

**RESOLUTION NO. 2026-2526**

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF GOODYEAR, MARICOPA COUNTY, ARIZONA, APPROVING A LONG-TERM OPERATING AGREEMENT WITH ARIZONA PUBLIC SERVICE COMPANY FOR THE DELIVERY OF BRACKISH WATER TO THE PALO VERDE GENERATING STATION.

WHEREAS, historically the reject streams produced from the City's reverse osmosis groundwater treatment facilities has been disposed of via the city's sewer system and passed through the Goodyear Water Reclamation Facility ("GWRF");

WHEREAS, the delivery of these reject streams to the GWRF negatively impact the City's wastewater operations, including using capacity at the GWRF that is needed to support new development wit in the City;

WHEREAS, in 2019, the City completed a Brine Management Study to explore alternative options for the disposal of the reject streams;

WHEREAS, since the completion of the Brine Management Study, the City has pursued a collaborative and innovative project with Arizona Public Service ("APS") that will allow the City to deliver the reject streams to the Palo Verde Generating Station ("PVGS") and water discharged from cooling towers of industrial users in Goodyear (collectively "Brackish Water") through the PVGS water reclamation supply system pipeline ("WRSS Pipeline).

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GOODYEAR, MARICOPA COUNTY, ARIZONA, AS FOLLOWS:

SECTION 1. The Mayor and Council of the City of Goodyear hereby approve the Long-Term Operating Agreement between the City of Goodyear and Arizona Public Service attached hereto as Exhibit A (the "Operating Agreement") and authorize its execution.

SECTION 2. The City Manager is hereby authorized and directed to take any and all actions and to execute any and all documents necessary to carry out the intent of this Resolution and the terms of the Operating Agreement.

SECTION 3. Resolution 2026-2526 shall be effective upon the date of its adoption.

PASSED AND ADOPTED by the Mayor and Council of the City of Goodyear, Maricopa County, Arizona, by a \_\_\_\_\_ vote, this 22nd day of June, 2026.

\_\_\_\_\_  
Joe Pizzillo, Mayor

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

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Jasmine Pernicano, City Clerk

\_\_\_\_\_  
Roric Massey, City Attorney

# **Exhibit A**

**LONG-TERM OPERATING AGREEMENT**  
**BETWEEN**  
**THE CITY OF GOODYEAR**  
**AND**  
**ARIZONA PUBLIC SERVICE COMPANY**

## 1. PARTIES.

1.1 This Long-Term Operating Agreement is by and between CITY OF GOODYEAR, a municipal corporation formed under the laws of Arizona (“Goodyear” or “Municipality”) and ARIZONA PUBLIC SERVICE COMPANY, an Arizona corporation (“APS” or “Company”) having its principal place of business at 400 North 5th Street, Phoenix, Arizona 85004, acting on its own behalf and as Operating Agent for the Palo Verde Generating Station (“PVGS” or “Palo Verde”) Participants (as defined below) and for the benefit of Pinnacle West Capital Corporation (this “Agreement”). This Agreement provides the terms and conditions under which Goodyear will deliver, and APS will accept, Goodyear Brackish Water (as defined below) at PVGS through the Water Reclamation Supply System (“WRSS Pipeline”) and is effective July 15, 2026 (the “Effective Date”).

## 2. RECITALS.

2.1 WHEREAS, PVGS is a nuclear power plant, co-owned by APS, Salt River Project Agricultural Improvement & Power District, El Paso Electric Company, Southern California Edison Corporation, Public Service Company of New Mexico, Southern California Public Power Authority, and Los Angeles Department of Water & Power (collectively, the “Participants”).

2.2 WHEREAS, APS is the Operating Agent of PVGS including the WRSS Pipeline and Water Reclamation Facility (“WRF”), which operates for the benefit of the Participants.

2.3 WHEREAS, PVGS has Nuclear Regulatory Commission approved operating licenses for nuclear Units 1, 2, and 3 which expire in 2045, 2046, and 2047, respectively.

2.4 WHEREAS, PVGS uses cooling water from municipal effluent delivered via the WRSS Pipeline that runs through the municipal boundaries of Goodyear; the water is delivered to the WRF where it is treated, stored, used for cooling, and discharged into evaporation ponds.

2.5 WHEREAS, APS also provides cooling water from the WRF to the Redhawk Power Plant located in Arlington, Arizona (“Redhawk”).

2.6 WHEREAS, the WRSS Pipeline is accessible from Goodyear’s existing and/or future water treatment and reclamation facilities.

2.7 WHEREAS, because of the rising costs of effluent being used as cooling water, APS is interested in pursuing alternative sources of cooling water.

2.8 WHEREAS, Goodyear is seeking to dispose of the reject stream from reverse osmosis treatment of its water into the WRSS Pipeline to be conveyed to PVGS for use as cooling water.

2.9 WHEREAS, additionally, Goodyear is seeking to dispose of some or all of the water discharged from cooling towers of industrial users operating in Goodyear into the WRSS Pipeline to be conveyed to PVGS for use as cooling water.

2.10 WHEREAS the City of Buckeye (“Buckeye”) also is interested in disposing of reject stream from reverse osmosis treatment of water into the WRSS Pipeline to be conveyed to PVGS for use as cooling water.

2.11 WHEREAS, in August 2022, Goodyear, Buckeye and APS entered into that certain agreement titled *Agreement Regarding Collaborative Efforts to Accept Municipal Brackish Water into the Water Reclamation*

*Supply System Pipeline*, which was amended in March 2024 by that certain agreement titled *First Amendment to Agreement Regarding Collaborative Efforts to Accept Municipal Brackish Water into the Water Reclamation Supply System Pipeline*, and subsequently amended in 2024 by that certain agreement titled *Second Amendment to Agreement Regarding Collaborative Efforts to Accept Municipal Brackish Water into the Water Reclamation Supply System Pipeline* (collectively referred to as the “Initial Brackish Water Agreements”) pursuant to which Goodyear and Buckeye provided the funding for (i) design work, (ii) certain construction services, and (iii) purchase of certain long-lead time equipment.

2.12 WHEREAS, in March 2025, Goodyear, Buckeye, and APS entered into that certain agreement titled *Engineering Procurement and Construction Agreement* pursuant to which the municipalities provided the funding for (i) engineering, design, construction, and procurement of equipment to allow the Company to deliver cooling water to Redhawk, (ii) work required for Goodyear Interconnections to the WRSS Pipeline, (iii) preparation for PVGS to begin receiving brackish water from the municipalities, and (iv) a commitment to further good-faith negotiations on a long-term agreement. This Agreement is that long-term agreement as between Goodyear and APS.

2.13 WHEREAS, APS reaffirms its obligations in the Initial Brackish Water Agreements set forth in Section 5 (Third Party) and Section 6 (Entry Fee) (i) prohibiting APS from accepting reject streams from reverse osmosis treatment of groundwater or any other streams of water from other entities (“Additional Brackish Water Owners”) if doing so will result in Goodyear not being able to deliver up to 3.3 million gallons per day (“mgd”) of Goodyear Brackish Water, and (ii) requiring APS to collect contribution from Additional Brackish Water Owners to reimburse Goodyear and Buckeye a percentage of the cost of the improvements paid for by Goodyear and Buckeye under the Initial Brackish Water Agreements except for the cost of the improvements that were solely for Goodyear’s benefit.

2.14 WHEREAS, Buckeye is not yet prepared to deliver Brackish Water to PVGS, but Goodyear is finalizing improvements needed for it to deliver Goodyear Brackish Water to PVGS through the WRSS Pipeline and is prepared to enter into this long-term agreement contemplated by that certain agreement titled *Engineering Procurement and Construction Agreement* entered into by Goodyear, Buckeye, and APS in March 2025.

