden, Colorado 80402-1078

Public Service Company of New Mexico
c/o Secretary
Main Offices
Albuquerque, New Mexico 87158-1245

Salt River Project Agricultural
Improvement and Power District
c/o Secretary
P.O. Box 1980
Phoenix, Arizona 85281

Southern California Edison Company
c/o Secretary
P.O. Box 800
Rosemead, California 91770

Tri-State Generation and Transmission Association, Inc.
c/o Executive Vice President and General Manager
P.O. Box 33695
Denver, Colorado 80233

Tucson Electric Power Company
c/o Secretary
P.O. Box 711
Tucson, Arizona 85702

The United States of America
Western Area Power Administration
Colorado River Storage Project Management Center
c/o CRSP Manager
P.O. Box 11606
Salt Lake City, Utah 84147

15. *Compliance with Section 28 of Interconnection Agreement.* Pursuant to Section 28.2 of the Interconnection Agreement, Edison hereby provides notice to the other Parties of Edison's assignment of its interest in the Interconnection Agreement to Arizona. Arizona agrees to assume all obligations and duties of Edison under the Interconnection Agreement.

16. *Effect of Amendment.* The Parties acknowledge and agree that (a) except as specifically amended by this Amendment, the Interconnection Agreement is unamended, and (b) the Interconnection Agreement, as amended by this Amendment, remains in full force and effect.

17. *Counterparts; Facsimile.* This Amendment may be executed in any number of counterparts, each of which will be deemed an original, but all of which together shall constitute one and the same instrument. Any facsimile copies hereof or signature hereon shall, for all purposes, be deemed originals.

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the day and year first above written.

ARIZONA PUBLIC SERVICE COMPANY

By: [Signature]
Its: V.P. Fossil Generation

EL PASO ELECTRIC COMPANY

By: _____
Its: _____

**PUBLIC SERVICE COMPANY OF
COLORADO**

By: _____
Its: _____

**PUBLIC SERVICE COMPANY OF
NEW MEXICO**

By: _____
Its: _____

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

By: _____
Its: _____

Reviewed by SRP Legal Services

By: _____
Its: _____

**SOUTHERN CALIFORNIA EDISON
COMPANY**

By: _____
Its: _____

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the day and year first above written.

ARIZONA PUBLIC SERVICE COMPANY

By: _____
Its: _____

EL PASO ELECTRIC COMPANY

By: JV Shockley
Its: Chief Executive Officer

APPROVED AS TO FORM
OFFICE OF THE GENERAL COUNSEL

**PUBLIC SERVICE COMPANY OF
COLORADO**

By: _____
Its: _____

**PUBLIC SERVICE COMPANY OF
NEW MEXICO**

By: _____
Its: _____

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

By: _____
Its: _____

Reviewed by SRP Legal Services

By: _____
Its: _____

**SOUTHERN CALIFORNIA EDISON
COMPANY**

By: _____
Its: _____

DMEAST #16299595 v7

Signature Page to
Amendment No. 1 to Shiprock-Four Corners Project 345-KV Switchyard Interconnection Agreement

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the day and year first above written.

ARIZONA PUBLIC SERVICE COMPANY

By: _____
Its: _____

EL PASO ELECTRIC COMPANY

By: _____
Its: _____

**PUBLIC SERVICE COMPANY OF
COLORADO**

By: *V. D. Bore*
Its: _____
**Director, Transmission
Planning & Business Relations**

**PUBLIC SERVICE COMPANY OF
NEW MEXICO**

By: _____
Its: _____

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

By: _____
Its: _____

Reviewed by SRP Legal Services

By: _____
Its: _____

**SOUTHERN CALIFORNIA EDISON
COMPANY**

By: _____
Its: _____

DMEAST #16299595 v7

Signature Page to
Amendment No. 1 to Shiprock-Four Corners Project 345-KV Switchyard Interconnection Agreement

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the day and year first above written.

