

Contract Number:

# TEP Residential Solar Program

## OVERVIEW

Thank you for your interest in TUCSON ELECTRIC POWER COMPANY's ("TEP") RESIDENTIAL SOLAR PROGRAM ("Program"). We are excited to help you finalize the documentation so that we may begin installation of the solar photovoltaic system ("System") on your home at the property address listed below (the "Property"). Please take a moment to review these instructions. Below is a general overview of the process for qualified property owners:

- Usage History – TEP will collect certain information about your home electric usage to establish your new fixed solar payment once the System is installed, and will confirm that interconnection to the grid is feasible at your property location. Certain data about your usage may be shared with third party contractors in connection with implementation of the Program. Such contractors are not permitted to retransmit your information or to re-use that information.
- Ownership – Only the legal home owner of the Property can participate in the Program. TEP, at its expense, will verify your ownership of the Property.
- Initial Customer Site Visit - TEP, at its expense, will have an inspection conducted of the Property to determine suitability for System installation. If there are repairs or modifications to the Property required prior to installation, you are responsible at your sole expense to make such alterations if you desire to continue with the program. You will receive a customer program proposal ("Customer Program Proposal") with the proposed System size, design and new fixed solar payment. TEP has final authority on all System designs.
- Licensing Agreement – If you agree to proceed with the Program, you must execute the Licensing Agreement ("Agreement") at the bottom of page 9.
- Authorization to Proceed - To hold your reservation slot you must execute and return to TEP the "Authorization to Proceed" form within fourteen (14) calendar days of receiving the final customer program proposal. Installation of the System cannot begin without this signed form.
- Execution. TEP retains only electronic copies of Agreements. You agree to the electronic delivery and signature of your Agreement, notices and other information related to this Program. When you are ready, TEP or your installer will provide the Agreement via an email link to DocuSign. Using DocuSign, each electronic signature is unique, documentable, encrypted, and tamper-evident. DocuSign also guarantees the confidentiality of all transactions. If DocuSign is not available, .PDF or .JPG signatures may also be sent to: [TEPResidentialSolar@tep.com](mailto:TEPResidentialSolar@tep.com)

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After TEP's installation of the System and interconnection of the System to TEP's electric grid:

- New electric service tariff - Based upon total electric usage in the twelve months prior to execution of the Agreement, you will be charged a new fixed solar payment (subject to taxes, assessments and other governmental charges) in accordance with the Arizona Corporation Commission ("ACC") approved Residential Solar – Company Owned Program Tariff ("Tariff") a copy of which is attached as Exhibit B to the Agreement. The Tariff is subject to ACC approval and continuation (see Section 6 of the Agreement).
- Purchase Option: After year six (6), you can purchase the System, in which case you would be responsible for any expenses for reconfiguring the interconnection.
- Sale of Property: If you sell the Property, you can transfer the terms this Agreement to the purchaser of the Property. If the purchaser of the Property does not want to accept the terms of the Agreement, you must pay an Exit Fee as set forth in Table 1 of the Agreement.

THE PHOTOVOLTAIC SYSTEM TO BE INSTALLED ON YOUR PROPERTY IS OWNED BY TEP.



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# TEP Residential Solar Program

## LICENSING AGREEMENT - USAGE AND INSTALLER INFORMATION

THIS RESIDENTIAL SOLAR LICENSING AGREEMENT ("Agreement") by and between TEP and Property Owner indicated below, describes the terms and conditions for installation of a TEP owned photovoltaic system ("System") at the Property. References to "PROPERTY OWNER" in this Agreement include any person or entity to whom PROPERTY OWNER may assign or transfer its rights, title and interest in and to the Property and this Agreement (and which person or entity will therefore become "PROPERTY OWNER" for the purposes of this Agreement). All references to TEP shall extend to and mean TEP's contractors, subcontractors, installers and designated agents.

PROPERTY OWNER desires to allow TEP to install the System on the Property and to take measures to ensure that the System remains on the Property for the Term of the Agreement (defined in Section 2 below) to allow TEP to generate solar electricity on-site for use by TEP. In exchange for and in consideration of the right to install and operate the System on the Property, TEP desires to offer PROPERTY OWNER, its successors and assigns, a fixed solar payment for electric usage at the Property as more fully described herein.

### **PARTIES:**

<b>"TEP"</b>	
Name:	<b>TUCSON ELECTRIC POWER COMPANY</b>
	TEP Residential Solar Program
Address:	PO Box 711, Mailstop HQE502 Tucson, Arizona 85701
Telephone:	(520) 917-8749
Email:	<a href="mailto:TEPResidentialSolar@tep.com">TEPResidentialSolar@tep.com</a>

<b>"PROPERTY OWNER"</b>	
Name(s):	
Property Address (" <u>Property</u> "):	
Telephone:	
Email:	
TEP Account number:	

### **INSTALLER INFORMATION:**

<b>"INSTALLER":</b>	
Name:	
Contact:	
Telephone:	
Email:	

### **CUSTOMER USAGE INFORMATION:**

<b>New Fixed Solar Payment (\$16.50 per kW) (does not include taxes, assessments and government charges):</b>	\$ _____
12 Month Total Historical Usage	_____ kWh
Solar Rate Capacity*:	_____ kW
85% Usage Flexibility Threshold **	_____ kWh
115% Usage Flexibility Threshold **	_____ kWh

\*The Solar Rate Capacity is the capacity that would otherwise be needed to make a customer net-zero on an annual basis. It is not equal to anticipated physical system size. Physical system size expected to be approximately 85% of Solar Rate Capacity. Notwithstanding, the System will be designed to maximize benefit to TEP's grid.