2.15 WHEREAS, APS and Goodyear (individually as a Party and collectively as the Parties) wish to enter into this Agreement to address the following (collectively, the “Project”):

- Responsibilities for operating and maintaining equipment, including work required to maintain the systems that allow APS to deliver cooling water to Redhawk, which includes the Brackish Water the Municipality will be delivering to PVGS;
- Operating procedures for delivery or cessations of delivery of Brackish water under various conditions;
- Brackish water testing requirements including frequency and reporting;
- Payment and pricing for Goodyear to send the Brackish Water to APS;
- Transfer of all rights and title in the Brackish Water from Goodyear to APS;
- Potential transition between water evaporation or recovery technologies; and
- Associated provisions related to the above.

2.16 WHEREAS, Goodyear agrees that APS is entitled to enter into agreements with Buckeye or other entities that provides for the delivery of Brackish Water (defined below) to PVGS unless such agreements will result in Goodyear not being able to deliver the agreed upon amounts of Goodyear Brackish Water (defined below),

which are specified in this Agreement. APS agrees that the costs charged for delivering Brackish Water to PVGS by Buckeye or any other entity shall not adversely impact costs charged to Goodyear under this Agreement such that Goodyear would be subsidizing the costs for the delivery of Brackish Water to PVGS by Buckeye or any other entity.

### 3. **DEFINITIONS.**

Terms not defined elsewhere in this Agreement have the following meanings:

“Applicable Law” means all applicable laws, statutes, ordinances, rules, and regulations of any governmental authority (including, without limitation, city, county, state, federal, and tribal governmental authorities), including, without limitation, statutes, ordinances, rules, and regulations.

“Brackish Water” means any stream of water with TDS levels greater than 1,750 ppm.

“Goodyear Brackish Water” means the: (A) reject stream from reverse osmosis treatment of recovered effluent and Central Arizona Project water delivered from Goodyear to PVGS through the WRSS Pipeline; and (B) water from cooling towers of industrial users operating in Goodyear delivered from Goodyear to PVGS through the WRSS Pipeline for use as cooling water, with the Brackish Water delivered from Goodyear under (A) and (B) expected to have Total Dissolved Solids (“TDS”) levels ranging between 6,000 and 9,000 mg/l.

“Business Day” means Monday through Friday excluding United States federal holidays.

“Claim” means any claim, action, dispute, demand, or right of action, whether in law or in equity, of every kind and character.

“Company Property” means Company’s tools, equipment, data, facilities, or Company Cyber Assets.

“Force Majeure” means an unforeseeable event beyond the reasonable control of, and not the fault of nor caused by any negligence of, the affected Party and which the affected Party is unable to overcome by the exercise of its reasonable diligence. Force Majeure may include the following: a restraint imposed by government, act of a public enemy, war, blockade, insurrection, riot, act of God, pandemic, epidemic, landslide, earthquake, fire, storm, lightning, and flood. Force Majeure events do not include strikes, work stoppages, interruption to supply chain, or economic hardship.

“Indemnitee” means the indemnified Party and the officers, directors, employees, agents, advisors, representatives, affiliates, successors, and assigns of the indemnified Party.

“Intellectual Property” means any United States and foreign: (A) patents and patent applications, inventions and improvements thereto; (B) trademarks, service marks, trade names, trade dress, logos, business and product names, and registrations and applications for registration thereof; (C) copyrights and registrations thereof; (D) trade secrets and confidential or proprietary information including, without limitation, processes, methods, designs, formulae, know-how, and models; and (E) tangible embodiments of any of (A) through (D) in any form or medium.

“Losses” means all liabilities, losses, damages, fines, penalties, costs, and expenses, of any kind or nature, whether or not covered by insurance, inclusive of reasonable attorney’s fees and expenses incurred in the investigation, defense, or enforcement of either Party’s rights under this Agreement except as provided in Section 16.1.

“mg/l” means milligrams per liter and is equivalent to ppm

“ppm” means parts per million and is equivalent to mg/l

**4. ENTIRE AGREEMENT; PRECEDENCE.**

4.1 Entire Agreement. Except as expressly provided herein, this Agreement contains the final and complete understanding between the Parties and supersedes all prior and contemporaneous communications pertaining to the Project. The Initial Brackish Water Agreements and the Engineering, Procurement and Construction Agreement remain in full force and effect.

4.2 Appendices. This Agreement includes all documents attached hereto or incorporated by reference, including:

Appendix A	Pricing and Payment
Appendix B	Operational Requirements
Appendix C	Confidentiality and Non-Disclosure Agreement
Appendix D	Insurance Requirements
Appendix E	Testing Requirements
Appendix F	Chemical Cost Determination Methodology

4.3 Precedence. In the event of a conflict, the documents of this Agreement will be read in the following order of priority:

- (A) This Agreement.
- (B) The operating procedure then in place between the Parties, which APS shall prepare and provide to the Goodyear, and which shall be consistent with the appendices to this Agreement unless mutually agreed to in a writing by the Parties.
- (C) The appendices to this Agreement.
- (D) Any other documents referenced in this Agreement or its appendices.

**5. TERM.**

5.1 This Agreement shall have an initial term that commences upon the Effective Date and expires upon the completion of operations of Unit 1 at PVGS, which is currently scheduled for June 1, 2045 (“Initial Term”). If all three PVGS units obtain a subsequent operating license renewal, this Agreement shall be automatically extended for a subsequent term that is coterminous with the earliest of the units’ license renewal term.

**6. SCOPE.**

- 6.1 This Agreement provides the rights and obligations of the Parties with respect to the Project.
- 6.2 This Agreement provides for an initial conveyance of Goodyear Brackish Water of 1.7 mgd through the WRSS (“Goodyear’s Initial Flows”).
- 6.3 This Agreement provides, subject to PVGS operational margins and design limitations, for an additional conveyance of up to 1.6 mgd of Goodyear Brackish Water (in whole or in part, “Goodyear’s Additional Flows”) through the WRSS Pipeline such that at full buildout, Goodyear will be delivering up to 3.3 mgd.

In order to manage Goodyear’s Additional Flows, additional treatment capacity, which may include water recovery equipment or additional or alternate enhanced evaporation technology, may be required.

Engineering, procurement, and construction of said additional equipment will be determined by mutual written agreement of the two Parties and at Goodyear's expense. If such equipment is required, APS will not be obligated to accept Goodyear's Additional Flows until the equipment is installed. To the extent that the improvements and equipment constructed and installed to accept flows of Goodyear Brackish Water in excess of Goodyear's Initial Flows will support the delivery of Brackish Water from Additional Brackish Water Owners, APS agrees that it will collect from those entities delivering Brackish Water to PVGS a percentage of the cost of the improvements and equipment paid for by Goodyear except for the cost of any improvements that are solely for Goodyear's benefit.

6.4 APS shall not accept reject streams from reverse osmosis treatment of groundwater or any other streams of water from other entities other than Brackish Water from Buckeye pursuant to the parties previous agreements if doing so will result in Goodyear not being able to deliver up to 3.3 mgd of Goodyear Brackish Water or will result in Goodyear having to incur costs for improvements Goodyear is responsible for under this Agreement that Goodyear would not otherwise have incurred but for APS's acceptance of reject streams from reverse osmosis treatment of groundwater or any other streams of water from other entities.

## **7. PRICE AND PAYMENT.**

7.1 Description of the Costs. See Appendix A for Pricing and Payment terms.

7.2 Interconnection. Goodyear will be responsible for any costs associated with maintaining, and operating interconnection(s) into the existing WRSS Pipeline that conveys water to PVGS, as well as any retention ponds or other infrastructure needed in order to retain Goodyear Brackish Water when APS does not accept the Goodyear Brackish Water into the WRSS Pipeline (such as for a period of time during a refueling outage at PVGS, as set forth in Appendix B).