ARIZONA PUBLIC SERVICE COMPANY

By: _____
Its: _____

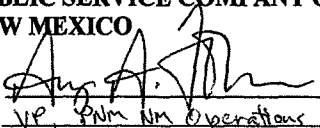
EL PASO ELECTRIC COMPANY

By: _____
Its: _____

**PUBLIC SERVICE COMPANY OF
COLORADO**

By: _____
Its: _____

**PUBLIC SERVICE COMPANY OF
NEW MEXICO**

By: 
Its: VP, PNM NM Operations

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

By: _____
Its: _____

Reviewed by SRP Legal Services

By: _____
Its: _____

**SOUTHERN CALIFORNIA EDISON
COMPANY**

By: _____
Its: _____

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the day and year first above written.

ARIZONA PUBLIC SERVICE COMPANY

By: _____
Its: _____

EL PASO ELECTRIC COMPANY

By: _____
Its: _____

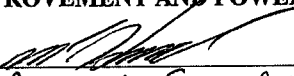
**PUBLIC SERVICE COMPANY OF
COLORADO**

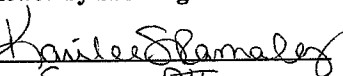
By: _____
Its: _____

**PUBLIC SERVICE COMPANY OF
NEW MEXICO**

By: _____
Its: _____

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

By: 
Its: Associate General Manager
+ Chief Power System Executive
Reviewed by SRP Legal Services

By: 
Its: Senior Attorney

**SOUTHERN CALIFORNIA EDISON
COMPANY**

By: _____
Its: _____

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the day and year first above written.

ARIZONA PUBLIC SERVICE COMPANY

By: _____
Its: _____

EL PASO ELECTRIC COMPANY

By: _____
Its: _____

**PUBLIC SERVICE COMPANY OF
COLORADO**

By: _____
Its: _____

**PUBLIC SERVICE COMPANY OF
NEW MEXICO**

By: _____
Its: _____

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

By: _____
Its: _____

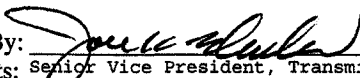
Reviewed by SRP Legal Services

By: _____
Its: _____

**SOUTHERN CALIFORNIA EDISON
COMPANY**

By: F. W. Boud
Its: Vice President and Treasurer

**TRI-STATE GENERATION AND
TRANSMISSION ASSOCIATION, INC.**

By: 
Its: Senior Vice President, Transmission

TUCSON ELECTRIC POWER COMPANY

By: _____
Its: _____

**THE UNITED STATES OF AMERICA
WESTERN AREA POWER
ADMINISTRATION**

By: _____
Its: _____


DMEAST #16299595 v7

Signature Page to
Amendment No. 1 to Shiprock-Four Corners Project 345-KV Switchyard Interconnection Agreement

**TRI-STATE GENERATION AND
TRANSMISSION ASSOCIATION, INC.**

By: _____
Its: _____

TUCSON ELECTRIC POWER COMPANY

By:  _____
Its: Mark Mansfield, VP Generation

**THE UNITED STATES OF AMERICA
WESTERN AREA POWER
ADMINISTRATION**

By: _____
Its: _____

DMEAST #16299595 v7

Signature Page to
Amendment No. 1 to Shiprock-Four Corners Project 345-KV Switchyard Interconnection Agreement

**TRI-STATE GENERATION AND
TRANSMISSION ASSOCIATION, INC.**

By: _____
Its: _____

TUCSON ELECTRIC POWER COMPANY

By: _____
Its: _____

**THE UNITED STATES OF AMERICA
WESTERN AREA POWER
ADMINISTRATION**

By: Ronald E. Moath
Its: TRANS SERV MGR

DMEAST #16299595 v7

Signature Page to
Amendment No. 1 to Shiprock-Four Corners Project 345-KV Switchyard Interconnection Agreement