\*\* If in any calendar year, total annual electric usage increases or decreases by more than 15% compared to Property Owner's Total Historic Usage, the fixed solar payment will change accordingly. The new fixed solar payment shall be recalculated based on the new annual consumption data for the most recent calendar year.

# TEP Residential Solar Program

## LICENSING AGREEMENT - TERMS AND CONDITIONS

### 1. Licensing and Access Rights; Representations.

- (a) PROPERTY OWNER grants and conveys to TEP licensing permission for: (i) the placement of the System within the mutually agreed-upon location on the Property; (ii) access to the Property for installing, using, operating, monitoring, maintaining and removing the System and enforcing TEP's rights under this Agreement or under law as to the System; (iii) access to the Property for installing, using, operating, monitoring and maintaining electric lines, inverters and meters necessary to interconnect and operate the System as part of TEP's electric grid; and (iv) taking any other action reasonably necessary in connection with the construction, installation, operation, maintenance, removal or repair of the System.
- (b) PROPERTY OWNER hereby grants to TEP unobstructed access to the sun from the Property, applicable to all existing and future buildings, structures, and flora.
- (c) PROPERTY OWNER is responsible for the cost of obtaining any right of access, ingress or egress from any other landowners for the purposes of the rights granted herein.
- (d) PROPERTY OWNER represents and warrants to TEP that: (i) PROPERTY OWNER is the fee-title owner of the Property and not a tenant; (ii) electric service for the Property is in the name of PROPERTY OWNER; (iii) any other owners of the Property have agreed to this Agreement individually by signing this Agreement; and (iv) PROPERTY OWNER has obtained all access rights on behalf of TEP necessary to allow for the proper construction, operation, maintenance and use of the System as set forth in this Agreement.
- (e) During the time that TEP has access rights, PROPERTY OWNER shall ensure that such access rights are preserved and shall not interfere with or permit any third party to interfere with TEP's rights or TEP's access to the Property.
- (f) The rights granted to TEP in this Agreement are irrevocable during the term of this Agreement.

### 2. Term.

- (a) The term of this Agreement (the "Term") is twenty-five (25) years from the date of the Tariff change on PROPERTY OWNER'S TEP account (the "Effective Date"), if not sooner terminated as set forth in this Agreement.
- (b) Upon expiration of the Term, PROPERTY OWNER may (i) renew this Agreement (subject to TEP approval and ACC approved Tariff rates), (ii) purchase the System as set forth in Section 4 below, or (iii) request in writing that TEP remove the System. TEP shall have ninety (90) days from receipt of the request to remove the System.

### 3. Termination and Right of Rescission.

- (a) **This Agreement shall terminate within fourteen (14) calendar days of the date of PROPERTY OWNER'S final Customer Program Proposal if the Customer has not executed the Authorization to Proceed. Any terminated Agreements lose their reservation priority position in the Program, and PROPERTY OWNER's reservation application will be terminated.**
- (b) Except for provisions which survive termination of this Agreement, this Agreement terminates at the end of the Term or purchase of the System, in which case the Notice of Licensing Agreement shall also terminate.
- (c) Upon termination of this Agreement, PROPERTY OWNER is no longer eligible for the Residential Solar – Company Owned Program Tariff and PROPERTY OWNER's electric service rates will be determined by the then current standard residential rate in accordance with TEP's rules and regulations.
- (d) Customer has the right to rescind the Agreement for a period of not less than three (3) business days after the Authorization to Proceed is signed by the PROPERTY OWNER and provided to TEP.

4. **Purchase Option.** PROPERTY OWNER may purchase the System starting six (6) years after the Effective Date (referred to as the "Purchase Option"). The applicable purchase price is set forth on Table 1 and will be determined as of the most recent year that has passed since the Effective Date of the Agreement. TEP will transfer and convey the System to PROPERTY OWNER at PROPERTY OWNER'S sole expense on an AS-IS, WHERE-IS basis, and PROPERTY OWNER agrees to execute customary documentation to evidence such transfer. PROPERTY OWNER will be responsible for payment of any sales taxes or similar other taxes, fees or charges imposed on PROPERTY OWNER or TEP by governmental authorities in connection with such a sale and purchase. If PROPERTY OWNER intends to purchase the System as part of the sale of the Property, TEP will provide escrow instructions to the closing agent requiring payment in full of any amounts due under this Agreement together with any amounts then due TEP but unpaid. As part of the purchase, PROPERTY OWNER is solely responsible for any and all expenses for TEP to reconfigure the System interconnection with TEP's distribution system. Purchase of the System will terminate this Agreement. If not at the end of the Term, PROPERTY OWNER agrees to give TEP forty-five (45) business days prior written notice of PROPERTY OWNER'S intent to purchase the System.