7.3 Improvements or Alterations To, and Use Of, Existing PVGS Infrastructure. Goodyear will fund the costs of any additional improvements to the WRSS Pipeline, not completed under previously executed agreements, that are needed for Goodyear to deliver Goodyear Brackish Water into the WRSS Pipeline. The Parties agree that no additional improvements to the WRSS Pipeline are needed for the delivery of Goodyear's Initial Flows. Goodyear will pay costs for required modifications to the electrical service entrance, as well as an electrical distribution system suitable for the operation of the new equipment in the evaporation pond area. APS and Goodyear shall enter into a separate contract to document and provide for the construction of any new improvements needed as provided in this section.

7.4 New Equipment and APS Infrastructure. If not already covered under existing agreements, Goodyear will fund the costs of the new systems and equipment needed to deliver and process Goodyear Brackish Water to include construction of the new systems, including, without limitation, a method of addressing additional cooling tower blowdown water discharged to the evaporation ponds and construction of an excess blowdown return line from Redhawk to PVGS; and the maintenance, repair, and periodic replacement of the new systems or sub-components. Flowmeters and TDS meters with output provided to Palo Verde Water Resources ("PVWR") will be installed at connection points to monitor total Brackish Water flow and quality being supplied into the WRSS Pipeline. APS and Goodyear shall enter into a separate contract to document and provide for the construction of any new improvements needed as provided in this section

7.5 Entry Fee. The calculation of the Entry Fee to be charged to Additional Brackish Water Owners as set forth in the Initial Brackish Water Agreements shall include all of the costs Goodyear incurs for improvements it is responsible for under this Agreement unless such improvements solely benefit Goodyear.

- 7.6 Other. The operating and maintenance costs are subject to periodic modification, which shall be based on documented costs provided by APS. In no event will APS be obligated to conduct work or obtain goods and services under this Agreement if the cost of such work is not reimbursed by the Municipality.
- 7.7 Unexpected Impacts. In the event unexpected impacts to the WRSS Pipeline, WRF, PVGS, or Redhawk are encountered after the commencement of deliveries of Goodyear's Brackish Water to the WRSS Pipeline that differ from or exceed those anticipated impacts identified in the Brine Management Report dated October 28, 2021, additional costs or fees may be assessed in order to adjust to those impacts.
- 7.8 Pricing Adjustments. In the event the Company enters into an agreement with an Additional Brackish Water Owner, the Parties agree to meet and determine if the Lifecycle Management Fee should be modified. The Company is under no obligation to provide specific terms of the agreement(s) with any Additional Brackish Water Owner and is not obligated to apply any terms of those agreements to any agreement to which Company and Goodyear are parties. APS agrees that the costs charged for delivering Brackish Water to PVGS by Buckeye or any other entity shall not adversely impact costs charged to Goodyear under this Agreement such that Goodyear would be subsidizing the costs for the delivery of Brackish Water to PVGS by Buckeye or any other entity.
- 7.9 Invoicing. Once operation has begun, APS will invoice Goodyear on a monthly basis based on the volume and TDS levels of the water delivered into the WRSS Pipeline, using mutually agreed upon accounting framework. Such invoices shall contain: (A) a reference to this Agreement; and (B) a description of the goods and services covered by the invoice. Invoices must be submitted to:

City of Goodyear  
Accounts Payable  
1900 No. Civic Square  
Goodyear, AZ 85395

- 7.10 Payment Terms. Municipality shall pay amounts due to APS within thirty (30) days following the receipt of an invoice. Such payments shall be submitted to:

Arizona Public Service Company  
P.O. Box 53920  
Mail Station 9996  
Phoenix, AZ 85072-3920

## **8. FORCE MAJEURE.**

- 8.1 Force Majeure. In the event of a Force Majeure, the affected Party will: (A) promptly notify the other Party in writing of any causes or circumstances claimed to constitute a Force Majeure event, the obligations that will be affected by such Force Majeure event, the measures taken or to be taken to minimize the impact thereof, the schedule for implementation of those measures, the anticipated duration of the failure to perform or delay, and evidence supporting the claimed Force Majeure event; and (B) use reasonable best efforts to mitigate the effect of such failure to perform or delay and to remedy the impact of the Force Majeure event. In no event will the Municipality's failure to satisfy its payment obligations under this Agreement constitute a Force Majeure. The time for performance will be extended by a period of time equal to the time lost due to a Force Majeure event or other period agreed upon by the parties.

8.2 Extended Force Majeure. If the cumulative period of the delay equals or exceeds six (6) months or either Party determines the delay has a significant adverse effect on its operations, that Party may terminate this Agreement without further liability. If possible, the affected Party will offer partial performance of its obligations, which the non-affected Party may accept or refuse.

## 9. CONFIDENTIALITY.

9.1 The Parties' obligations regarding confidentiality are governed by the provisions of the Confidentiality and Non-Disclosure Agreement attached hereto as Appendix C.

## 10. INTELLECTUAL PROPERTY.

10.1 Pre-existing Intellectual Property. Rights to any and all intellectual property conceived, authored, made, or reduced to practice by any Party prior to performing under this Agreement, are and will remain that Party's property.

10.2 New Intellectual Property. Copies of all reports, data, or final documentation generated as a result of this Agreement or otherwise provided or assigned to APS by a subcontractor shall be provided and/or licensed to the Municipalities upon their request, unless it contains confidential information about APS, the Participants, or their facilities. APS shall have ownership rights to the results of any reports, data, or final documentation generated as a result of this Agreement or otherwise provided or assigned to APS by a subcontractor as works for hire.

## 11. TERMINATION.

11.1 Termination for Cause. The non-breaching Party must provide the breaching Party with notice of the breach. If such breach remains uncured for 45 days from when the notice is received by the breaching Party, the non-breaching Party may immediately terminate the Agreement.

11.2 Termination in the Event of an Early PVGS Plant Closure. In the event that one or more PVGS units close before the Initial Term, or any extended term pursuant to Section 5.1, expires, APS may terminate this Agreement thirty (30) days after providing notice to Goodyear of APS's intention to terminate. Upon Goodyear's request, after its receipt of the termination notice, the Parties will meet and negotiate in good faith to consider amending this Agreement to reduce the amount of Brackish Water delivered to the WRSS Pipeline; however, APS may terminate the Agreement if the Parties do not reach mutual agreement before the thirty (30) day notice period has passed.

11.3 Termination in the Event of Significant Unexpected Impacts to PVGS Facilities. In the event that introducing the Brackish Water into the WRSS Pipeline results in significant unexpected impacts to PVGS facilities, APS may terminate the Agreement thirty (30) days after providing notice to Goodyear of APS's intention to terminate. Upon Goodyear's request, after its receipt of the termination notice, the Parties will meet and negotiate in good faith to consider amending this Agreement to reduce or eliminate the impacts to PVGS; however, APS may terminate the Agreement if the Parties do not reach mutual agreement before the thirty (30) day notice period has passed.

11.4 Termination Based on Regulatory Change. In the event of a change in environmental regulations regarding pollutants and the change was not contemplated by the Project and the Project is no longer feasible because of such change, APS may suspend flows immediately. APS may also terminate the Agreement thirty (30) days after providing notice to Goodyear of APS's intention to terminate. Upon Goodyear's request, after its receipt

of the termination notice, the Parties will meet and negotiate in good faith to consider amending this Agreement to eliminate the impacts of the regulatory change; however, APS may terminate the Agreement if the Parties do not reach mutual agreement before the thirty (30) day notice period has passed.

