Granted with Modifications
***See eSignature page***

Clerk of the Superior Court
*** Electronically Filed ***
D. Duran-Polanco, Deputy
6/30/2026 8:00:00 AM
Filing ID 22316548


Womble Bond Dickinson (US) LLP
201 East Washington Street, Suite 1200
Phoenix, AZ 85004

**Pat Derdenger** (State Bar No. 005874)
Direct Dial: 602.262.5315
Direct Fax: 602.734.3815
Email: Pat.Derdenger@wbd-us.com

**Karen Lowell** (State Bar No. 031620)
Direct Dial: 602.239.7423
Direct Fax: 602.262.5747
Email: Karen.Lowell@wbd-us.com

*Attorneys for Sun Streams 2, LLC*


SUPERIOR COURT OF ARIZONA

IN THE ARIZONA TAX COURT

Sun Streams 2, LLC,

Plaintiff,

v.

Arizona Department of Revenue, an agency of the State of Arizona, and Maricopa County, a political subdivision of the State of Arizona,

Defendants.

No. TX2023-000002

**FINDINGS OF FACT AND CONCLUSIONS OF LAW**

(Honorable Erik Thorson)

Pursuant to the bench trial held in the above captioned case on April 29, 2026, the Court hereby enters the following Findings of Fact and Conclusions of Law. The Department of Revenue's objection not specifically addressed separately below are overruled, as the Court did not find that the evidence was misstated or that the findings and conclusions below were unsupported by the record. The Court also was not misled by Plaintiff's presentation of its case. The Court herein adopts Plaintiff's proposed Findings of Fact and Conclusions of Law, sustaining Plaintiff's objections to the Department's proposed conclusions of law, and therefore, overruling as moot Plaintiff's objections to the Department's proposed findings of fact.

201 East Washington Street, Suite 1200
Phoenix, AZ 85004
WOMBLE BOND DICKINSON

**FINDINGS OF FACT**

1. The Purchase Price used in the Membership Interest Purchase Agreement, dated April 23, 2021, by and between SS2 Partners, LLC and Sun Rivers 2, LLC (the "MIPA") was fixed using the fair market value of the Facility as determined by the Appraisal.[1] Joint Stipulation of Facts, filed December 22, 2025 ("Joint Stipulation") at ¶ 3; Declaration of Jeremy Law, filed April 17, 2026 ("J. Law Declaration") at ¶ 9.

2. The MIPA did not directly allocate the Purchase Price, but adopted the allocation, if any, of the Facility's fair market value in the Appraisal for accounting purposes. Joint Exhibit No. 2 (attached to Joint Stipulation at ¶ 4) at pages 3 to 4; J. Law Declaration at ¶ 10.] The Court overruled the Department's relevance objection to this fact on the record at trial, stating it would give the information in it the weight it deserved.

3. The allocation of fair market value in the Appraisal did not identify the Equipment but only allocated the Facility's fair market value among various classes of property for depreciation purposes. J. Law Declaration at ¶ 11; Joint Exhibit No. 1 (attached to Joint Stipulation at ¶ 2) at 7-1 to 7-3 and Table 7.3.1.

4. The Appraisal identified the actual cost to construct the Equipment as $239,327,292. Plaintiff's Statement of Facts in Support of Its Motion for Summary Judgment, filed March 1, 2024 ("PSOF") at ¶ 23; Joint Exhibit No. 1 at 3-3; J. Law Declaration at ¶ 14.

5. Plaintiff's audited cost to acquire and construct the Equipment was $245,293,281, which Plaintiff reported as its original cost on its 2023 and 2024 Property Tax Returns. PSOF at ¶¶ 6, 14-15; J. Law Declaration at ¶ 15; Joint Stipulation at ¶¶ 5 and 7.] The Court overrules the Department's relevance objection related to this fact, but did delete the word "actual" from this finding, as that usage is more appropriate for a

---

[1] Capitalized terms not defined herein have the same definitions as used in this Court's Minute Entry dated September 30, 2024.

conclusion of law (#6, below, specifically).

6. The midpoint fair market value of the Facility as determined by the Appraisal was $340,196,473, which was used as the Purchase Price. Joint Exhibit No. 1 (attached to Joint Stipulation at ¶ 2) at 1-6; J. Law Declaration at ¶ 12.

7. The fair market value was determined using a cost approach and an income approach and using the midpoint between the two values. Joint Exhibit No. 1 at 1-6, 3-1, 4-1; J. Law Declaration at ¶ 13.

8. The Appraisal included a value for the land underlying the Facility. J. Law Declaration at ¶ 16; Joint Exhibit No. 1 at 2-2.