5. **Sale of the Property.** If PROPERTY OWNER sells the Property, and the purchaser of the Property does not want to participate in the Program, the PROPERTY OWNER must pay the Exit Fee set forth on Table 1 ("Exit Fee") to terminate participation in the Program. In the alternative, PROPERTY OWNER, with TEP's written consent, may assign PROPERTY OWNER'S remaining Term of the Agreement to the purchaser using the Assignment form available on TEP's website at tep.com or as otherwise agreed by TEP. If the PROPERTY OWNER transfers the Property:

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- (a) PROPERTY OWNER must give TEP written notice of the proposed transfer of the Property. The notice must include the contact information of the purchaser(s) and the anticipated closing date;
  - (b) PROPERTY OWNER SHALL NOT SUBLICENSE, ASSIGN, SELL OR OTHERWISE TRANSFER, OR GRANT A SECURITY INTEREST IN THE SYSTEM OR THIS AGREEMENT WITHOUT TEP'S WRITTEN CONSENT;
  - (c) Unless TEP releases PROPERTY OWNER from this Agreement, PROPERTY OWNER must perform the obligations in this Agreement to ensure that the System remains on the Property for the Term, or pay the Exit Fee; and
  - (d) PROPERTY OWNER shall be in breach of this Agreement if PROPERTY OWNER sells the Property and the purchaser does not assume PROPERTY OWNER's obligations under this Agreement or PROPERTY OWNER does not pay the Exit Fee. This includes a sale by PROPERTY OWNER's estate or heirs.
- 6. Tariff, Revisions to Tariff.** PROPERTY OWNER will be billed for electrical service by TEP pursuant to the Tariff attached as Exhibit B, which includes a new fixed solar payment for PROPERTY OWNER's electric usage before taxes, assessments and other governmental charges. The ACC may modify the Program and the related Tariff. In the event that the ACC revises the Program or the Tariff rate, PROPERTY OWNER may elect to terminate the Agreement at no cost or penalty to PROPERTY OWNER by providing the notice described in this section. If the ACC modifies the Tariff in a manner that affects PROPERTY OWNER, PROPERTY OWNER must provide a written notice of PROPERTY OWNER'S intent to terminate the Agreement ("Notice of Termination") to TEP within ten (10) days of receipt of TEP's notice of the Tariff modification. If PROPERTY OWNER fails to send a Notice of Termination within ten (10) days of TEP's notice, the PROPERTY OWNER automatically elects to continue in the Program, and PROPERTY OWNER agrees to be subject to the revised Tariff. TEP will remove the System from the Property within ninety (90) days of receipt of the Notice of Termination. Upon removal of the System, service from TEP will be available to Property Owner under the electric service rates for the then-current standard residential rate in accordance with TEP's tariffs, rules and regulations.
- 7. System is TEP Personal Property.**
- (a) The parties intend that the System be and remain at all times personal property and not fixtures (or real property) regardless of its attachment to the Property.
  - (b) PROPERTY OWNER consents to any regulatory or governmental filing that is consistent with this Agreement and applicable laws, including a formal notice of this Agreement which, among other things, provides record notice that the System is not a fixture to the Property.
  - (c) PROPERTY OWNER hereby authorizes TEP to file in the public records of Pima County the Notice of Licensing Agreement ("Notice") (see tep.com for copy of form) or any other such instruments as may be appropriate or desirable to put others on notice of TEP's interests in the System, and TEP's licensing rights to the Property to operate and maintain the System for the Term, and TEP's right to remove the System.
- 8. System Removal and Property Remediation.**
- (a) Upon the expiration of the Term or earlier termination of this Agreement, TEP shall have ninety (90) days to remove the System and all rights of access afforded TEP under this Agreement shall remain in full force and effect for such time.
  - (b) Upon removal of System, TEP shall leave the Property in a neat, clean and orderly condition.
  - (c) In the event that TEP removes the System from the Property for any reason, TEP shall repair the roof to a waterproof condition within three (3) inches of the mounting penetrations and shall remove all hardware. TEP does not have the obligation to return the roof or any other part of the Property where the System was located, or that is or was related to the System's operation, to the condition in which they were prior to the installation of the System or any other condition.
- 9. System Inspection, Design, Construction and Installation.**
- (a) TEP will have an engineering site inspection completed of the Property at TEP's expense.
  - (b) PROPERTY OWNER is responsible at its sole expense to make such renovations and modifications to the Property as required by TEP for the safe and secure installation and maintenance of the System.
  - (c) During the inspection, existing code or permit violations on the Property could be identified and the proper authorities could be notified. To proceed with the program, Property Owner will be required to remedy these deficiencies.
  - (d) Other than alterations set forth above in Section 9(b) and 9(c), TEP shall perform all work required for the design, construction, installation, use, maintenance and operation of the System on the Property at TEP's expense.
  - (e) TEP shall comply with applicable federal, state, and local laws and regulations governing worker health and safety.
  - (f) TEP, without expense to PROPERTY OWNER, shall obtain any necessary licenses and permits required for the installation and operation of the System.
  - (g) TEP shall not directly or indirectly cause or allow any mortgage, pledge, lien (including mechanic's, labor or materialman's lien), charge, security interest, encumbrance or claim of any nature on or with respect to the Property.
  - (h) TEP is responsible for any taxes, charges or fees of whatever type of any relevant governmental authority, relating to any work performed by TEP. If TEP breaches its obligations under this Section, it shall promptly cause any liens to be discharged and released of record without cost to PROPERTY OWNER.
  - (i) During installation of the System, TEP shall at all times keep the Property neat and clean. Upon completion of System installation, TEP shall remove any rubbish, tools, scaffolding, equipment, and materials that were brought on the Property by TEP or its subcontractors and shall leave the area in a clean, neat, and orderly condition.