11.5 Settlement Upon Termination. In the case of Termination under Sections 11.2 (Termination in the Event of an Early PVGS Plant Closure), APS shall reimburse Goodyear for the costs Goodyear incurred under the Initial Brackish Water Agreements, the Engineering, Procurement and Construction Agreement, and any costs it incurs for construction of improvements required in this Agreement prior to receiving the notice of termination (“Goodyear’s Costs”) and APS shall not accept reject streams from reverse osmosis treatment of groundwater or any other Brackish Water streams from any third party for a period of three (3) years following the termination. Such reimbursement shall not allow for double recovery by Goodyear under this Agreement or prior agreements. In the case of Termination under Section 11.3 (Termination in the Event of Significant Unexpected Impacts to PVGS Facilities) or 11.4 (Termination Based on Regulatory Change), APS shall reimburse Goodyear for 50% of Goodyear’s Costs, with the percentage of the reimbursement being prorated from the Effective date through 2045. For example, if the Termination under 11.3 were to occur in 2026, APS would reimburse Goodyear for the full 50% of Goodyear’s Costs. If the Termination under Section 11.3 were to occur in 2045, APS would reimburse Goodyear for none of Goodyear’s Costs. This Section 11.5 shall expire on June 1, 2045.

**12. TITLE.**

12.1 Title to the Brackish Water will pass from Goodyear to the Participants upon delivery to the WRSS Pipeline, provided that the Brackish Water does not exceed the levels set forth in Appendix E or under applicable law for human or environmental safety.

12.2 Title to interconnection, improvements, or alterations to Company Property or facilities that belong to the Participants, including but not limited to the WRSS Pipeline and PVGS and any equipment or materials purchased or installed as a part of the Project, will pass to APS and the Participants upon incorporation of such interconnections, improvements, or alterations into Company’s or Participants’ property or facilities and will belong to APS and/or the Participants; provided, however that the infrastructure from the Municipality’s respective systems to the Palo Verde Trust 530 pipeline easement shall belong to the Municipality.

**13. DESIGNATED REPRESENTATIVE AND NOTICE.**

13.1 All communications relating to the day-to-day activities under this Agreement will be between the designated representatives named in Appendix B. Any other notices required under this Agreement shall be sent by certified mail, return receipt requested or a reputable courier service, and email, to the individuals identified below or to any other addresses a Party may designate in writing and deliver in a like manner. Notices will be effective on the date the certified mail is delivered, or the reputable courier service makes delivery.

<p>Goodyear:          Barbara Chappell          Water Services Director          4980 S. 157<sup>th</sup> Ave.          Goodyear, AZ 85338  <a href="mailto:Barbara.Chappell@goodyearaz.gov">Barbara.Chappell@goodyearaz.gov</a></p>	<p>APS:          Pall Hopkins          Director, PVGS Water Resources  <a href="mailto:Pall.Hopkins@aps.com">Pall.Hopkins@aps.com</a>          and          Bradley Berles          Senior Director, PVGS Water Strategy</p>
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	Bradley.Berles@aps.com  5871 S. Wintersburg Rd., MS 6215 Tonopah AZ 85354
With a copy to: Roric Massey Goodyear City Attorney 1900 No. Civic Square Goodyear, AZ 85395 Roric.Massey@goodyearaz.gov	With a copy to: 400 N. Fifth St., MS 8695 Phoenix, AZ 85004 Attn: General Counsel lawdept@apsc.com

**14. DAMAGE TO COMPANY PROPERTY.**

14.1 With respect to any APS or Participant property, Goodyear will be liable to Company for any damage caused to any such property by (a) intentional misconduct or negligence of Goodyear or Goodyear personnel, subcontractors, or agents; (b) constituents within the Goodyear Brackish Water that exceeds the limits set forth in Appendix E, or (c) any breach of this Agreement.

**15. INDEMNIFICATION.**

15.1 Indemnification for Municipality Actions. To the fullest extent permitted by law, the Municipality will indemnify, defend, and hold harmless any APS or Participants' indemnitee (APS's and Participants' respective officers, directors, employees, agents, advisors, representatives, affiliates, successors, and assigns) (each a "Company Indemnitee") for, from and against any and all Losses that any Company Indemnitee may incur in connection with any claim arising out of, or resulting from, any of the following:

- (A) Any harm, injury, or death to any person, or any damage or destruction of any tangible third-party property, if caused in whole or in part by the negligence, gross negligence, willful misconduct, or other fault of Municipality or its agents in connection with the Project;
- (B) Any release of any hazardous substance that is regulated by a governmental entity with jurisdiction over the impact of the release to Company Property, property owned or controlled by the Participants or the environment (along with the exacerbation of any pre-existing pollution conditions that were caused by past releases) resulting or arising from the acts or omissions of Goodyear or its agents, except to the extent that such release is attributable to acts or omissions of Company;
- (C) Any actual or alleged violation of applicable law by Municipality; or
- (D) The failure by Municipality to timely pay any required taxes, assessments, or contributions ((A) through (D), collectively, "Loss").

15.2 This indemnity shall include reasonable costs of defense, including reasonable attorney's fees. Each of the Parties shall provide prompt notice of any claim subject to indemnification hereunder, but failure to give such prompt notice shall not be a defense to any indemnification obligation under the Agreement, except to the extent that any Party can prove actual prejudice from such delay.

## **16. LIMITATION OF LIABILITY/EXCLUSION OF CERTAIN DAMAGES.**

16.1 No Party will be liable to another Party for any indirect, consequential, special, or punitive damages or lost profits in connection with this Agreement. The foregoing notwithstanding, to the extent that one Party is entitled to indemnification from the other Party under Section 15 in connection with a third-party claim, any damage awarded to the third party (direct, consequential, or otherwise), will be deemed to be direct damages of the indemnified Party, for which the indemnifying Party will be liable. All rights and remedies of the parties are cumulative, and not exclusive.

## **17. INSURANCE.**

17.1 Goodyear will comply with the terms of Appendix D.

## **18. AMENDMENTS AND CHANGE NOTICES.**

18.1 Amendments. Any amendment to this Agreement must be in writing signed by both Parties.

18.2 Suspension. Company may suspend this Agreement, or any portion thereof, in its sole discretion if such a suspension is required for safety, operational requirements of the WRSS or related Palo Verde or Redhawk systems, or failure of the Municipality to make timely payments of invoices. Upon Company's suspension of any portion of this Agreement, it will mitigate costs to the Municipality and otherwise preserve and protect any work or performance in progress. The suspension will be lifted when the event or events that caused it are cured or otherwise remedied.

## **19. MISCELLANEOUS.**

19.1 No Waiver. No statement, course of conduct, course of dealing, or other action will be construed as a waiver. Any waiver must be in writing and signed by the Party granting the waiver.

19.2 No Joint Venture. Nothing in this Agreement shall constitute or be construed to be or to create a partnership or joint venture relationship between the Parties. No Party shall make any statement or take any action that is inconsistent with the provisions of this section. It is understood and agreed that the management and control of the contracts between APS and any APS contractor shall remain, at all times, under the exclusive control of those entities.

19.3 Assignment. The Municipality will not assign its rights or delegate its duties under this Agreement without the prior written consent of APS, which APS may withhold at its sole discretion. Any assignment or delegation by the Municipality in breach of this provision is void.

19.4 Survival of Obligations and Liabilities. Termination or expiration of this Agreement shall not relieve any Party of any obligation that expressly or by implication survives termination or expiration, including but not limited to: Indemnification, Limitation of Liability, Confidentiality, Governing Law, Dispute Resolution, and Attorney's Fees.

19.5 Third Party Beneficiaries. All benefits, rights, and remedies of Company under this Agreement shall also inure to the benefit of the Participants. Except as specifically provided for herein, this Agreement does not create any rights exercisable by any third party.

