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SOUTHERN CALIFORNIA EDISON COMPANY

UNIFORM STANDARD OFFER 1

AS-AVAILABLE CAPACITY AND ENERGY

POWER PURCHASE AGREEMENT

QFID NO. 1098

Approved: Decision No. 89-02-065 (February 24, 1989)

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SOUTHERN CALIFORNIA EDISON COMPANY
AS-AVAILABLE CAPACITY AND ENERGY POWER PURCHASE AGREEMENT

County Sanitation Districts of Orange County ("Seller") and Southern California Edison Company ("Edison"), referred to collectively as "Parties" and individually as "Party", agree as follows:

1. PROJECT SUMMARY

1.1 Seller's Generating Facility:

(a) QFID Number: 1098

(b) Nameplate Rating: 12,000 kW. (Net of Station Use) If the Generating Facility is comprised of more than one (1) electrical generator and Seller has not commenced Initial Operation of each generator within five (5) years of the effective date of this Agreement, the Nameplate Rating shall be derated to the nameplate rating of the electrical generators which have achieved Initial Operation prior to the end of the five (5) year period. Seller may not increase the Nameplate Rating after the effective date of this Agreement.

(c) Location: 22212 Brookhurst
Huntington Beach, CA 92646

(address, if not available, append metes and bounds description in Appendix D).

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(d) Type: (Check One)

_____ Cogeneration facility.

_____ (primary energy source)

X _____ Small power production facility.

digester gas (primary energy source)

1.2 Expected annual energy deliveries: 35,000,000 kWh.

1.3 Seller's initial estimate of the Scheduled Operation Date is June 30, 1992. Seller shall update its estimate of the Scheduled Operation Date in its Quarterly Status Reports pursuant to Section 5.2 of this Agreement. The Scheduled Operation Date shall not be later than five (5) years from the effective date of this Agreement.

1.4 The term of this Agreement is 30 years (not to exceed thirty (30) years) from Initial Operation, unless terminated sooner by Seller in accordance with Section 3 of this Agreement.

1.5 Project Development Material Milestones:

(a) Provide information for and pay costs of Preliminary Method of Service Study pursuant to Section 5.4: Not later than three (3) months after the effective date of this Agreement or such other date as agreed to by the Parties.

(b) Provide information for and pay for costs of the Method of Service Study, pursuant to Section 5.5, which shall be no later than three (3) years

1 prior to the Scheduled Operation
2 Date. This provision shall
3 not obligate Edison to install
4 Interconnection Facilities
5 within three (3) years of
6 Seller's compliance with this
7 Section 1.5(b).

4/4/91

(Date)

8 (c) Commence Initial Operation: Not later than
9 five (5) years
10 from the
11 effective date of
12 this Agreement,
13 pursuant to
14 Section 5.6.

15 1.6 Operating Options pursuant to Section 7: (Check One)

16 Operating Option I (Buy/Sell): Entire
17 Generating Facility output less Station Use.
18 sold to Edison.

19 Operating Option II (Surplus Sale): The
20 Generating Facility output, less Station Use
21 and any other use by Seller, sold to Edison.
22 Capacity allocated to other use by
23 Seller: 800 kW.

24 1.7 Metering Location: (Check one)

25 Seller selects metering location pursuant to
26 Section 11 as follows:

High-voltage side of the Interconnection
Facilities transformer.

Low-voltage side of the Interconnection
Facilities transformer with the transformer

//

loss compensation factor determined in
accordance with Section 11.2.

1.8 Notices

Any written notice, demand, or request required or authorized in connection with the Agreement shall be deemed properly given if delivered in person or sent by first class mail, postage prepaid, to the person specified below:

Edison: Southern California Edison Company
Attention: Secretary
P.O. Box 800
Rosemead, CA 91770

Seller: County Sanitation Districts of Orange County
22212 Brookhurst
Huntington Beach, CA 92646

Seller's notices to Edison pursuant to this Section 1.8 shall refer to the QFID number set forth in Section 1.1(a).

The designated addresses may be changed at any time upon similar notice by the Party's authorized representative.

1.9 Location of Edison Designated Switching Center:

Ellis Substation

1.10 Seller's arrangement includes Host(s): (Check one)

yes

no

1 If yes, the following sections shall apply:

2 (a) Host(s): _____
3 _____
4 (Name(s) and Address(es))

5 (b) Seller has made arrangements with Host(s) to:
6 (Check one or both)

7 _____ a. Sell all or a portion of the
8 electrical output of the Generating
9 Facility to Host(s).

10 _____ b. Sell useful thermal output from the
11 Generating Facility to Host(s).