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**10. System Use, Operation and Maintenance.**

- (a) TEP will own and operate the System.
- (b) TEP will complete any repairs or maintenance on the System at its sole expense, except as set forth in Section 13(a) below.
- (c) TEP retains all product warranties associated with the System.
- (d) For emergency conditions, TEP shall dispatch the appropriate personnel to perform the necessary corrective action.

**11. System Interconnection.** TEP shall be responsible, at its expense, for interconnecting the System to TEP's electric distribution facilities. TEP will have remote access to System performance data. TEP owns any data collected from the System.

**12. System Operation and Protection.**

- (a) TEP shall be responsible for any damage or destruction directly caused by TEP in the installation, operation or removal of the System on the Property (absent normal wear and tear).
- (b) TEP has the right to enter upon the Property to inspect the System for proper operation as TEP reasonably determines is necessary, provided that TEP will endeavor to provide PROPERTY OWNER with forty-eight (48) hours' notice, except in event of emergency, in which case TEP will give such notice as is practicable.
- (c) PROPERTY OWNER will cooperate with any TEP requests to conduct routine inspections and maintenance of the System.
- (d) If any corrective action is required as a result of such inspections, TEP shall inform PROPERTY OWNER of the required corrective actions to be taken at PROPERTY OWNER's expense, and PROPERTY OWNER agrees to take such actions.

**13. Insurance, Loss or Damage, Repairs.**

- (a) TEP shall insure the System, at its expense, against all damage or loss caused by the System, or to the System, EXCEPT for damage or loss caused by the PROPERTY OWNER's negligence or willful misconduct, in which case PROPERTY OWNER will be held responsible for the cost of such damage or loss to the System.
- (b) Any insurance maintained by TEP is for the exclusive benefit of TEP and shall not inure to the benefit of PROPERTY OWNER.
- (c) If required by PROPERTY OWNER's liability insurance provider, PROPERTY OWNER is responsible for notifying its insurance carrier regarding the existence of the System, TEP's ownership therein, and for procuring any additional homeowner's or liability insurance covering the Property following System installation. PROPERTY OWNER is not responsible for insuring the value of the System on the Property.
- (d) If the System is materially damaged or destroyed, suffers any other material loss or is condemned, confiscated or otherwise taken, in whole or in material part, or if the use thereof is otherwise diminished so as to render impracticable or unreasonable the continued production of energy, TEP has the option to rebuild or replace the System or terminate this Agreement and remove the System.
- (e) Roof Repairs: PROPERTY OWNER is responsible for all costs associated with removal of the System for any and all roof repairs, and for the costs associated with reinstallation of the System upon completion of the repairs. TEP may invoice the Property Owner for such costs, payment of which TEP may require prior to commencement of the work. PROPERTY OWNER shall provide TEP at least thirty (30) days prior notice of any intent to repair or improve the Property which may impact the System such that TEP can remove or otherwise protect and secure the System prior to commencement of such repairs or improvements. The Tariff will remain in effect while the repairs or improvements are being completed, provided such repairs are being completed in a timely fashion. PROPERTY OWNER agrees to pay any expedited fees to accomplish the removal and reinstallation in an emergency situation.

**14. PROPERTY OWNER Obligations.**

- (a) PROPERTY OWNER agrees to do each of the following:
  - i. Provide a suitable location and a mutually agreed laydown area, if necessary, during construction and installation;
  - ii. Keep trees bushes and hedges trimmed so that the System receives as much sunlight as it did when it was installed;
  - iii. Avoid enclosing any part of the System (especially as it relates to patio enclosures and decks), including inverters, meters, disconnects, panels and Customer service entrance;
  - iv. Cooperate with any recall of the System or its components, and cooperate in removal of the System;
  - v. Notify TEP within twenty-four (24) hours of the theft of any part of the System, any material malfunction or persistent problems with the System, damage to the System, or discovery of an emergency or unsafe condition in the System;
  - vi. Provide reasonable access to TEP to maintain and inspect the System;
  - vii. Maintain the Property at all times in good order and condition to permit the safe and secure operation of the System;
  - viii. Maintain compliance with all electrical safety code requirements for all TEP equipment.
  - ix. Permit installation of a digital meter on the Premises, with required communications (analog meters are not permitted);
  - x. If required under the PROPERTY OWNER's mortgage, deed of trust, or homeowner's association, notify the proper parties of the System installation and TEP's ownership of the System;
  - xi. Return any documents sent by TEP for signature within fourteen (14) days of receiving them;
  - xii. Enroll in TEP's automatic monthly bill payment program unless otherwise agreed to by TEP;
  - xiii. After installation of the System, pay \$250.00 (plus tax) processing fee (payable in installments) ; and
  - xiv. Ensure renters of the Property comply with the terms of this Agreement and assume all responsibility and liability hereunder on behalf of such renters.