**Attachment 1 to Amendment No. 1 to Shiprock -
Four Corners Project 345-KV Switchyard Interconnection Agreement**

EXHIBIT 8

**METHOD OF DETERMINING
INSURANCE EXPENSES FOR COMMON FACILITIES**

1) Total Plant – APS' Share	\$623,920,135	From 1999 FERC Form No. 1, Pg. 403, Line 16 + SCE Share 2013
2) Land and Plant Right – APS' Share	\$ 76,016	From 1999 FERC Form No. 1, Pg. 403, Line 13 + SCE Share 2013
3) Plant (Less Land and Land Rights) APS' Share = (1) - (2)	\$623,844,119	
4) APS' Share =	63%	From Section 6.2.1, Co-tenancy Agreement
5) Plant (Less Land and Land Rights) – Estimated Participants' Share = (3) + (4)	\$990,228,760	(Estimated Value) 63% used in (4) does not apply to common facilities, switchyard facilities, etc.
6) Annual Insurance Expenses – Participants		
All-risk Property	\$ 209,037	
Boiler and Machinery	\$ 138,409	
Liability	\$ 73,721	
Broker/Loss Fees	\$ <u>43,583</u>	
Total	\$ 467,750	1999 Expenses
7) Insurance Expenses/plant Cost - % = (6) ÷ (5)	0.047%	
8) Enlarged Switchyard Common Facilities	\$3,728,457	Total Cost from Exhibit 4
9) Enlarged Switchyard Common Facilities Insurance Expenses = (8) X (7)	\$ 1,752	
10) Interconnection Participants' Share	10.0%	CRR from Exhibit 7
11) Interconnection Participants' CRR Share Common Facilities Insurance Expenses = (10) X (9)	\$ 175	
12) Interconnection Facilities Estimated Cost	\$1,096,038	From Exhibit 9
13) Interconnection Participants' CRR	100.0%	
14) Interconnection Participants' Interconnection Facilities Insurance Expenses = (12) X (13) X (7)	\$ 515	
15) Interconnection Participants' Total Annual Insurance Expenses = (11) + (14)	\$ 690	

**Attachment 2 to Amendment No. 1 to Shiprock –
Four Corners Project 345-KV Switchyard Interconnection Agreement**

EXHIBIT 10

DETERMINATION OF ITCC COMPOSITE RATE

**ITCC COMPOSITE RATE
COMMON FACILITIES**

<u>Company</u>	<u>Ownership (%)</u> (1)	<u>ITCC (%)</u> (2)	<u>Composite (%)</u> (3) = (1) x (2)
APS	52.23	31	16.19
EPE	10.50	35	3.68
PNM	22.62	33	7.46
SRP	10.0	0	0
TEP	4.65	40	1.86
Composite Rate (%) = \sum (3) =			29.19

**ITCC COMPOSITE RATE
INTERCONNECTION FACILITIES**

<u>Company</u>	<u>Ownership (%)</u>	<u>ITCC (%)</u>	<u>Composite (%)</u>
APS	100	31	31

AMENDMENT NUMBER 16
TO THE ARIZONA NUCLEAR POWER PROJECT
PARTICIPATION AGREEMENT

1. PARTIES:

The Parties to this Amendment Number 16 to the Arizona Nuclear Power Project Participation Agreement, hereinafter referred to as "Amendment Number 16," are: ARIZONA PUBLIC SERVICE COMPANY, a corporation organized and existing under and by virtue of the laws of the State of Arizona, hereinafter referred to as "Arizona"; SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, an agricultural improvement district organized and existing under and by virtue of the laws of the State of Arizona, hereinafter referred to as "Salt River Project"; SOUTHERN CALIFORNIA EDISON COMPANY, a corporation organized and existing under and by virtue of the laws of the State of California, hereinafter referred to as "Edison"; PUBLIC SERVICE COMPANY OF NEW MEXICO, a corporation organized and existing under and by virtue of the laws of the State of New Mexico, hereinafter referred to as "PNM"; EL PASO ELECTRIC COMPANY, a corporation organized and existing under and by virtue of the laws of the State of Texas, hereinafter referred to as "El Paso"; SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY, a joint powers agency organized and existing under and by virtue of the laws of the State of California, doing business in the State of Arizona as SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY ASSOCIATION, hereinafter referred to as "SCPPA"; and DEPARTMENT OF WATER AND POWER OF THE CITY OF LOS ANGELES, a municipal corporation organized and existing under and by virtue of the laws of the State of California, hereinafter referred to as "LADWP"; all hereinafter individually referred to as "Party" and collectively as "Parties."

