



Tucson Electric Power

88 East Broadway Blvd.
Tucson, AZ 85701

Erik Bakken
Vice President
Energy Resources, Chief Sustainability Officer
HQE901

Telephone: (520) 918-8351
Mobile: (520) 405-7282
EBakken@TEP.com

May 5, 2023

VIA U.S. MAIL AND EMAIL

Mike Ortega
Office of the City Manager
City Hall, 10th Floor
255 W. Alameda
Tucson, Arizona 85701

Re: *Letter of Intent Regarding Green Energy Supply Agreement and Certain Projects Supporting City of Tucson's Climate Action Adaptation Plan*

Dear Mr. Ortega,

This Letter of Intent ("**LOI**") confirms the mutual understanding between Tucson Electric Power Company ("**TEP**") and the City of Tucson ("**City**") with respect to the commitment to negotiate one or more definitive agreements for the supply of green energy to the City and for projects that support the City's Climate Action Adaptation Plan ("**CAAP**"). For the purposes of this LOI, TEP and City may be referred to individually as a "**Party**" and collectively as the "**Parties**."

Introductory Remarks

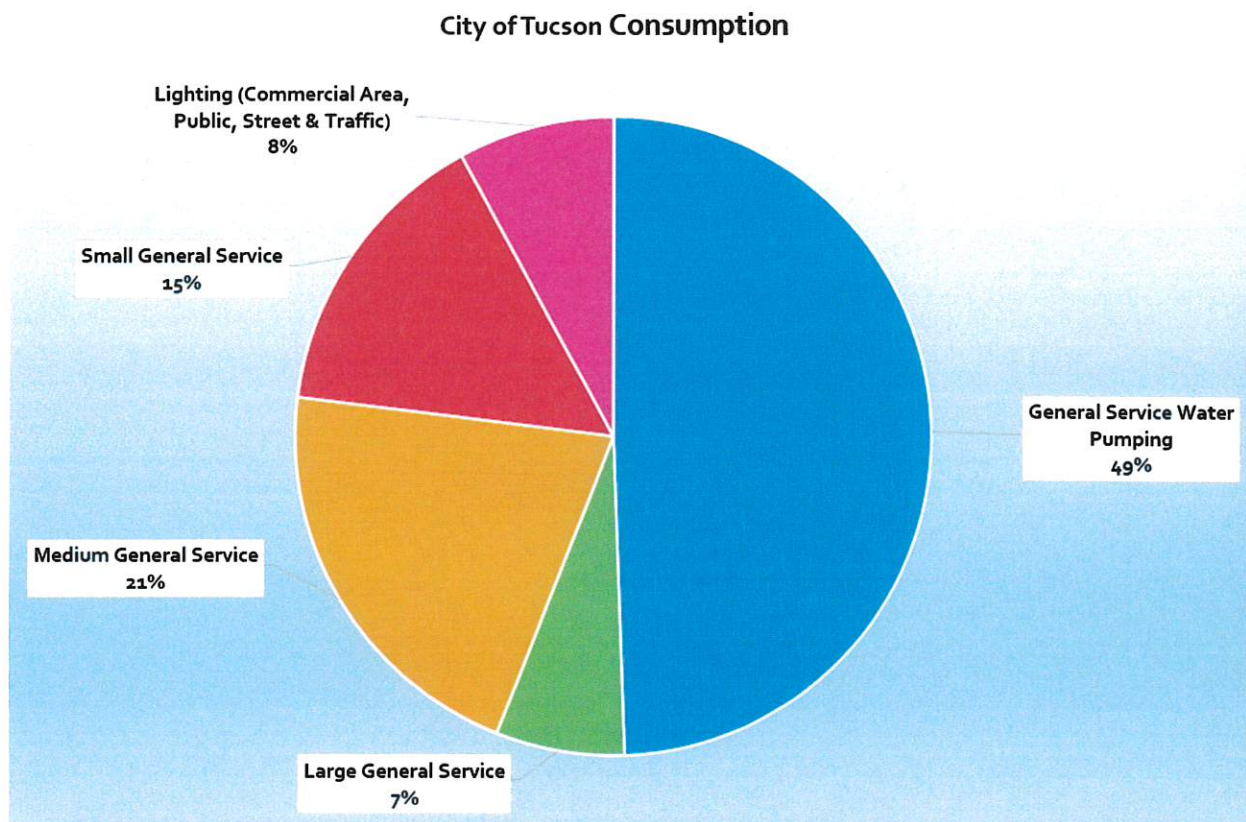
The Parties and other stakeholders have collaboratively developed a proposed franchise agreement that includes a structure by which dedicated funds may be used to support underground construction of certain TEP lines and to support projects furthering the City's CAAP. The Parties now wish to memorialize their continued mutual desire to work towards the mutual benefit of bringing safe, reliable, and affordable power to the City's inhabitants in a manner that is consistent with the City's objectives under the CAAP.