- 19.6 Governing Law. This Agreement will be governed by and interpreted under Arizona law, without regard to any conflict of law principles. Any legal suit, action, or proceeding arising directly or indirectly out of this Agreement will be initiated in state or federal court in Maricopa County, Arizona. The Municipality voluntarily waives its claims of sovereign or governmental immunity from claims and liabilities arising under this Agreement to the extent permitted under law.
- 19.7 Dispute Resolution. In the event of a dispute, a representative of each Party who has the authority to resolve the dispute will meet within fourteen (14) days after either Party gives the other Party written notice of the dispute. The Parties shall use their reasonable best efforts to resolve the dispute. If the Parties do not reach a resolution within sixty (60) days following the first meeting of the Parties, either Party may pursue litigation or – if applicable pursuant to Arizona Revised Statutes (A.R.S.) §§ 12-133, 12-1518, et seq., or other applicable law -- arbitration. Notwithstanding the foregoing, either Party may bring an immediate suit for breach of the confidentiality obligations of this Agreement. If a dispute becomes the subject of litigation, each Party waives its right to a jury trial.
- 19.8 Attorney's Fees. The prevailing Party in any proceeding will be entitled to recover its reasonable attorney's fees, and associated costs and expenses.
- 19.9 Severability. If any provision of this Agreement is held invalid by a court of competent jurisdiction, the rest of this Agreement will remain in full force and effect.
- 19.10 Interpretation. This Agreement will be interpreted without regard to factors such as the Party who prepared it or the relative bargaining power of the Parties.
- 19.11 Political Subdivision and State Contract Terms. Goodyear will provide to Company a legal opinion or letter stating whether this Agreement complies with applicable laws regarding Goodyear's ability to enter into such an agreement (evidence of compliance with A.R.S. §11-952(D) will be sufficient).
- 19.12 No Public Service. Goodyear waives any allegation that, by participating in this Agreement, APS or any other PVGS Participant is acting as a water treatment public service corporation, as defined in Article 15, Section 2 of the Arizona State Constitution.
- 19.13 Notice of Arizona Statutory Cancellations. The Parties acknowledge the provisions of A.R.S. § 38-511, and Goodyear will provide prompt notice to Company if a claim arises that could lead to this Agreement's cancellation pursuant to that statutory section.

## **20. EXECUTION.**

- 20.1 This Agreement may be executed using two or more counterparts, each of which shall be deemed an original but all of which together constitute one and the same Agreement. This Agreement shall be deemed executed and delivered upon the exchange of executed scanned signature pages transmitted by electronic mail.



**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be duly executed and delivered as of the Effective Date.

**ARIZONA PUBLIC SERVICE COMPANY**

SIGNATURE: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

**CITY OF GOODYEAR**

SIGNATURE: \_\_\_\_\_  
Bryan Langley, City Manager

ATTEST City of Goodyear:

APPROVED AS TO FORM:

\_\_\_\_\_  
City Clerk – Jasmine Pernicano

\_\_\_\_\_  
Roric Massey, City Attorney

## APPENDIX A – PRICING AND PAYMENT

Goodyear will pay APS an annual Lifecycle Management Fee of one million six hundred fifty thousand dollars (\$1,650,000) per year and a Variable Cost, which is a direct pass through based on actual incurred costs.

The Variable Cost for the first year is estimated to be a total of one million six hundred thousand dollars (\$1,600,000) and is comprised of an estimated one million five hundred thousand dollars (\$1,500,000.00) for chemical costs (based on 1 mgd annual flow and an average of 8,000 mg/l TDS and 2025 chemical pricing) and one hundred thousand dollars (\$100,000) for Redhawk Costs.

The Lifecycle Management Fee will be subject to periodic adjustment to account for changes in the underlying costs or installation of new enhanced evaporation or recapture equipment. Company will provide notice of any changes to the Lifecycle Management Fee by May 1 of each year. The new costs will become effective July 1 of the same year unless challenged by Goodyear within 30 calendar days of receiving the notice of change. Goodyear will continue to pay the Lifecycle Management Fee from the prior year until the dispute is resolved. Once resolved, the resulting Lifecycle Management Fee will be applied retroactively from July 1 if the date has already passed.

The Lifecycle Management Fee (1/12<sup>th</sup> of the annual Lifecycle Management Fee) and Variable Costs will be invoiced monthly.

**Lifecycle Management Fee:** The following are examples of components of the Lifecycle Management Fee. These costs are not proportional to Goodyear Brackish Water volumes and TDS:

1. Increased staffing needs;
2. Asset preservation fee (e.g., pipeline, cooling towers, tertiary treatment equipment, evaporation ponds, Hassayampa Pump Station);
3. Permitting fees that are necessary to accommodate the Goodyear Brackish Water (e.g., annual Title V air permit fees, as applicable); and
4. Amortized large component replacement fees (e.g., Minetek blowers).

**Variable Cost:** The following are examples of the fees that are variable or proportional to Goodyear Brackish Water volumes and TDS:

1. Increased chemical costs of PVGS softening/treatment processes associated with the Goodyear Brackish Water flows and concentrations;
2. Redhawk Costs (e.g., increased water usage costs and excess blowdown pump station and return line operation and maintenance costs); and
3. Energy consumption associated with the new evaporation and/or water recovery equipment.

(END OF APPENDIX A)

## APPENDIX B – OPERATIONAL REQUIREMENTS

### 1. Responsibility/Control of Equipment.

APS will maintain sole control of all APS owned valves, APS personnel and contractors, and APS equipment, land, and rights-of-way.

Goodyear will maintain sole control of all Goodyear owned valves, Goodyear personnel and contractors, and Goodyear equipment, land, and rights-of-way.

Goodyear shall be responsible for alternate storage/disposal when the WRSS Pipeline is not accepting Goodyear Brackish Water for reasons including, but not limited to, an outage, equipment issues, or chemistry changes.

### 2. Interruptions in Delivery and Notifications.

The WRSS Pipeline and WRF are periodically shut down to perform planned maintenance outages, typically for 10 to 14 days in April and October. During these periods, Goodyear will be restricted from providing water to the WRSS Pipeline.

For scheduled outages, APS will provide to Goodyear the dates that APS will not accept Goodyear Brackish Water deliveries from Goodyear at least two weeks in advance. For all other outages, APS will provide notice as soon as practicable.

APS will also have the right, at any time, to not accept Goodyear Brackish Water deliveries into the WRSS Pipeline based on the operational needs of PVGS. APS will provide Goodyear with one month's notice if possible, and if not possible, APS will provide notice as soon as practicable.

If APS stops accepting Goodyear Brackish Water deliveries because the water quality does not meet the standards set forth in the Agreement or applicable law, APS will not resume accepting the deliveries until the water quality issues have been resolved.

If Goodyear stops delivering Goodyear Brackish Water into the WRSS Pipeline for any reason, they will provide APS one month's notice if possible, and if not possible, Goodyear will provide notice as soon as practicable. For water quality issues, delivery should be suspended as soon as possible.

For planned changes in flows of Goodyear Brackish Water being delivered from Goodyear into the WRSS Pipeline, with the exception of changes associated with routine system operations, Goodyear will notify APS as set forth in the Appendices or in the subsequent Operating Procedures provided by APS.

For unplanned changes in water flows being delivered from Goodyear into the WRSS Pipeline, Goodyear will notify APS as soon as possible.

If unexpected chemistry changes are observed by either Goodyear or PVWR, the identifying Party shall notify the other Party as soon as possible. If the unexpected change is determined by either Party to have an unacceptable impact to WRSS Pipeline or PVGS operations, the water source shall be isolated as soon as

possible. APS shall notify the on-call Goodyear technician to isolate the system to ensure no damage to the Goodyear facility.

3. Points of Contact.

The following points of contact are available for each of the Parties for operational coordination, notices of outages, and testing:

APS, Palo Verde Water Resources	Goodyear
Name: Water Resources Control Room Phone: 623-393-3007	Name: Goodyear Water Emergency Phone: 602-623-5801
Alternate: Water Resources Name: Water Resources Shift Supervisor Phone: 623-393-3002	Alternate: Wastewater Superintendents Name: Louie Gomez Phone: 623-204-9184 Name: Leonard Scheid Phone: 623-640-3689

4. Flow (Volumes and Control).

The supply of water from Goodyear’s water treatment facilities to the WRSS Pipeline shall not exceed 3.3 mgd. Additional limitations may be placed on flow volumes by APS based on the ability to manage impacts to the evaporation ponds, equipment issues in the WRSS Pipeline or PVGS, or changes in supplied water quality (for example, TDS > 9,000 mg/l).