2. RECITALS:

- 2.1 Arizona, Salt River Project, Edison, PNM, El Paso, SCPPA and LADWP are parties to a certain agreement entitled Arizona Nuclear Power Project Participation Agreement, dated as of August 23, 1973, as amended by: Amendment Number 1, dated as of January 1, 1974; Amendment Number 2, dated as of August 28, 1975; Amendment Number 3, dated as of July 22, 1976; Amendment Number 4, dated as of December 15, 1977; Amendment Number 5, dated as of December 5, 1979; Amendment Number 6, effective as of October 16, 1981; Amendment Number 7, effective as of April 1, 1982; Amendment Number 8, executed as of September 12, 1983; Amendment Number 9, executed as of June 12, 1984; Amendment Number 10, executed as of November 21, 1985; Amendment Number 11, effective January 10, 1987; Amendment Number 12, effective August 5, 1988; Amendment Number 13, effective June 15, 1991; Amendment Number 14, effective June 20, 2000, retroactive to January 1, 1993; and Amendment Number 15, effective January 13, 2011, hereinafter, as so amended, collectively referred to as the "Participation Agreement."
- 2.2 On April 21, 2011, the NRC, by letter to Arizona, confirmed the issuance of Renewed Facility Operating License Nos. NPF-41 (Unit 1), NPF-51 (Unit 2), and NPF -74 (Unit 3) for Palo Verde Station (collectively, the "License Extensions").
- 2.3 Pursuant to the License Extensions, (i) Renewed Facility Operating License No. NPF-41 (Unit 1) expires at midnight on June 1, 2045; (ii) Renewed Facility Operating License No. NPF-51 (Unit 2) expires at midnight on April 24, 2046; and (iii) Renewed Facility Operating License No. NPF-74 (Unit 3) expires at midnight on November 25, 2047

(collectively, the "Extended License"). The latest expiration date of the original licenses previously had been November 25, 2027.

- 2.4 Pursuant to Section 35.7 of the Participation Agreement, the latest termination date of the Participation Agreement currently is December 31, 2027, which does not include the License Extensions.
- 2.5 Section 8A.4.4 of the Participation Agreement currently requires each Participant to accumulate Termination Funds over "the remaining license term (as specified in the original license issued for each Generating Unit" (emphasis added)
- 2.6 Arizona, PNM and El Paso (in Texas, not New Mexico) have already included in their cost of service the amounts for contributions to their decommissioning trust that reflect the Extended License ("60 Year Termination Funding Curves"), rather than the Original License ("40 Year Termination Funding Curves"), and collect from their respective ratepayers on that basis.
- 2.7 The Termination Funding Committee currently uses the 40 Year Termination Funding Curves to measure compliance of the Participants with the termination funding requirements set forth in the Participation Agreement and the Termination Funding Committee Manual. Therefore, the ability of Arizona, PNM and El Paso to meet their termination funding obligations is adversely impacted by the reduced recovery from their ratepayers under the 60 Year Termination Funding Curves, and their continuing obligation to maintain their Termination Funds at the higher levels required by the 40 Year Termination Funding Curves.
- 2.8 On June 18, 2012, the Termination Funding Committee held its annual meeting to submit its Annual Funding Status Reports and to resolve the foregoing termination funding curve issues. At the meeting, the Termination Funding Committee resolved, upon proper motion, that the 60 Year Termination Funding Curves were technically correct, and conditionally adopted the 60 Year Termination Funding Curves subject to the Administrative Committee's extension of the Participation Agreement term.
- 2.9 On October 19, 2012, the Administrative Committee unanimously voted to adopt the form of this Amendment Number 16.

