ORIGINAL

NEW APPLICATION

0000099727

Sulphur Springs Valley Electric Co.

A Touchstone Energy® Cooperative

311 E. Wilcox, Sierra Vista, AZ 85635 520-515-3472

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS
KRISTIN K. MAYES
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

E-01575A-09-0322

Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) submits this Electric Power Contract between Sulphur Springs Valley Electric Cooperative, Inc. (Utility) and Nord Resources Inc. (Customer) under Rate tariff CP. Rate CP is a custom contract rate available for Customers whose peak demand is at least 1,000kVA and whose rate is based on the cost to serve the Customer.

SSVEC and Nord Resources wish to keep the cost details of this rate confidential. SSVEC will supply the Commissioners and ACC Staff these details via e-mail at the request of the reviewing parties. It is hoped that the Commissioners and ACC Staff will take care not to reveal these costs to the public. The attached contract has the sensitive cost items blacked out.

I look forward to working with Staff and providing them with the necessary documentation of the rate to submit this to the Commissioners for approval.

Respectfully submitted this 10th day of June, 2009,

David Bane
Key Account Manager
520-515-3472

Original and thirteen (13) copies
of the foregoing were filed this
10th Day of June, 2009 with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Arizona Corporation Commission
DOCKETED
JUN 18 2009
DOCKETED BY nr

Sulphur Springs Valley Electric Cooperative, Inc.

A Touchstone Energy® Cooperative

CONTRACT POWER AGREEMENT
between
SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.
and
NORD RESOURSES, INC.

This Contract Power Agreement ("Agreement") is entered into by Sulphur Springs Valley Electric Cooperative, Inc., an Arizona not-for-profit corporation ("SSVEC") located in Willcox Arizona, hereinafter called the Cooperative, and Nord Resources Corporation, a Delaware Corporation ("Nord"), hereinafter called the Customer.

1. *WITNESSETH:*

For and in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto agree with each other as follows:

The Cooperative agrees to furnish to the Customer during the term of the agreement, and the Customer agrees to take from the Cooperative all of the electrical energy requirements used by the Customer at the Johnson Camp Mine facilities in Cochise County Arizona as set forth.

2. *TERM:*

The Initial term will be for one (1) year from the effective date and will self renew for 12 month periods, unless either party notifies the other at least 90 days prior to the end of the current term. Any such renewal is subject to the conditions outlined in Section 27 on renewal.

3. *EFFECTIVE DATE*

This contract is effective on the beginning of the next billing cycle after the approval of the ACC. Service shall be provided to the Customer using tariff rate IP until this contract is ratified by the ACC.

4. *SERVICE:*

The Cooperative shall cause the power and energy purchased by the Customer hereunder to be delivered via the SSVEC 69kV primary 3 phase, 60 cycle, transmission lines to the Johnson Camp 69kV breaker and metering equipment located at the Southeast corner of the mine property. The Customer shall design its circuits so that as far as is practicable each phase will be balanced equally with respect to load.

The Customer shall utilize the electric service supplied under this Agreement only in connection with its mining, milling, and related operations at the Customers location. The Customer shall not sell, offer for sale, or allow the use of said power and energy to any third party.

The electric power and energy delivered hereunder shall not be used as standby for other sources of power supply but shall be used to supply the total integrated power and energy requirements of the Customer at the location described herein.

The Customer shall make all reasonable efforts not to use the electric service provided in such a manner as to cause unusual voltage fluctuations or other disturbances, other than those which are unavoidable in the Customer's operations on the connected system.

5. COORDINATION OF OPERATIONS:

- Customer accepts all responsibility for the protection of the 69kV system after it leaves the Cooperative breakers at the connection point of the steel structure. Cooperative breakers will be set to protect the Cooperative's transmission system and not for the protection of Customer's facilities.
- Customer will install protection equipment to meet the requirements as required by MSHA and/or other agencies with jurisdiction over its operations.
- Customer will coordinate its protection settings with the Cooperative so as to prevent operational problems for both systems.
- Should operations, actions or problems caused by Customer owned equipment cause three (3) or more momentary outages on the Cooperative transmission system within a one (1) month timeframe, Customer shall take corrective actions to rectify the problem. The Cooperative shall supply the Customer with all applicable data from our SCADA equipment to help the Customer identify the source of the problem.
- Should such outages occur, the Cooperative shall have the right to remove Customer from its system until the problem is fully identified and resolved by the Customer.