The following equipment will be installed and maintained by APS at Goodyear’s expense:

- Instantaneous Flow Meters with indication to both Goodyear and PVWR; and
- Flow totalizers, to be read at approximately 0800 hours on the 1<sup>st</sup> of each month.

The Parties will accommodate an initial ramp-in of flows to validate system response. Goodyear will begin delivering Goodyear Brackish Water to the WRSS Pipeline at one point of interconnection at a time in coordination with APS, and as mutually agreed upon in an implementation plan.

Any future increases will be performed at mutually agreeable increments.

Goodyear will provide an annual flow plan by December 31<sup>st</sup> of the prior year and then provide one day notice for planned changes in flow (any time a new reverse osmosis skid is placed in service).

5. Water Quality and Sampling.

Appendix E (Sampling and Analysis) provides an initial list of constituents that are required to be monitored and at what frequency. That Appendix shall be maintained in a Palo Verde operating procedure and may be revised by APS at APS's discretion. Any revisions to the operating procedure shall be communicated to Goodyear prior to implementing the change, along with the basis for the change.

Goodyear shall be responsible for water sampling and analysis, along with communicating results to APS prior to the 15<sup>th</sup> day of each month.

TDS shall be between 6,000 mg/l and 9,000 mg/l annual average.

On-line monitoring of certain parameters, as installed per the system design, shall be available for APS personnel to monitor water flow and quality. If these on-line monitoring system(s) become unavailable, APS may, at its discretion, request more frequent sampling and analysis by Goodyear.

In the event of an exceedance of one of the listed Constituent Specifications in Appendix E or a determination of an excessive exceedance of a Target in Appendix E, in APS's sole discretion, the Parties will work in good faith to isolate the source, and shall halt deliveries until the impact is resolved, or upon mutual written agreement of the Parties.

It is a material breach of this Agreement, which could trigger Section 11.1 of the Agreement, if the water quality exceeds the Constituent Specifications in Appendix E or is determined in excess of an exceedance of a Target in Appendix E, or if there is an unexpected chemistry change in flows that causes an unacceptable impact to WRSS Pipeline and PVGS operations.

(END OF APPENDIX B)

## APPENDIX C – CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

### Confidentiality and Non-Disclosure Agreement

This Confidentiality and Non-Disclosure Agreement (“Agreement”), effective as of the Effective Date of the LONG-TERM OPERATING AGREEMENT BETWEEN THE CITY OF GOODYEAR AND ARIZONA PUBLIC SERVICE COMPANY to which this is incorporated as Appendix C, is between Arizona Public Service Company, an Arizona corporation (“APS”), in its capacity as co-owner and Operating Agent for Palo Verde Generating Station (“PVGS”), and the City of Goodyear (“Goodyear”). The parties to this Agreement may be referred to individually as a “Party” and collectively as the “Parties.”

Unless specifically set forth herein, all capitalized terms will have the same definition as provided in the Agreement Regarding Collaborative Efforts to Accept Municipal Brackish Water into the Water Reclamation Supply System Pipeline (the “Project Agreement”) to which this Agreement is attached as Attachment B.

The Parties desire to undertake certain business arrangements as described in the Long-Term Operating Agreement between the City of Goodyear and Arizona Public Service Company in furtherance of mutually beneficial solutions using existing infrastructure operated by APS that provides APS an alternative source of cooling water for Palo Verde Generating Station and the Municipality an alternative means for disposing of Goodyear Brackish Water (as defined in the Long Term Operating Agreement Between the City of Goodyear and Arizona Public Service Company) (the “Purpose”). In furtherance of the Purpose, the Parties may acquire new or disclose existing confidential, trade secret, and proprietary information to one another. APS will be disclosing certain confidential and/or proprietary information relating to this Purpose and APS contractors may gather data related to this Purpose, both at PVGS and at wastewater treatment facilities owned or controlled by Goodyear (collectively, the “Confidential Information”).

Therefore, in reliance on the commitments and obligations set forth herein, the Parties agree as follows:

1. This Agreement governs Confidential Information disclosed or gathered by the Parties or APS contractors about the facilities owned or controlled by the Parties, consistent with the Purpose, following the Effective Date and until this Agreement is terminated through express written mutual consent of all of the Parties to this Agreement. The Parties may disclose one another’s Confidential Information to the APS contractors in writing, orally, visually, or in any other manner that is not amenable to writing, and as such is covered by the disclosure restrictions provided in this Agreement. Confidential Information may also be gathered by the Parties and the APS contractors through engineering field studies, laboratory analysis, or other measures, and as such is covered by the disclosure restrictions provided in this Agreement. The information, data, and analyses contained in any preliminary, draft, or final report, or other results of the Work shall be considered trade secret, proprietary, and confidential information, and as such shall be considered Confidential Information for the purposes of this Agreement.
2. No Party will use or disclose to any third party, except by express written authorization from a disclosing Party, any Confidential Information in any manner except for the Purpose, and will require that its employees and agents who have access to such Confidential Information maintain such information as strictly confidential subject to the same restrictions imposed by this Agreement. By way of example, but not limitation, no Party shall be allowed to use Confidential Information in connection with any patent application, for any commercial purpose, or for the benefit of any third party. All of the Parties’ obligations regarding any Confidential Information received pursuant to this Agreement shall survive until such time as this Agreement is terminated through the mutual express written consent of the Parties to this Agreement.
3. A Party’s obligations under paragraph 2 will not apply if the Party can show, with clear and convincing written evidence, that the Confidential Information received hereunder:

- a) was already known to said Party prior to the time of first disclosure pursuant to the Purpose; or
  - b) at the time of disclosure, the information is in the public domain, or after the date of the disclosure, lawfully becomes a part of the public domain other than through breach of this Agreement by either Party; or
  - c) is received in good faith, without any obligation of confidentiality from a third party having a legal right to disclose the same; or
  - d) is independently developed by either Party by individuals without otherwise having access to such Confidential Information.
4. A Party's obligations under paragraph 2 will not apply under the following circumstances:
- a) the Party is subject to Arizona's public records law and has received a request for public records under Arizona State Law that would apply to Confidential Information, provided however, the Party in question promptly notifies the other Party of the request in advance of such disclosure to allow such Party to file for a protective order with a court of competent jurisdiction. If the Party receiving a request for public records has not received evidence that a request for a protective order was filed with a court of competent jurisdiction within 30 days of the date of such notice, the Party that received the public records request shall disclose only that Confidential Information necessary to comply with said public records request. If a request for a protective order is filed, the Party will not release the records requested until ordered to do so by the court or until the case is dismissed; or
  - b) with regard to disclosure to a legal or regulatory authority, such disclosure is required to be disclosed by either Party pursuant to a legally enforceable order, law, subpoena, or other regulation ("Order"), provided, however, that the Party in question promptly notifies the other Party in advance of such disclosure and discloses only that Confidential Information necessary to comply with said Order.
5. ALL INFORMATION FROM THE PARTIES IS PROVIDED, OR THAT IS GATHERED BY AN APS CONTRACTOR, "AS IS" AND WITHOUT WARRANTY, REPRESENTATION, OR GUARANTEE OF ANY SORT, EXPRESSED OR IMPLIED.
6. The Agreement will not be construed to create any obligation on the part of either Party hereto to retain the other Party's services or to compensate the other Party in any manner, except as may be set forth by a separate written agreement duly executed by authorized representatives of the Parties hereto.
7. Any provision regarding confidentiality is limited to the extent necessary to comply with the provisions of Arizona law. Any provision regarding confidentiality is limited to the extent necessary to comply with Arizona law, subject to the restrictions in paragraph 4(a) and 4(b) of this Agreement.
8. This Agreement constitutes the entire understanding between the Parties relating to the subject matter hereof, and no amendment or modification to this Agreement shall be valid or binding upon the Parties unless made in writing and signed by each Party, except that in the case of a conflict between this Agreement and the Project Agreement, the terms of the Project Agreement will govern. This Agreement may be executed in counterparts, each of which shall be deemed an original. Electronically transmitted and imaged copy signatures will be fully binding and effective for all purposes.
9. This Agreement shall be effective upon the latest date of execution by both Parties to the Agreement, and shall expire three years from either the completion of the Work or the completion of any water treatment projects that result therefrom, if any, whichever is later, unless terminated earlier through mutual written amendment to this Agreement.