Mutual Understandings and Commitments

TEP manages generation, transmission, distribution, and maintenance for the approximately 2,222 sites where the City used 120,254,516 kilowatt hours (kWh) in 2022. The

City pays for service at these locations under various TEP pricing plans. A summary of the City's usage in 2022 is as follows:

- General Service Water Pumping: 59,428,532 kWh
- Large General Service: 7,855,009 kWh
- Medium General Service: 25,243,759 kWh
- Small General Service: 18,139,720
- Lighting (Commercial Area, Public, Street & Traffic): 9,587,495 kWh
- Total: 120,254,515 kWh



The Parties commit to negotiate in good faith the terms and conditions of one or more definitive agreements (the “*Definitive Agreements*”) for TEP to provide up to 100% of the City's electricity through an existing TEP clean energy program, one or more future TEP clean energy programs, a special contract or through TEP's pending Green Power Tariff, as amended, Docket No. E-01933A-22-0279 (“*Green Tariff*”), which may include the development and construction of new utility scale solar, wind, or energy storage resources to serve the City's requirements.

Additionally, the Parties commit to work together in good faith towards the deployment of electricity-related projects furthering the CAAP objectives to specifically include:

- Projects that promote distributed energy resources such as rooftop solar to provide local renewable energy and enhance energy resilience,

- Projects that support electric vehicle charging infrastructure expansion,
- Projects that assist the transition of City fleets to zero-emission and net-zero-emission vehicles,
- Projects that include the deployment and maintenance of equitable nature-based solutions that reduce or sequester emissions, improve ecosystem health, and bolster climate resilience.

Specific Agreements

1. **Non-binding.** Except for sections 1 through 6 of this Specific Agreements provision and the Parties mutual commitment to enter into good faith negotiations as set forth herein, this LOI is not binding on the Parties, but rather is intended to be an expression of the Parties present intentions to engage in good faith negotiations towards entering into Definitive Agreements and deployment of electricity-related projects furthering the CAAP objectives.
2. **Term and Termination.** This LOI will be effective upon execution by the last Party to so execute it ("**Effective Date**") and shall automatically terminate upon the earlier of (i) the mutual agreement of the Parties to terminate this agreement, (ii) the Parties execution of the Definitive Agreements or (ii) that date which is 10-years from the Effective Date.
3. **Governing Law.** This LOI shall be governed by and construed in accordance with the laws of the State of Arizona, without giving effect to any choice or conflict of law provision or rule that would cause the application of laws from any other jurisdiction.
4. **No Third-Party Beneficiaries.** Nothing herein is intended or shall be construed to confer upon any person or entity other than the Parties and their successors or permitted assigns, any rights or remedies under or by reason of this LOI.
5. **Assignment.** Neither this LOI nor any rights or obligations hereunder may be assigned, delegated, or conveyed by either Party without the prior written consent of the other Party.

If this LOI accurately reflects the City's understanding of the terms and of the proposed business relationship by and between the Parties, please so indicate by signing the acknowledgment below. By signing below, the undersigned represents having the legal authority to execute this LOI on behalf of TEP or City, as applicable.

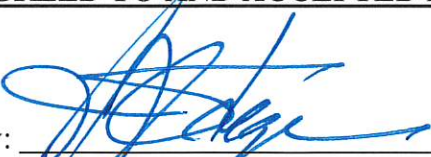
TUCSON ELECTRIC POWER COMPANY

By: 

Title: VP, Energy Resources & CSO

Date: 5/5/2023

AGREED TO AND ACCEPTED BY CITY:

By:  _____

Title: CITY MANAGER _____

Date: 5/5/23 _____