9. The Appraisal included a value for an existing power purchase agreement with Microsoft Corporation as part of the income approach analysis. Joint Exhibit No. 1 at 1-1, 4-6; J. Law Declaration at ¶ 17.

10. The Appraisal included a value for an existing interconnection agreement with San Diego Gas & Electric Company, and California Independent System Operator Corporation as part of the income approach analysis. Joint Exhibit No. 1 at 1-2; J. Law Declaration at ¶ 18.

11. The Appraisal included a value for an existing interconnection agreement with Arizona Public Service Company, the City of Los Angeles by and through the Department of Water and Power, El Paso Electric Company, Public Service Company of New Mexico, Salt River Project Agricultural Improvement and Power District, South California Public Power Authority, and Southern California Edison Company as part of the income approach analysis. Joint Exhibit No. 1 at 1-2; J. Law Declaration at ¶ 19.

12. The income approach to value in the Appraisal included the value of the power purchase agreement’s future revenue stream. Joint Exhibit No. 1 at 1-5; J. Law Declaration at ¶ 20.

13. The Appraisal valued the tax benefits available for the installation and

WOMBLE BOND DICKINSON
201 East Washington Street, Suite 1200
Phoenix, AZ 85004

operation of the Facility. Joint Exhibit No. 1 at 1-3, 4-1; J. Law Declaration at ¶ 21.

14. The Appraisal valued more than just the Equipment, including values for the land, a power purchase agreement, interconnection agreements, and various tax incentives, in addition to the Equipment. Joint Exhibit No. 1 at 3-1, 3-8, 4-1, and 6-2; J. Law Declaration at ¶¶ 16 to 21.

## CONCLUSIONS OF LAW

1. "Original cost" is defined by A.R.S. § 42-14155(D)(4) as "the actual cost, without trending, of acquiring or constructing property, including additions, retirements, adjustments and transfers."

2. "Renewable energy and storage equipment" is defined in A.R.S. § 42-14155(D)(5) as "electric generation facilities … that is located in this state, that is used or useful for generating, storing, transmitting or distributing electric power, energy or fuel derived from solar … not intended for self-consumption, including materials and supplies and construction work in progress, but excluding licensed vehicles and property valued under §§ 42-14154 and 42-14156."

3. The fair market value of the Facility, as determined by the Appraisal and used as the Purchase Price, includes not only the value of the Equipment but also values for the land underlying the project and intangible assets such as existing agreements and tax benefits.

4. The Purchase Price cannot be used as the "original cost" of the Equipment because it does not represent the "cost of acquiring or constructing" the Equipment as required by A.R.S. § 42-14155(D)(4) as it also includes values for the land underlying the project and intangible assets such as existing agreements and tax benefits.

5. The definition of "original cost" contained in A.R.S. § 42-14155(D)(4) means the actual cost of acquiring or constructing the renewable energy and storage



WOMBLE BOND DICKINSON
201 East Washington Street, Suite 1200
Phoenix, AZ 85004

equipment itself and does not include any additional value incorporated in the purchase price paid by a third party for membership interests in the entity that owns the renewable energy and storage equipment.

6. The "original cost" for purposes of valuing the Equipment is $245,293,281, which is Plaintiff's actual, audited cost to acquire and construct the Equipment.

7. Pursuant to Plaintiff's claim for the same in the Complaint filed January 4, 2023, Plaintiff may file an application for attorney's fees, costs, and expenses and a proposed form of judgment within twenty (20) calendar days from the date this ruling is filed by the Clerk of the Superior Court, emailing a copy at the same time to jaime.ferniza@jbazmc.maricopa.gov and sebastian.inman@jbazmc.maricopa.gov. The Department may file any response/objections to any application filed and the proposed form of judgment no later than twenty (20) calendar days after service, emailing a copy at the same time to jaime.ferniza@jbazmc.maricopa.gov and sebastian.inman@jbazmc.maricopa.gov. No reply is permitted absent further Order of the Court.

*/s/ Erik Thorson*
Honorable Erik Thorson
Judge of the Arizona Tax Court

Date: _June 29th, 2026.________

Filing ID: 22316548   Case Number: TX2023-000002
Original Filing ID: 21871049

**Granted with Modifications**

/S/ Erik Thorson Date: 6/29/2026

Judicial Officer of Superior Court

# ENDORSEMENT PAGE

CASE NUMBER: TX2023-000002
SIGNATURE DATE: 6/29/2026

E-FILING ID #: 22316548
FILED DATE: 6/30/2026 8:00:00 AM

KIMBERLY J CYGAN

PATRICK DERDENGER