6. RIGHTS OF WAY:

The Customer agrees to allow the Cooperative to occupy such facilities and rights of way of the Customer as may be required to adequately serve Customer's requirements. The Customer agrees that the properly authorized agents of the Cooperative shall have free access at all reasonable hours to said premises for the purpose of examining, repairing or removing meters, appliances, equipment, or other appurtenances belonging to the Cooperative.

7. PAYMENT

The electric energy used by the Customer shall be measured by means of suitable metering equipment installed and owned by the Cooperative and the Customer agrees to pay the Cooperative monthly for the same in accordance with this contract.

This contract is subject to the rate schedule, service conditions and extensions of service facilities conditions heretofore approved by the Arizona Corporation Commission and now in force and effect, except as the same may be subsequently modified, in which case the subsequent modifications after they have been duly approved by the Arizona Corporation Commission shall thereafter apply.

8. SECURITY DEPOSIT

The Customer will provide a surety bond or irrevocable letter of credit (or a combination of the two) to the Cooperative in the amount of $[redacted] as the initial security deposit for this contract. The Cooperative reserves the right to adjust this deposit under the following times or conditions: (1) at each contract renewal, (2) if the account has been disconnected for nonpayment, (3) Customer has made late payments in 3 of the

prior 6 months (4) or if the customer has increased operations to a level (based on a three month average) where the current deposit is less than 2.0 times the highest expected bill. In no case shall the required deposit exceed 2.5 times the highest monthly bill in the previous twelve months rounded to the nearest $1,000.00.

9. BILLING

Billing made under this rate schedule will be due and payable upon receipt and past due ten (10) days from the date the bill is mailed. Late payments are subject to a penalty as set forth in the ACC approved Service Conditions. Service will be subject to disconnection as follows:

If payment is not received within the time frame stated above, The Cooperative will notify the customer by Certified Mail of its intent to disconnect and terminate the supply of electric service at the end of the five (5) day period. If the default is not cured within thirty (30) days of receipt of the written notice, the Cooperative shall file on the Security Deposit for payment.

If during said thirty (30) day period the Customer cures the default the Cooperative will immediately resume the supply of electricity.

10. DEFAULT:

If the Customer violate any of the terms or conditions of this agreement, after such default or violation the Cooperative shall have the right to cut off such supply of electricity on account of said default or violation. The Cooperative agrees to notify the Customer in writing, or fax, or e-mail the nature of the default or violation of the terms of this agreement and the Cooperatives solution for the same five days prior to the termination of service. Should the Customer continue in default or violation after service has been discontinued the Cooperative may continue to withhold the supply of electricity until such time as such default in, or violation of, the terms of this agreement has been made good. Any suspension of services by the Cooperative as provided for herein shall not terminate this agreement, and the Customer hereby agrees to pay for the guaranteed minimum bill set forth in this agreement for the period during which service is suspended, in addition to any arrears which may exist.

11. RATE

Based on the rate schedule CP "Contract Power" for services in excess of 1,000 kVA, the monthly billing shall consist of the sum of the Service Availability Charge (1), Capacity Charge (2), Energy Charge (3), Wholesale Power and Fuel Cost Adjuster (4), and all required taxes and assessments (5), set forth below:

(1) Service Availability Charge: $[redacted] per month

(2) Capacity Charge shall be $[redacted] per kVA based on the following;

- the highest 15 minute kVA demand during the monthly billing cycle, **nor less than**
- 1,000 kVA

(3) Energy Charges:

- First 400 kWh per kVA @ $0.0[redacted]
- All excess kWh @ $0.0[redacted]

(4) The Wholesale Power and Fuel Cost Adjuster in Section 16

(5) All required taxes and assessments imposed on the sale of electricity.

12. BILLING PERIOD

The meter for the Customer shall be read as close to the same day of the month as practical. Except in cases beyond our control the billing period will not be less than 25 days or more than 35 days.

13. MINIMUM BILL

The minimum bill shall consist of the sum of the Service Availability Charge (1), Minimum Capacity Charge (2) and all required taxes and assessments (5) as noted in Section 11 above.