3. AGREEMENT:

For and in consideration of the premises and the mutual obligations of and undertakings by the Parties as hereinafter provided in this Amendment Number 16 to the Participation Agreement, the Parties agree as set forth below.

4. EFFECTIVE DATE:

This Amendment Number 16 shall become effective on the date that the Party which last in time executes this Amendment Number 16. The amended termination funding curves that are associated with this Amendment Number 16 shall be applied retroactively to January 1, 2012.

5. DEFINED TERMS:

- 5.1 The Capitalized and italicized words and phrases used in this Amendment Number 16 shall have the meanings ascribed to them in the Participation Agreement as amended by this Amendment Number 16.
- 5.2 All references to a "Section" or "Sections" in this Amendment Number 16 shall mean a Section or Sections of the Participation Agreement unless the text expressly states otherwise.

6. AMENDMENTS TO THE ARIZONA NUCLEAR POWER PROJECT MADE BY THIS AMENDMENT NUMBER 16:

- 6.1 Amend Section 8A.4.4, by deleting the strikethrough text and substituting therefor the underlined text:

"Within six months after the date on which Amendment No. 13 shall become effective or such other date established by the Administrative Committee, the Termination Funding Committee shall establish criteria and standards, consistent with applicable law, including the rules and regulations of the NRC [including without limitation such discount factors, allowances for inflation, bases for estimating future net earnings on accumulations in the Termination Fund(s) of the Participants and other elements as may be appropriate to provide reasonable assurance that each Participant will accumulate in its Termination Fund(s) over the then-applicable remaining license term for each Generating Unit (as specified in the original license issued for each Generating Unit authorizing fuel load and low power operation of such unit) (sufficient funds to pay such Participant's share of the most current estimate of the Termination Costs of such unit)] that will be used by the committee to determine whether or not the periodic deposits made by each Participant in its Termination Fund(s) have been adequate and the accumulations in its Termination Funds will be adequate to meet the requirements of Section 8A.7.2.3 hereof and to comply with applicable laws. At least once every three years the Termination Funding Committee shall review such criteria and standards and make such adjustments thereto as are warranted by the circumstances then existing or as may be required by applicable law. Additionally, the Termination Funding Committee shall establish the format, content and time for submission of the funding status reports and certificates that Participants are required to submit pursuant to Section 8A.7.2.4 hereof."

- 6.2 Amend Section 35.7, by deleting the strikethrough text and substituting therefor the underlined text:

"This Participation Agreement shall terminate on the earlier of: (i) the expiration date of the longest operating license period authorized by the NRC (or any governmental agency that is a successor to the NRC) for Palo Verde Station December 31, 2027, or (ii) the date on which all Generating Units shall have been permanently removed from service and all Termination Work in respect of all Generating/Terminated Units has been completed; provided, however, that . . ."

- 6.3 Except as amended by this Amendment Number 16, the remaining terms of the Participation Agreement shall remain in full force and effect.

7. EXECUTION BY COUNTERPARTS:

This Amendment Number 16 may be executed in any number of counterparts, whether by facsimile, electronic signature or otherwise, and upon execution by all Participants, each executed counterpart

8. SIGNATURE CLAUSE:

8. SIGNATURE CLAUSE:

Each of the signatories below represents that he/she is appropriately authorized to enter into this Amendment Number 16 on behalf of the Party for which he/she signs.

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT

By: [Signature]
Its: AGM + Chief Power System Executive
Date: 4/10/2014

ATTEST AND COUNTERSIGN:

By: _____

Its: _____

Date: _____

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this 10 day of April, 2014, before me, the undersigned Notary Public, personally appeared Michael Hummel who acknowledged him/herself to be the AGM + Chief Power System Executive of SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, an Arizona corporation, and that he/she as such officer, being authorized to do, executed the foregoing instrument for the purposes therein contained by signing the name of the company by him/herself as such

IN WITNESS WHEREOF, I hereunto set my hand and official seal

[Signature]
Notary Public

My Commission Expires:

September 5, 2014

