

## **ADDENDUM TO DIRECT ACCESS SERVICES AGREEMENT**

This Addendum (Addendum) to the Direct Access Services Agreement (Agreement) dated March 25, 2002 between APS Energy Services Company, Inc. (APS Energy Services), an Arizona corporation, and the Trustees of the California State University which is the State of California acting in its higher education capacity (CSU) and The Regents of The University of California (UC), is entered into as of -----, 2004.

Whereas, commencing on January 1, 2005 CSU will purchase baseload electric power at wholesale from the Western Area Power Administration (WAPA) for CSU system-wide usage;

Whereas, commencing on January 1, 2005, the University of California, San Francisco (UCSF) and the University of California, Berkeley (UCB) will purchase electric power at wholesale from WAPA for usage at each campus; and

Whereas, in accordance with the rules of the California Independent System Operator (CAISO), it is necessary for APS Energy Services to act as the Scheduling Coordinator for delivery of the WAPA power to CSU, UCSF and UCB.

In consideration of the mutual promises set forth in this Addendum, the Parties agree as follows:

### **I. General.**

A. Term. The obligations of the Parties to this Addendum will commence on January 1, 2005 at 12:00 a.m. Pacific Standard time [SHOULD MATCH WAPA CONTRACT] and will terminate automatically when the Agreement is terminated.

B. Title to Power. APS Energy Services shall not take title to the WAPA power that is the subject of this Addendum. Title shall transfer from WAPA to the Universities in accordance with the applicable agreements between WAPA and the Universities.

### **II. Scheduling Coordination Services for WAPA Power.**

#### **A. APS Energy Services Obligations For CSU Allocation.**

1. Commencing on January 1, 2005, APS Energy Services shall perform all scheduling coordination services required for the CSU WAPA 2005 Base Resource allocation (CSU Allocation) to the delivery points specified in Exhibit A to the CSU-WAPA contract. As part of its scheduling coordination responsibilities, APS Energy Services shall perform the responsibilities specified in Section 9 and Appendix C to the

CSU-WAPA contract on behalf of CSU. APS Energy Services shall perform the scheduling coordinator services in accordance with Exhibit C and all applicable laws, regulations, and tariffs of the CAISO and any governmental authority with jurisdiction over these services. The CSU-WAPA Contract is attached as Exhibit 1.

2. APS Energy Services shall perform all metering and power measurement responsibilities set forth in Section 16 of the CSU-WAPA contract on CSU's behalf.

3. Payment.

a) Payment to WAPA. CSU shall be solely responsible for any payments to WAPA for the CSU Allocation.

b) Payment to APS Energy Services. [TBD]

B. Scheduling Coordinator Services for UCB WAPA Power.

1. Commencing on January 1, 2005, APS Energy Services shall perform all scheduling coordination services required for the UCB WAPA 2005 Base Resource allocation (UCB Allocation) to the delivery points specified in Exhibit A to the UCB-WAPA contract. As part of its scheduling coordination responsibilities, APS Energy Services shall perform the responsibilities specified in Section 9 and Appendix C to the UCB-WAPA contract on behalf of UCB. APS Energy Services shall perform the scheduling coordinator services in accordance with Section 9 and Exhibit C and all applicable laws, regulations, and tariffs of the CAISO and any governmental authority with jurisdiction over these services. The UCB-WAPA Contract is attached as Exhibit 2.

2. APS Energy Services shall perform all metering and power measurement responsibilities set forth in Section 16 of the UCB-WAPA contract on UCB's behalf.

3. Payment.

a) Payment to WAPA. UCB shall be solely responsible for any payments to WAPA for the UCB Allocation.

b) Payment to APS Energy Services. [TBD]

C. Scheduling Coordination Services for UCSF WAPA Power.

1. Commencing on January 1, 2005, APS Energy Services shall perform all scheduling coordinator services required for the scheduling of the UCSF WAPA 2005 Base Allocation (UCSF WAPA Power) to the delivery points specified in Exhibit A to the UCSF-WAPA contract. As part of its scheduling coordination responsibilities, APS Energy Services shall perform the responsibilities specified in Section 9 and Appendix C to

the UCSF-WAPA contract on behalf of UCSF. APS Energy Services shall perform the scheduling coordinator services in accordance with Exhibit C and all applicable laws, regulations, and tariffs of the CAISO and any governmental authority with jurisdiction over these services. The UCSF-WAPA Contract is attached as Exhibit 3

2. APS Energy Services shall perform all metering and power measurement responsibilities set forth in Section 16 of the UCSF-WAPA contract on UCSF's behalf.

3. Payment.

a) Payment to WAPA. UCSF shall be solely responsible for any payments to WAPA for the UCSF Allocation.

b) Payment to APS Energy Services. [TBD]

D. Other.

1. APS Energy Services shall use reasonable efforts to aid CSU/UCB/UCSF in resolving any discrepancies with third parties, including but not limited to WAPA and the ISO, resulting from the services provided under this Addendum. APS Energy Services shall use reasonable efforts to assist CSU/UCB/UCSF in resolving any discrepancies with the ISO, including the filing of disputes on behalf of CSU/UCB/UCSF with the ISO as may be appropriate, but not including disputes encompassed in the ISO ADR Procedures.

2. APS Energy Services shall be solely responsible for all suits, actions, liabilities, legal proceedings, claims, demands, losses, damages, fines, penalties, costs and expenses of whatsoever kind or character, including reasonable attorneys' fees and expenses (collectively, "losses"), relating to or arising solely out of APS Energy Services' performance of this agreement, including but not limited to, any contractual damages or losses suffered by CSU/UCB/UCSF pursuant to their respective WAPA contracts.

IV. Incorporation. This Addendum is hereby incorporated into, and made part of, the Agreement.

This Addendum is hereby executed effective as of the -- day of ---, 2004.