14. DEMAND CREDIT FOR LOAD CURTAILMENT

It is the desire of SSVEC and Nord Resources to develop a supplemental agreement for a demand credit on the condition that Nord can reduce their system demand to an agreed upon amount with a 30 minute notice from SSVEC. The supplemental agreement is subject to approval by the SSVEC Board of Directors and the ACC before it will become part of this contract.

15. METERING

a) Cooperative shall provide, or cause to provide, metering facilities at the Point of Delivery. Such metering facilities will measure and record kWh of energy, kVA demand on a 15-minute basis, and Power Factor. The Cooperative may also record other types of load data for the purpose of system management and reliability.

b) Seller shall test, or cause to be tested, the calibration of the meter(s) by comparison of actual standards at intervals established by the ACC. Meter(s) registering not more than plus or minus (+/-) 2% shall be deemed to be accurate. The reading of any meter which shall have been disclosed by tests as inaccurate shall be corrected for the 60 days prior to such test.

c) The Customer may request a meter test at any time but, will pay for all associated testing costs if the meter is within the plus or minus (+/-) 2% of accurate.

16. FUEL ADJUSTMENT

The above capacity and energy charges are subject to the Wholesale Power and Fuel Cost Adjustment or "WPFCA" set forth by the ACC in the same manner as those applied to Rate IP.

17. SERVICE CHARGE ADJUSTMENT

In the event the Cooperative makes an additional capital investment in such system solely to benefit Customer or to ensure reliable service to the Customer, and the Customer is notified of the reason the Cooperative must make the additional capital investment at least 60 days prior to any said investment, the Customer agrees to pay and Cooperative shall have the right to increase its Service Availability charge over the remaining life of this contract to recover such investment.

18. SPECIAL TAX AND ASSESSMENT CLAUSE:

In case of an increase in rates of existing taxes of this character or additional new taxes, licenses or fees based upon generation, distribution, purchase and/or sale of electric power current or energy, shall be imposed upon or required to be paid by the Cooperative, the rates herein may be increased by a surcharge equal to the amount of the cost per kWh, or per customer or per demand, capacity, or other applicable unit of charge for such new or additional taxes, licenses or fees to be billed to and paid by the customer.

19. CONTRACT CAPACITY

The maximum capacity provided by Cooperative under this contract shall be 10 MVA. Additional capacity may be obtained by supplemental agreements.

20. CUSTOMER OWNED SUBSTATIONS

The Customer shall at the Customer's expense provide and maintain the necessary complete substation installations (consisting of transformers, structures, protective devices, etc.) required to provide service to the Customer. Customer is further responsible to ensure that the customer owned substation meet all safety requirements as required by applicable codes.

21. INTERRUPTIONS OF SERVICE:

The Cooperative shall use due diligence in the operation and maintenance of its facilities so as to furnish the Customer as nearly as may be a continuous and uninterrupted supply of electric energy, but it is expressly understood and agreed that the Cooperative shall not be liable to the Customer hereunder, nor shall the Customer be liable to the Cooperative hereunder by reason of the failure of the Cooperative to deliver, or the Customer to receive, electric energy as the result of injunction, fire, strike, riot, explosion, flood, accident, breakdown, acts of God, or the public enemy, or other acts beyond the control of the party affected. This agreement is to be suspended for the time the Cooperative or the Customer is for such reason unable to carry out its part of the contract.

Furthermore, the Cooperative shall not be liable for damages occasioned by interruption of service, when such interruptions are necessary to make repairs or changes in its distribution facilities or other equipment.

22. NON-LIABILITY:

The Cooperative shall not be liable to the Customer for any loss, injury or damage resulting from the Customer's use of his/her equipment or from the use of the energy from the Cooperative or beyond the point of the connections of the Cooperative's wires and equipment with the Customer's wires and equipment; said point of connection is to be the point of termination of the Cooperative's service conductors. IT IS THE CUSTOMER'S RESPONSIBILITY TO PROVIDE ADEQUATE PROTECTIVE EQUIPMENT TO PROTECT THE BUYER'S EQUIPMENT FROM HIGH OR LOW VOLTAGE, PHASE REVERSALS, SINGLE-PHASING CONDITIONS, HARMONICS/FLUCTACTIONS, OR ANY OTHER ABNORMAL SERVICE CONDTION.