**ARIZONA PUBLIC SERVICE COMPANY**

SIGNATURE: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

**CITY OF GOODYEAR**

SIGNATURE: \_\_\_\_\_  
Bryan Langley, City Manager

ATTEST City of Goodyear:

APPROVED AS TO FORM:

\_\_\_\_\_  
Jasmine Pernicano, City Clerk

\_\_\_\_\_  
Roric Massey, City Attorney

(END OF APPENDIX C)

## APPENDIX D – INSURANCE REQUIREMENTS

### 1. INSURANCE TERM AND COVERAGE.

1.1 Until all obligations under the Agreement are satisfied (unless otherwise stated herein), Municipality will at its sole expense, provide and maintain the following insurance coverages and limits without exclusion for liabilities assumed under this Agreement, using forms and insurers acceptable to Company. Municipality shall make no material adverse alteration to the terms of any insurance required herein without the prior written approval of Company. If an insurer makes (or purports to make) any such alteration, Municipality shall notify Company immediately.

### 2. MANDATORY INSURANCE.

2.1 Municipality will provide:

Commercial General Liability (“CGL”). CGL insurance with limits of \$2,000,000 per occurrence and \$6,000,000 aggregate for general liability and products-completed operations and excess liability coverage for general liability and products and completed operations with limits of \$13,000,000 per occurrence with a \$13,000,000 aggregate. Coverage on an “occurrence” basis using Insurance Services Office (ISO) Form CG 00 01 or equivalent, including coverage for premises operations, independent contractors, products-completed operations, personal and advertising injury and contractual liability. The CGL insurance policy shall not contain any clause or provision that limits third-party actions over claims. Products-completed operations coverage to be maintained for at least three (3) years past acceptance, cancellation or termination of the Agreement. Limit may be provided through combination of primary and excess policies.

### 3. INSURANCE POLICY PROVISIONS AND CONDITIONS.

3.1 Additional Insured. All the policies required by this Agreement must include Company, Company Indemnitees and the Participants as additional insureds. For any claims related to the Agreement, Municipality’s insurance or self-insurance coverage will be the primary insurance and any insurance or self-insurance carried by Company, any of the Company Indemnitee or the Participants will be excess and will not contribute. Company will be entitled to coverage consistent with the broadest utilized ISO coverage endorsements at the time the Agreement is executed, without exception.

3.2 Waiver of Subrogation. Municipality and subcontractors of every tier will waive, and require its insurers to waive, any and all recovery rights they may have against Company or any Company Indemnitee or the Participants.

3.3 Separation of Insureds. All policies, except for Workers’ Compensation, Professional Liability/Errors and Omissions, and Data Protection/Cyber Liability insurance, will apply separately to each insured against whom claim is made or suit is brought, subject to the policy limit of liability, and will not contain any cross suits exclusion.

3.4 Self-Insurance and Retentions. Self-insurance and retentions: (1) are the sole responsibility of Municipality; and (2) must provide Company, Company Indemnitees and the Participants all benefits that would otherwise be available and provided under an insurance policy, including, but not limited to, the defense of claims. Upon Company’s request, Municipality will present evidence acceptable to Company of its ability to be self-insured and the financial ability to respond to stated self-insured retentions related to the Agreement.

- 3.5 Evidence of Insurance. Company reserves the right to request a certificate of insurance for any insurance policy required in the Agreement. In the event of a claim, a copy of all policies requested must be provided to Company within five (5) business days.
- 3.6 Acceptance of Evidence. In no event does Company's failure to receive or identify deficiencies in insurance documentation serve as waiver of Municipality's obligation to obtain and maintain the required insurance coverages and limits. Acceptance of documents by Company does not constitute approval or agreement that the insurance requirements have been met, or that the insurance policies identified in the certificates are in compliance with the insurance requirements of the Agreement.
- 3.7 Maintenance of Insurance. Municipality's failure to provide satisfactory evidence of insurance will be deemed a material breach of the Agreement. Municipality's lack of insurance does not negate Municipality's obligations under the Agreement. Furthermore, Company may deny access to any Site for so long as Municipality does not sufficiently prove the existence of the required insurance coverages.
- 3.8 Claims. Municipality will promptly make a full written report to Company of all accidents or claims for damage arising from or in connection with: (i) the Agreement or any Order; (ii) the discharge of Municipality's duties under the Agreement or any Order; or (iii) the presence of Municipality or Municipality Personnel on Company Property. Municipality will cooperate fully with Company and with any insurance carrier in the investigation and defense of all such accidents and claims and such obligation will survive the termination or expiration of the Agreement.
- 3.9 Notice of Cancellation. Municipality will provide Company with written notice of any cancellation of any required insurance policies within ten (10) calendar days of receipt of notice from Municipality's insurance carrier or broker.
- 3.10 Provision of Policies. Neither the content of any insurance policy, nor certificate, nor Company's approval thereof, will relieve Municipality of any of its obligations in the Agreement.
- 3.11 No Representation. Company does not represent that the coverage types or amounts of insurance required in this Agreement are adequate to protect Municipality against all potential losses that Municipality may incur, nor will the types or amounts of insurance be construed to limit, release, or waive any obligations or liabilities of Municipality to Company or other parties.

(END OF APPENDIX D)

## **APPENDIX E – TESTING REQUIREMENTS**

To determine the incremental changes to salt concentrations, sludge creation, and to verify no unexpected changes in water content, Goodyear will comply with the water testing schedule provided below. This testing schedule includes both monthly and quarterly requirements. The laboratory utilized for analysis will be mutually agreed to by Goodyear and Company. The laboratory will send a copy of all testing results to both Parties. Goodyear will be responsible for all sampling and analysis costs.

The method detection limit must be lower than the limit in the tables below. The tables below are subject to change from time to time, at Company's sole discretion, based on operational requirements and/or governmental action. Such changes will become effective within 30 days' notice and do not require an amendment of this Agreement to become binding upon the Parties.

The following constituents shall be analyzed monthly, with the sample occurring on the 1<sup>st</sup> of the month. Should the 1<sup>st</sup> fall on a Saturday or Sunday, the samples shall either be taken on the preceding Friday or the following Monday. Testing results should be received by the 15<sup>th</sup> of each month to support invoicing by the 30<sup>th</sup>.

### Monthly Analysis

The following constituents shall be analyzed monthly, with the sample occurring on the 1<sup>st</sup> of the month. Should the 1<sup>st</sup> fall on a Saturday or Sunday, the samples shall either be taken on the preceding Friday or the following Monday. Testing results should be received by the 15<sup>th</sup> of each month to support invoicing by the 30<sup>th</sup>.