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- (b) PROPERTY OWNER also agrees not to do any of the following:
- i. Impair or interfere or to permit other persons to impair or interfere with such access rights provided to TEP;
  - ii. Remodel or otherwise alter the Property in a way that would shade, or otherwise affect the production of the System;
  - iii. Make any modifications, attachments, improvements, revisions or additions to the System, install any accessory or device on the System, or take any other action that could affect the System's operation or value without TEP's express prior written consent (and, unless otherwise agreed by TEP in writing, any modifications, attachments, or additions will in any event become part of the System and will be TEP's property);
  - iv. Move, tamper or make physical contact with the System, or permit anyone else to move, tamper or make physical contact with the System;
  - v. Make any modifications or alterations to the System and not take any other actions or permit to exist any condition or circumstance that would cause the System not to operate as intended at the Property;
  - vi. Remove any markings or identification tags on the System; and
  - vii. Directly or indirectly cause, create, incur, assume or suffer to exist any lien, judgment, tax lien, municipal charge or tax levy on or with respect to the System or any interest therein. If PROPERTY OWNER breaches its obligations under this Section, it shall immediately notify TEP in writing and shall promptly cause such Lien to be discharged and released of record without cost to TEP.

**15. Taxes, Ownership and Environmental Benefits.** TEP owns the System, and as such, property taxes associated with the system are TEP's responsibility of TEP. All other taxes, levies, or surcharges shall be the responsibility of the PROPERTY OWNER. PROPERTY OWNER will have no right to sell, give away, transfer, pledge, remove, relocate, alter or tamper with the System at any time. PROPERTY OWNER agrees that the rights under this Agreement are true for tax and other purposes and that: (1) TEP will receive the benefits of ownership, and (2) TEP is entitled to claim and receive any and all tax, environmental or other credits, grants, subsidies, renewable energy credits, carbon offset credits, rebates or other benefits related to the System. TEP will retain the rights to the renewable energy credits related to the System. TEP has not given PROPERTY OWNER any information or advice regarding any possible tax consequences or benefits under this Agreement. TEP has advised, and PROPERTY OWNER acknowledges, that PROPERTY OWNER is responsible for seeking its own tax advice. PROPERTY OWNER agrees to cooperate with TEP to enable TEP to claim and obtain any tax or other credits, rebates or benefits from the System (such as signing or filing applications for rebates or other benefits). PROPERTY OWNER agrees that PROPERTY OWNER will not claim, or take any action, or fail to take any action, including claiming any tax credits respecting the System on any tax return, that may harm or interfere with TEP's rights with respect to such credits, rebates or other benefits.

**16. Indemnity.** PROPERTY OWNER agrees that it shall indemnify, defend and hold harmless TEP and its successors and assignees, and its and their employees, officers, directors and agents (collectively, the "TEP's Indemnified Parties") from any and all losses, liabilities, damages, claims, actions, costs, expenses (including reasonable attorneys' fees and expenses), penalties, demands and liens (collectively "Loss") asserted by or resulting from claims, actions, suits or demands by any third party, of any kind or nature arising out of, connected with, relating to or resulting from: (a) PROPERTY OWNER'S negligence or willful misconduct, and (b) PROPERTY OWNER's failure to comply with any of the terms or conditions of this Agreement; provided that nothing herein shall require PROPERTY OWNER to indemnify any TEP Indemnified Party due to TEP's own gross negligence or willful misconduct. The provisions of this Section 16 shall survive the termination this Agreement.

**17. Limitation of Liability.** TO THE MAXIMUM EXTENT PERMITTED BY LAW: (A) TEP'S LIABILITY TO PROPERTY OWNER UNDER THIS AGREEMENT SHALL BE LIMITED TO DIRECT, ACTUAL DAMAGES ONLY AND WILL IN NO EVENT EXCEED \$500,000 DOLLARS; AND (B) IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY, SPECIAL OR INDIRECT DAMAGES. EXCEPT AS EXPRESSLY PROVIDED HEREIN, TEP MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, REGARDING ITS OBLIGATIONS FOR THE SYSTEM. TEP SHALL IN NO WAY BE LIABLE FOR VOIDING ANY ROOF WARRANTIES. TEP MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL WARRANTIES ARE DISCLAIMED.

