ORIGINAL

AJO IMPROVEMENT COMPANY

RULES AND REGULATIONS

I. ADHERENCE TO ARIZONA CORPORATION COMMISSION RULES

Except as provided below, Ajo Improvement Company ("Company") will adhere to the Arizona Corporation Commission Rules applicable to electric, water and wastewater utilities, as set forth in Arizona Administrative Code, Title 14, Chapter 2.

II. GENERAL PROVISIONS

These Rules and Regulations are part of the Company's Rates on file with, and duly approved by, the Arizona Corporation Commission. These Rules and Regulations will remain in effect until modified, amended, or deleted by order of the ACC. No employee, agent or representative of the Company is authorized to modify the Company rules.

These Rules and Regulations will be applied uniformly to all similarly situated Customers.

In case of any conflict between these Rules and Regulations and the Arizona Corporation Commission's rules, these Rules and Regulations will apply.

Whenever the Company and an Applicant or a Customer are unable to agree on the terms and conditions under which the Applicant or Customer is to be served, or are unable to agree on the proper interpretation of these Rules and Regulations, either party may request assistance from the Consumer Services Section of the Utilities Division of the ACC. The Applicant or Customer also has the option to file an application with the ACC for a proper order, after notice and hearing.

The Company's supplying electric, water or wastewater service to the Customer and the acceptance thereof by the Customer will be deemed to constitute an agreement by and between the Company and the Customer for delivery, acceptance of and payment for electric, water or wastewater service under the Company's Rules and Regulations and applicable Rates.

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III. ADDITIONAL RULES FOR TERMINATION OF ELECTRIC SERVICE

A. The Company provides the following modifications to the Arizona Corporation Commission Rules for Termination of Service with Notice for electric utilities with respect to its electric services. Under these modifications, the Company will:

1. Not disconnect residential service to a customer:
   a. From June 1 through October 15;
   b. If the local weather forecast will include weather conditions that the Commission has determined, by order, are especially dangerous to health;
   c. If the customer has paid at least half of the customer's outstanding bill balance within the last 25 days; or
   d. The customer's outstanding bill balance is less than or equal to $75.00.

2. Provide notice of the following, using the customer's preferred method of communication on file, to a customer whose service would be disconnected except for subsection (A)(1):
   a. The customer would have been disconnected if not for subsection (A)(1),
   b. The reason that the Company is not permitted to disconnect service,
   c. The customer's continued financial responsibility for the charges accruing to the account for energy used,
   d. The potential actions the customer may take to prevent the disconnection of service when subsection (A)(1) no longer applies, and
   e. The requirement to enter into a payment plan as specified in subsection (C).

B. The Company shall not disconnect residential service unless the Company's office is open to the public on the day of disconnection and the day following the day of disconnection.

C. A customer whose service disconnection was prevented by subsection (A)(1) shall be required, after the no disconnect period set forth in subsection (A)(1) has

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ended, to either pay the outstanding bill balance or enter into a payment plan with the Company in which the customer agrees to pay the outstanding bill balance in installments over a period of four months and to keep the customer's account current. The Company shall not impose any late fees or interest on any past due amounts that would otherwise accrue during the period of June 1 through October 15.

D. If a customer is delinquent on the account and has a deposit with the Company, the Company shall use the deposit to pay the delinquent amount before disconnecting service, then allow the customer time to repay the deposit in installments over a period of four months.

E. These Modifications do not affect the Company's ability to terminate service without notice pursuant to the Arizona Corporation Commission's rules regarding Termination of Service without Notice.

F. Provisions for COVID-19 Pandemic

1. The Company shall offer Customers Deferred Payment Arrangements (DPAs). The DPA shall apply to the amount in arrears at the time the DPA is entered into. Any current amounts that subsequently become due for each month would be in addition to the DPA monthly amount until the arrearage is paid in full.

2. The Company shall not use disconnections or any legal process to collect arrearages from a residential Customer in compliance with the DPA or during the moratorium period.

3. The Company will not report late payments or nonpayment for active residential Customers to credit bureaus and reporting agencies during the moratorium, a two-month transitional grace period, plus an extended four months (a total of six months after the end of the moratorium).

4. The Company will post credit and collection policies, including the terms and conditions applicable to DPAs, moratorium end date and grace period.