CONSTITUENT	UNIT	HISTORICAL OPERATING RANGE	HISTORICAL OPERATING RANGE	SPECIFICATION	TARGET
		SITE 12	BULLARD		
Alkalinity (as CaCO <sub>3</sub> )	mg/L	130-210	420-775		< 735
Ammonia	mg/L	0	0		< 1.5
Calcium (as CaCO <sub>3</sub> )	mg/L	80-240	1,500-3,000		< 4,000
Chloride	mg/L	2,700-3,160	2,200-3,300	< 5,600	< 3,700
Fluoride	mg/L	27-33	2-3		< 33
Magnesium (as CaCO <sub>3</sub> )	mg/L	0	1,100-2,200		< 3,000
Nitrate (as N)	mg/L	4-11	40-70		< 100
Phosphate	mg/L	0-1	0-1	< 60	< 10
Potassium	mg/L	17-23	29-34		< 57
pH	pH	7.7-7.9	7.9-8.0	6.0-9.0	7.0-8.5
Silica	mg/L	130-160	110-140	< 360	< 200
Sodium	mg/L	2,000-2,400	1,100-2,100		< 3,000
Sulfate	mg/L	730-940	1,600-3,100	< 6,800	< 4,000
Total Dissolved Solids	mg/L	5,800-7,000	6,000-9,700	< 9,000	< 7,500
TSS	mg/L	3-8	4-10	< 30	<15
Conductivity	µmhos/cm	10,500-11,500	10,000-11,400		< 12,000

Specifications - Those process operating parameters established by regulation, plant design, legal contracts, safety or to protect plant equipment.

Targets - Those process operating parameters established as a guideline to allow for the optimum plant operations. These parameters may be exceeded.

### Quarterly Analysis

The following constituents shall be analyzed quarterly, with the sample occurring on the 1<sup>st</sup> month of each quarter, concurrent with the monthly samples. Results should be reported as soon as available, but not later than 45 days after sampling, and impacts to the invoice will be shown in the next available invoice after receipt.

CONSTITUENT	UNIT	HISTORICAL OPERATING RANGE SITE 12	HISTORICAL OPERATING RANGE BULLARD	SPECIFICATION	TARGET
PFAS	ppt	0	3-8		
PFOS	ppt	0	0-11		
Antimony	mg/L	0	0		< 0.006
Arsenic	mg/L	0.2-0.4	0.02-0.06	< 0.4	
Barium	mg/L	0.2-0.4	0.2-0.5		< 2
Beryllium	mg/L	0	0		< 0.004
Boron	mg/L	1.4-1.7	0-1.3		
Cadmium	mg/L	0	0-0.0012		< 0.005
Chloroform	ug/L	0	0-4.3		
Chromium (dissolved)	mg/L	0	0		< 0.1
Chromium (total)	mg/L	0	0-0.05		< 0.1
Ethylbenzene	mg/L	0	0		
Iron	mg/L	0	0		
Lead	mg/L	0	0		< 0.05
Mercury	mg/L	0	0		< 0.002
Nickel	mg/L	0	0		< 0.1
Selenium	mg/L	0-0.011	0.01-0.09	< 0.09	
Silver	mg/L	0	0		
Strontium	mg/L	4.2-6.2	16-20		
Thallium	mg/L	0	0		< 0.002
Trihalomethanes (THMs)	mg/L	0	0-0.0043		< 0.1
Xylene	mg/L	0	0		

Total Organic Carbon (TOC)	mg/L	0-7.3	1-3	< 1,500	
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APS maintains the right to change the sampling requirements based on any revisions to county, state, or federal regulations or identification of potentially hazardous constituents not already incorporated into regulations.

If PVGS is expected to be in outage at the time that the sampling is set to occur based on the sections above, Company will provide notice to Goodyear and Goodyear will conduct the sampling before the outage occurs.

(END OF APPENDIX E)

## APPENDIX F – CHEMICAL COST DETERMINATION METHODOLOGY

**Purpose:** The following describes the costs and variables associated with chemicals used to treat Brackish Water influent at PVGS. This methodology is designed for a recovery of costs and not for profit generation. This Appendix F describes the cost recovery for chemical costs only and does not include other costs that may be applicable.

**Inputs:** PVGS routinely receives and uses the chemicals listed in Table 1 in the treatment of wastewater effluent from the 91<sup>st</sup> Avenue and Tolleson Wastewater Treatment Plants. The costs of each chemical are subject to market pricing changes and may be adjusted on a real-time basis such that costs are accurately reflected in monthly charges. This historical use data will serve as the use basis for future calculated costs incurred for the use and treatment of Brackish Water at the WRF.

Table 1

Description	Annual Use (4yr Average, CY21-24)		Current PVGS Cost (2025)	Annual Avg Costs	Calculated Annual Cost per lbs TDS	Profile Weighting Factor	Profile Adjusted Cost per lbs TDS
Lime	19878	tons	\$ 413.60	\$ 8,221,540.80	\$ 0.0365	0.93	\$ 0.0339
CO2	2810	tons	\$ 403.43	\$ 1,133,638.30	\$ 0.0050	1.06	\$ 0.0053
Soda Ash	7745	tons	\$ 505.07	\$ 3,911,767.15	\$ 0.0174	1.06	\$ 0.0185
Polymer	14319	gal	\$ 17.05	\$ 244,138.95	\$ 0.0011	1.00	\$ 0.0011
Sulfuric Acid AB	446168	gal	\$ 2.33	\$ 1,039,571.44	\$ 0.0046	1.06	\$ 0.0049
Sulfuric Acid CT	486860	gal	\$ 2.34	\$ 1,139,252.40	\$ 0.0051	1.00	\$ 0.0051
Sodium Hypochlorite	7961894	gal	\$ 0.96	\$ 7,643,418.24	\$ 0.0339	0.00	\$ -
Bio Dispersant	49	bin	\$ 1,804.00	\$ 88,396.00	\$ 0.0004	1.00	\$ 0.0004
Dispersant	5983	gal	\$ 16.32	\$ 97,642.56	\$ 0.0004	1.00	\$ 0.0004
Foamtrol	41	bin	\$ 7,839.00	\$ 321,399.00	\$ 0.0014	1.00	\$ 0.0014
			<b>Sum</b>	\$ 23,840,764.84	\$ 0.1057		\$ <b>0.0710</b>

**Calculation Method:** A four-year average of chemical volumes was used to determine the average annual use and cost per each chemical type. This value is shown in the 'Annual Avg Costs' column in Table 1. This value is then divided by the pounds (lbs) of Total Dissolved Solids (TDS) treated by the WRF on an annual basis to determine the 'Calculated Annual Cost per lbs TDS' for each chemical type. An influent 'Profile Weighting Factor' is also applied to reflect a more accurate representation of the influent chemical components as they are anticipated from Goodyear Brackish Water compared to historical influent received at the WRF. Table 2 identifies the Profile Weighting Factor determinations.

Table 2

Parameter	PVWR Historical Influent		Goodyear RO Reject		Profile Weighting Factor
	mg/L	Fraction	mg/L	Fraction	
Calcium (mg/L)	185	0.52	1989	0.56	1.063419
Magnesium (mg/L)	151	0.43	1475	0.41	0.930576
Silica (mg/L)	18	0.05	115	0.03	

This weighting factor is then applied to Lime, CO<sub>2</sub>, and Soda Ash and summed for a total cost per pound of TDS of \$0.0710/lbs. Sodium Hypochlorite is not anticipated to be impacted by the acceptance of Brackish Water as this treatment is currently all post water softening and is therefore given a profile weighting factor of 0.0 in Table 1. The summed 'Calculated Annual Cost per lbs TDS' value can then be applied to effectively determine the cost for chemicals to treat Brackish Water at the WRF from the Goodyear Brackish Water.

**Example Calculation:** This example calculation assumes the following:

The Brackish Water influent to WRSS pipeline has an average TDS of 7,000 mg/l.

The volume of Brackish Water is 0.8 mgd or 73.7 AF per month.

$$7,000 \text{ ppm TDS} \times \frac{2.716 \text{ lbs}}{\text{AF}} \times \frac{73.7 \text{ AF}}{\text{month}} \times \frac{\$0.0710}{\text{lbs}} = \$99,484.09 \text{ per month}$$