**18. Property Owner Default.** PROPERTY OWNER will be in default of this Agreement if any of the following occurs:

- (a) PROPERTY OWNER fails to comply with the terms of this Agreement, and does not correct such failure within thirty (30) days after (i) TEP notifies PROPERTY OWNER of such failure, or (ii) PROPERTY OWNER otherwise learns of such failure;
- (b) The Property or any part of the System is transferred, sold or encumbered, including at a trustee's sale or sale by PROPERTY OWNER'S estate or heirs, in violation of Section 4 and Section 5 of this Agreement, or any other requirements of this Agreement;
- (c) PROPERTY OWNER makes an untrue or misleading material statement or material misrepresentation in an application to TEP, in this Agreement or in any other certificate or document given to TEP;
- (d) PROPERTY OWNER abandons the Property;
- (e) PROPERTY OWNER becomes insolvent and cannot pay its debts as they become due, becomes the subject of a petition in bankruptcy or a similar proceeding for debt relief, allows other creditors by legal process to take PROPERTY OWNER's money or property, or makes an assignment for the benefit of creditors;
- (f) The System is disabled or disconnected by someone other than TEP and PROPERTY OWNER does not notify TEP of such event after PROPERTY OWNER learns of such event, or the System or the Property is destroyed; and
- (g) PROPERTY OWNER exposes the System or the Property to seizure, confiscation, forfeiture or other involuntary transfer.

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**19. Remedies.** If PROPERTY OWNER is in default, TEP may, without prior notice unless required by law, take one or more of any of the following actions:

- (a) Terminate this Agreement and remove the System;
- (b) Take any reasonable action to correct the default or to prevent TEP's loss;
- (c) Require PROPERTY OWNER, at its expense, to return the System or make it available to TEP in a reasonable manner;
- (d) Proceed by legal action to enforce performance of this Agreement and to recover damages for PROPERTY OWNER breach;
- (e) Recover from PROPERTY OWNER full amount of the Exit Fee as set forth on Table 1;
- (f) Disconnect, disable, turn off or otherwise take back or remove the System by legal process or self-help, subject to any legal requirements;
- (g) Maintain the System on the Property and continue to hold PROPERTY OWNER accountable for its responsibilities and obligations as set forth in this Agreement; and
- (h) Use any other right or remedy available to TEP under law, in equity or under this Agreement.

PROPERTY OWNER agrees to repay TEP for any reasonable amounts TEP pays to correct or cover PROPERTY OWNER's default. PROPERTY OWNER also agrees to reimburse TEP for any costs and expenses TEP incurs relating to the System's return resulting from early termination. TEP's remedies are cumulative, and not exclusive, that is, by choosing one or more of these remedies, TEP does not give up its right to use, at the same time or separately another remedy (provided that TEP may not recover duplicative or multiple damages in contravention of applicable law). If TEP chooses not to use a remedy in the case of a default, TEP does not give up its right to use that same remedy or other remedies in case of a future default.

**20. Entire Agreement, Amendments and Survival.** This Agreement contains PROPERTY OWNER's and TEP's entire agreement regarding the System; there are no other agreements between the parties regarding this Agreement, either written or oral. Any amendment or other change to this Agreement must be in writing and signed by both parties. Any delay or failure of a party to enforce the obligations of the other party under this Agreement shall not constitute a waiver of such obligations or a party's right to enforce the same and shall not affect the validity of this Agreement. The terms of this Agreement shall be binding on PROPERTY OWNER and PROPERTY OWNER's heirs and personal representatives. The fact that any part of this Agreement cannot be enforced will not affect any other part. The provisions of this Agreement regarding payment obligations, remedies, indemnities, governing law, arbitration, as well as all provisions that specifically provide for survival or for additional time periods, will survive the termination or expiration of this Agreement.

**21. Governing Law.** This Agreement is governed by the law of the State of Arizona without regard to conflict of laws principles.

**22. Arbitration.** Any and all disputes between the parties arising out of or in any way related to or in connection with these obligations, or the breach thereof, shall be referred to and settled by final and binding arbitration, and not by court action. Any arbitration under this arbitration clause will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) and not by any state law concerning arbitration. Either Party may choose one of the following arbitration organizations and its applicable rules: The American Arbitration Association, 335 Madison Ave., Floor 10, New York, NY 10017-4605 ([www.adr.org](http://www.adr.org)), JAMS, 1920 Main St., Ste. 300, Irvine, CA 92614 ([www.jamsadr.com](http://www.jamsadr.com)), or any other organization that TEP may approve. The party desiring arbitration shall deliver written notice of demand for arbitration to the other party within a reasonable time after the controversy or claim arises, but in no event after the date when institution of legal or equitable proceedings based on such controversy or claim would be barred by the applicable statute of limitations. The arbitration shall be heard before a single neutral arbitrator appointed by mutual agreement of the parties. If the parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within ten (10) days select a third arbitrator, the cost of which would be shared equally between TEP and PROPERTY OWNER. In either case, the arbitrator(s) shall be knowledgeable in solar commercial commerce matters, and shall not have any current or past substantial business or financial relationships with any party to the arbitration. Such arbitration proceedings shall take place in Pima County, Arizona and the parties hereby consent to and waive any objection to such venue. The arbitrator(s) shall issue a final decision within thirty (30) days of the conclusion of the arbitration proceedings, which decision shall be in writing and be binding, final and conclusive upon the parties. In the event of a conflict between the Rules and this provision, this provision shall govern. Arbitrators' fees shall be paid by the party which is not substantially prevailing in the arbitration. If no party is a substantially prevailing party each party shall bear its own expenses in connection with the preparation and presentation of its case at the arbitration proceedings. Any court having competent jurisdiction may enter judgment on or enforce the final arbitration award. The parties and the arbitrator shall be bound to maintain the confidentiality of the dispute and any award, except to the extent necessary to enforce any such award. The arbitrator shall have the authority to award any legal or equitable remedy or relief that a court could order or grant under this Agreement. The arbitrator, however, is not authorized to change or alter the terms of this Agreement or to make any award that would extend to any transaction other than that of PROPERTY OWNER.