5 The Company shall provide physical notice where the Company does business and where payments are received.

6. Specific Requirements:

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a. Automatic Enrollment: Residential Customers will be automatically enrolled in DPAs who have an account in arrearage and would be eligible for disconnection if not for the disconnection moratorium or who have lessor past due amounts and are eligible for DPAs.

b. Payment Period: DPAs shall be not less than eight (8) months ("Payment Period") unless a residential Customer who is enrolled in a DPA: subsequently opts-out of the DPA; agrees to a shorter payment period; fails to make a non-partial on-time payment in accordance with the terms of the DPA; or fails to make a non-partial on-time payment for the Customer's current bill.

c. Payment Amount: DPA amounts will be determined by taking the amount in arrears at the time of the Customer's enrollment into the DPA, and dividing it by the months of the DPA; a payment is "non-partial" if it is equal to or greater than the DPA payment amount; the Company shall not require a Customer, who is enrolled in a DPA, to pay more than the payment amount and their current usage as a term or condition to the DPA.

IV. INTERRUPTION OF SERVICE AND FORCE MAJEURE

A. The Company will make reasonable provision to supply a satisfactory and continuous electric, water or wastewater service, but does not guarantee a constant or uninterrupted supply of electricity or water or wastewater treatment. The Company will not be liable for any damage or claim of damage attributable to any temporary, partial or complete interruption or discontinuance of electric or water service or wastewater treatment service attributable to a force majeure condition as set forth below or to any other cause which the Company could not have reasonably foreseen and made provision against, or which, in the Company's judgment, is necessary to permit repairs or changes to be made in the Company's plant or equipment, or to eliminate the possibility of damage to the Company's property or to the person or property of others.

B. Whenever the Company deems a condition exists that warrants interruption or limitation in the service being rendered, this limitation or interruption will not constitute a breach of contract and will not render the Company liable for damages suffered thereby or excuse the Customer from further fulfillment of the contract.

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C. The use of electric energy or water upon the Customer's premises is at the risk of the Customer. The Company's liability will cease at the point where its facilities are connected to the Customer's wiring or piping.

D. Neither the Company nor the Customer will be liable to the other for any act, omission, or circumstances (including, but not limited to, the Company's inability to provide electric or water service or wastewater treatment service) occasioned by or in consequence of the following:

a. flood, rain, wind, storm, lightning, earthquake, fire, landslide, washout or other acts of the elements;
b. accident or explosion;
c. war, rebellion, civil disturbance, mobs, riot, blockade or other act of the public enemy;
d. acts of God;
e. interference of civil and/or military authorities;
f. strikes, lockouts, or other labor difficulties;
g. vandalism, sabotage, or malicious mischief;
h. usurpation of power, or the laws, rules, regulations, or orders made or adopted by any regulatory or other governmental agency or body (federal, state or local) having jurisdiction of any of the business or affairs of the Company or the Customer, direct or indirect;
i. breakage or accidents to equipment or facilities;
j. lack, limitation or loss of electrical or fuel supply; or
k. any other casualty or cause beyond the reasonable control of the Company or the Customer, whether or not specifically provided herein and without limitation to the types enumerated, and which by exercise of due diligence the Company or the Customer is unable to overcome.

E. A failure to settle or prevent any strike or other controversy with employees or with anyone purporting or seeking to represent employees will not be considered to be a matter within the control of the Company.

F. Nothing contained in this Section will excuse the Customer from the obligation of paying for electricity delivered or services rendered.

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V. GENERAL LIABILITY

A. Company will not be responsible for any third-party claims against Company that arise from Customer's use of Company's electric, water or wastewater services, unless such claims are caused by the Company's willful misconduct or gross negligence.

B. Customer will indemnify, defend and hold harmless the Company (including the costs of reasonable attorney's fees) against all claims (including, without limitation, claims for damages to any business or property, or injury to, or death of, any person) arising out of any wrongful or negligent acts or omissions of the Customer, or the Customer's agents, in connection with the Company's service or facilities.

C. Except in the case of the Company's willful misconduct or gross negligence, the Company will not be liable to Customer or any other party for damages of any nature arising from errors, mistakes, omissions, interruptions, or delays of the Company, its agents, servants, or employees, in the course of, or related to, establishing, furnishing, rearranging, moving, terminating, or changing the service or facilities or equipment, except that for an interruption of service to a Customer, to the extent resulting from error, mistake, omission, interruption or delay by the Company, the Company's liability, if any, to the Customer shall not exceed an amount equal to the charges for service applicable under the Company's Rates (calculated on a proportionate basis where appropriate) for the period of service interruption.

D. In no event will the Company be liable for any incidental, indirect, special, or consequential damages (including lost revenue or profits) of any kind whatsoever regardless of the cause or foreseeability thereof.

E. The Company will not be responsible in an occasion for any loss or damage caused by the negligence or wrongful act of the Customer or any of his agents, employees or licensees in installing, maintaining, using, operating or interfering with any Company facilities.

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