23. UNCONTROLLABLE FORCES:

a) Other than the obligation of the Customer to pay bills submitted by Cooperative pursuant to this document, no party shall be considered to be in default in the performance of any of its obligation hereunder (except as may be otherwise specifically provided in this agreement), when a failure of performance shall be due to Uncontrollable Forces has caused failure.

b) The term "Uncontrollable Forces" shall mean any cause beyond the control of the Party unable to perform its obligation, including, but not limited to, the causes herein set forth, which by exercise of due diligence such Party could not reasonably have been able to overcome. Such causes are: acts of God, failure of or threat of immediate failure of facilities, explosion, flood, drought, earthquake, storm, fire, pestilence, lightning and other natural catastrophes, epidemic, war, riot, civil disturbance or disobedience, strike, labor disturbance, disputes or unrest of whatever nature, labor, material or fuel shortage, loss of business substantially affecting viability of operations, restrainment by court order or public authority, and action or non-action by or inability to obtain the necessary authorizations or approvals from any governmental agency or authority.

c) A Party shall not, however, be relieved of liability for failure of performance if such failure is due to causes arising out of its own negligence or to removable or remedial causes which it fails to remove or remedy with reasonable dispatch.

d) Nothing herein shall require a Party to settle any strike or labor dispute in which it may be involved.

e) In the event Seller is unable to deliver power and energy to Customer because of Uncontrollable Forces, the Seller shall not be liable to Customer for such failure. However, in such event, Seller shall only be entitled to payment from Customer for the actual metered electric power and energy delivered during the billing period including Service Charge, Demand Charge, Distribution charges, Applicable tax and Regulatory Assessment.

f) In the event Customer is unable to take power and energy from the Seller because of Uncontrollable Forces, the Customer shall not be liable to Seller for such failure. However, in such event, Seller shall only be entitled to payment from Customer for the actual metered electric power and energy delivered during the billing period including Service Charge, Demand Charge, Distribution charges, Applicable tax and Regulatory Assessment.

24. MEMBERSHIP:

The Customer shall become a member of the Cooperative, shall pay the membership fee and be bound by the provisions of the articles of incorporation and bylaws of the Cooperative and by such rules and regulations as may from time to time be adopted by the Cooperative.

25. REGULATION:

This agreement shall at all times be subject to such changes or modifications as may be required by the Arizona Corporation Commission, as said Commission may from time to time direct in the exercise of their jurisdiction.

26. APPROVALS

This contract is subject to approval and is not effective until approval by the Arizona Corporation Commission (ACC). In the event of such disapproval or unacceptable requirement for change or modification which are deemed unacceptable by either party, the Parties shall negotiate in good faith to modify, within 60 days of the receipt of ACC written notice of such disapproval or unacceptable requirement, this Agreement so as to attempt to secure all such approval

27. RENEWAL

Subject to the 90 day notice in Section 2, both parties agree to negotiate in good faith for future contracts. In the event that the negotiation exceeds the 90 notice period, service will continue at the end of the contract term using the Tariff Rate IP until an agreement is reached between both parties and subsequent review and approval by the SSVEC Board and the ACC. The new agreement will seek to be retroactive to the end of the contract term subject to approval by the ACC.

28. MISC

This contract may be executed in one or more identical counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Facsimiles containing original signatures shall be deemed for all purposes to be originally-signed copies of the documents which are the subject of such facsimiles.

29. *SIGNATURES*

This agreement cancels and supersedes all previous agreements or contracts relating to the supply of the service described herein, and no agreement or representation made by any representative of the Cooperative or Customer, not incorporated herein, shall be binding upon either party. There will be no Assignment and Assumption of this agreement without the prior written approval of the Cooperative.

This agreement shall be binding upon the successors of the parties hereto.

Accepted by
SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

By_____

Date: _____

Creden W. Huber
Its Chief Executive Officer

This area for Notary stamp for SSVEC

NORD RESOURSES, INC

_____

Date: _____

John Perry
Chief Executive Officer

This area for Notary stamp for NORD Copper