**BECAUSE THE PARTIES HAVE AGREED TO ARBITRATE ALL DISPUTES, NEITHER TEP NOR PROPERTY OWNER WILL HAVE THE RIGHT TO LITIGATE THAT DISPUTE IN COURT, OR TO HAVE A JURY TRIAL ON THAT DISPUTE, OR ENGAGE IN DISCOVERY EXCEPT AS PROVIDED FOR IN THE RULES. FURTHER, PROPERTY OWNER WILL NOT HAVE THE RIGHT TO PARTICIPATE AS A REPRESENTATIVE OR MEMBER OF ANY CLASS PERTAINING TO ANY DISPUTE.**

**Contract Number:**

**23. Notices.** All notices, requests, statements and other communications under this Agreement must be made in writing (unless otherwise specified in another section of this Agreement as to a particular notice or communication) and will be considered to have been properly given and received if delivered in person, reliable overnight courier, or sent by registered or certified mail, postage prepaid to the address of the applicable party specified on the first page of this Agreement. Notice by hand delivery will be effective at the close of business on the day actually received, if received during a business day, and otherwise shall be effective at the close of the next business day. Notice by overnight United States mail or courier shall be effective on the second business day after it was sent.

**24. Miscellaneous.** This Agreement may be executed in PDF or facsimile counterparts, each of which shall be deemed to be an original, and will be deemed to be fully executed when each party has executed at least one counterpart. PROPERTY OWNER agrees that by accessing a “DocuSign” or a similarly hosted services site and by clicking “Adopt and Sign,” PROPERTY OWNER agrees that the signature and initials will constitute the electronic representation of his/her signature on the Agreement - just the same as a pen-and-paper signature- and that by such electronic signature in accordance with ARS § 44-7007 (Legal recognition of electronic records, signatures and contracts), PROPERTY OWNER intends to be bound by the Agreement. All of the obligations set forth in this Agreement shall bind both PROPERTY OWNER and TEP and their successors and permitted assigns. The applicable provisions of this Agreement shall continue in effect after expiration, cancellation, or termination hereof to the extent necessary to provide for final billings, billing adjustments, and the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred prior to the effective date of the termination of this Agreement.

Table 1                      Purchase Option Prices and Exit Fee

List of Exhibits:

Exhibit A                      Authorization to Proceed Form

Exhibit B                      Copy of Residential Solar – Company Owned Program Tariff



**Contract Number:**

IN WITNESS WHEREOF, PROPERTY OWNER certifies that he/she is the legal title holder of the PROPERTY, and has the authority to enter into this Agreement as of the Effective Date set forth below.

<b><u>"PROPERTY OWNER"</u></b>	
Signature:	
Name:	
Date:	

<b><u>"PROPERTY OWNER"</u></b>	
Signature:	
Name:	
Date:	

<b><u>"TUCSON ELECTRIC POWER COMPANY"</u></b>	
Signature:	
Name:	
Title:	
Date:	

**TABLE 1**

**PURCHASE OPTION PRICES AND EXIT FEES**

Column (1) represents the Purchase Price of the System, available to PROPERTY OWNER as set forth in Section 4 of the Agreement. Reconfiguration and interconnection costs are additional and are the Property Owners' responsibility.

Column (2) represents total Exit Fees as set forth in Section 5 of the Agreement, comprised of a per watt charge plus a base fee. The Exit Fee represents the additional amount to TEP over time to remove the System, and to either reuse or dispose of System components. Exit Fees escalate annually starting in Year 1 based upon the Consumer Price Index (CPI-U).

(1)		(2)	
Purchase Price (\$)		Exit Fee (\$)	
Year	per watt charge (\$)	per watt charge (\$)	plus base fee*(\$)
1	not available	0.90	650
2	not available	0.90	650
3	not available	0.90	650
4	not available	0.90	650
5	not available	0.90	650
6	2.78	3.08	650
7	2.64	2.94	650
8	2.49	2.79	650
9	2.34	2.64	650
10	2.19	2.49	650
11	2.04	2.34	650
12	1.89	2.19	650
13	1.75	2.05	650
14	1.60	1.90	650
15	1.46	1.76	650
16	1.33	1.63	650
17	1.19	1.49	650
18	1.06	1.36	650
19	0.93	1.23	650
20	0.80	1.10	650
21	0.68	0.98	650
22	0.56	0.86	650
23	0.45	0.75	650
24	0.35	0.65	650
25	0.25	0.55	650

**EXAMPLE OF PURCHASE OF SYSTEM:**

Your home has nineteen (19) 270 watt modules, which means it has a 5,130 Watt system (19\*270 = 5,130), which equals 5.13 kW. In Year 10, you choose to purchase the System. Your purchase price is: 5,130 \* \$2.19 = \$10,950.00

**EXAMPLE OF PAYMENT OF EXIT FEE:**

In Year 16, you sell your house, and the purchaser does not want the System. Your price to exit this Agreement is: (5,130 \* \$1.63) = \$8,361.90 (per watt charge) + \$650 (base fee) = \$9,011.90

**EXHIBIT A**  
**AUTHORIZATION TO PROCEED FORM - SAMPLE**

# TEP Residential Solar Program

## PROGRAM PROPOSAL

[Name]  
{Address}  
Contract #:  
TEP Account #:  
[Date]  
Contracted Usage: \$ \_\_\_\_\_

System Size: \_\_\_\_\_ kW DC  
New Fixed Solar Payment: \$ \_\_\_\_\_ / month

### Authorization to Proceed

Property Owners below have executed the Residential Solar Licensing Agreement ("Agreement") and have received a Customer Program Proposal ("Proposal") in connection with TEP's Residential Solar Program. Property Owners approve of the Proposal and agree that TEP may proceed with the installation of the system on the Property as set forth in the Agreement.

TO MAINTAIN YOUR RESERVATION PRIORITY, RETURN AN EXECUTED VERSION OF THIS FORM TO  
TEPResidentialSolar@tep.com FOR RECEIPT BY: \_\_\_\_\_ [14 days from TEP Approval Date below]  
All Property Owners must execute this Authorization to Proceed.

**INSTALLER:**

**TUCSON ELECTRIC POWER COMPANY:**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Title: \_\_\_\_\_

Print Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_ ("TEP Approval Date")

**ACCEPTED AND AGREED:**  
**PROPERTY OWNER:**

**ACCEPTED AND AGREED:**  
**PROPERTY OWNER:**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

I would like a TEP Energy efficiency follow up:

Agree  Decline

TEP and authorized contractors may take and use photos of my system on my property in connection with this program:

Agree  Decline

Payment options for \$250 Processing Fee (circle one)

1 payment of \$250.00

2 payments of \$125.00

4 payments of \$62.50

5 payments of \$50.00



# TEP Residential Solar Program

## EXHIBIT B

### RESIDENTIAL SOLAR – COMPANY OWNED PROGRAM TARIFF

#### Rider R-10

#### Residential Solar - Company Owned Program

##### AVAILABILITY

Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and configuration and are adjacent to the premises.

##### APPLICABILITY

To all Standard Residential Customers with the legal authority to enter into a contractual agreement assigning the rights to the Company necessary to allow production of electricity on the Customer's premises using photovoltaic solar equipment as a Renewable Resource. The photovoltaic solar equipment will be owned, operated, and maintained solely by the Company.

##### CHARACTER OF SERVICE

The service shall be single-phase or three-phase, 60 Hertz, and at one standard nominal voltage as determined by the Company and subject to availability at point of delivery.

##### RATE

A Customer will enter into a contract with the Company for a fixed rate for their total net monthly bill before taxes, assessments and other governmental charges. The fixed monthly rate will be \$16.50 per kW based on the capacity of the solar equipment necessary to meet the customer's most recent 12 month historical usage.

The Company shall provide all of the Customer's electricity requirements at the contractual fixed rate. If in any calendar year a Customer's usage exceeds 115% of the Customer's contractually established historical annual usage, the customers' fixed rate shall be recalculated based on the new annual consumption data for the most recent year.

Additionally, if in any calendar year a customer consumes less than 85% of the contractually established historical annual usage, the Customer's fixed rate shall be recalculated based on the new annual consumption data for the most recent year.

The ACC may modify the program including the fixed rate. In the event the ACC modifies the program or the fixed rate, the Customer shall have the option of continuing service subject to such modifications or terminating service at no cost or penalty as provided in the contract.

##### TERMS AND CONDITIONS OF SERVICE

- 1) For initial participation in the program, Customer must have been an active Customer of the Company in good standing at the premises for no less than 12 months.
- 2) Customer will enter into a contract for 25 years. Customer must remain on the Residential Solar - Company Owned Program tariff for the term of the contract. As set forth in the contract, Customer may (i) assign the contract to a purchaser of the property, in which case the purchaser will receive service under this tariff or (ii) terminate service under this tariff through a purchase provision, payment of an Exit Fee in the event of the sale of the property, or upon an ACC initiated modification in the program or fixed rate not agreed to by the Customer.
- 3) Customer will continue to be charged for all other applicable ACC approved charges (except for the Lost Fixed Cost Recovery charge, the Environmental Compliance Adjustor charge and the Purchased Power and Fuel Adjustment Clause charge, or other charges subsequently approved for exclusion by the ACC) and Taxes and Assessments.

- 4) The terms and conditions discussed herein are not applicable to any other Company residential tariffs or Riders.
- 5) Customer shall comply with all applicable federal, state, and local laws, regulations, ordinances and codes governing the production and/or sale of electricity.
- 6) A one-time Processing Fee of \$250 will be charged at the time the Customer executes the contract.
- 7) Customer will be subject to terms and conditions as set forth in the contract.

#### TEP STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission (ACC) see the TEP Statement of Charges which is available on TEP's website at [www.tep.com](http://www.tep.com).

#### RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rate or the contract.

#### TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.