12 (c) Seller shall, within thirty (30) days of the
13 effective date of the Agreement, provide
14 Edison with the name(s) and address(es) of
15 representative(s) of the Host(s) who is (are)
16 authorized to act on behalf of the Host(s) in
17 matters related to the arrangement identified
18 in this Section 1.10. Seller shall notify
19 Edison of any change(s) of authorized
20 representative(s) within thirty (30) days of
21 being notified of such change.

22 (d) Any references to Host(s) contained in this
23 Agreement are not intended and shall not be
24 construed to create any third party rights or
25 remedies.
26

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1.11 Location of Edison Customer Service District Office:

Orange Coast District

7333 Bolsa Ave.

Westminister, CA 92683

2. DEFINITIONS

When underlined, whether in the singular or in the plural, the following terms shall have the following meanings:

2.1 Agreement: This document and appendices, as amended from time to time, including Edison's Tariff Rule No. 21, in effect at the time of execution of this Agreement.

2.2 As-Available Capacity: The capacity delivered to Edison from the Generating Facility that Edison is contractually obligated to purchase at its published As-Available Capacity price as approved by the CPUC.

2.3 CPUC: The Public Utilities Commission of the State of California.

2.4 Designated Switching Center: The Edison facility which is described in Section 1.9.

2.5 Tariff Rule No. 21: Edison's interconnection standards for cogenerators and small power producers interconnected with the Edison system, attached hereto as Appendix B and incorporated herein by reference.

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1 2.6 Emergency: An actual or imminent condition or
2 situation which jeopardizes Edison Electric System
3 Integrity.

4 2.7 Force Majeure: Any occurrence, other than Forced
5 Outages, beyond the reasonable control of and
6 without the fault or negligence of the Party
7 claiming Force Majeure which causes the Party to be
8 unable to perform its obligations, which by exercise
9 of due foresight such Party could not reasonably
10 have been expected to avoid and which the Party is
11 unable to overcome by the exercise of due diligence.
12 Such an occurrence may include, but is not limited
13 to, acts of God, labor disputes, sudden actions of
14 the elements, actions or inactions by federal, state,
15 and municipal agencies, and actions or inactions of
16 legislative, judicial, or regulatory agencies.

17 2.8 Forced Outage: Any outage of the Generating
18 Facility or Seller's Interconnection Facilities
19 resulting from a design defect, inadequate
20 construction, operator error, interruption in fuel
21 supply unless excused as a Force Majeure, or a
22 breakdown of the mechanical or electrical equipment
23 that fully or partially curtails the electrical
24 output of the Generating Facility.

25 2.9 Generating Facility: All of Seller's generating
26 units, together with all protective and other

1 associated equipment and improvements owned,
2 maintained, and operated by Seller, which are
3 necessary to produce electrical power, excluding
4 associated land, land rights, and interests in land.

5 2.10 Host(s): The entity or entities identified in
6 Section 1.10 which will purchase: (a) useful thermal
7 output of the cogenerator; or (b) all or a portion
8 of the electric output of the Generating Facility;
9 or (c) both.

10 2.11 Initial Operation: The day the Generating Facility
11 first operates in parallel with the Edison system.

12 2.12 Interconnection Facilities: All means required, and
13 apparatus installed, to interconnect and deliver
14 power from the Generating Facility to the Edison
15 system in accordance with Edison's Tariff Rule
16 No. 21, including, but not limited to, connection,
17 transformation, switching, metering, communications,
18 control, and safety equipment, such as equipment
19 required to protect (a) the Edison system and its
20 customers from faults occurring at the Generating
21 Facility, and (b) the Generating Facility from
22 faults occurring on the Edison system or on the
23 systems of others to which the Edison system is
24 directly or indirectly connected. Interconnection
25 Facilities also include any necessary additions and
26 reinforcements by Edison to the Edison system

1 required as a result of the interconnection of the
2 Generating Facility to the Edison system.

3 2.13 Method of Service Study: Edison's determination of
4 the Interconnection Facilities required to
5 interconnect Seller's Generating Facility with the
6 Edison system, including an estimate of costs and
7 construction lead time.

8 2.14 Nameplate Rating: The gross generating capacity of
9 the Generating Facility less Station Use. For
10 purposes of this Agreement, Nameplate Rating is that
11 rating specified in Section 1.1(b) of the Agreement.

12 2.15 Edison Electric System Integrity: The state of
13 operation of Edison's electric system in a manner
14 which is deemed to minimize the risk of injury to
15 persons and/or property and enables Edison to
16 provide adequate and reliable electric service to
17 its customers.

18 2.16 Point of Delivery: The point where Seller's
19 electrical conductors contact Edison's system as it
20 shall exist whenever the deliveries are being made
21 or at such other point or points as the Parties may
22 agree in writing. A Point of Delivery sketch is
23 attached in Appendix F.

24 2.17 Preliminary Method of Service Study or Preliminary
25 Study: Edison's preliminary estimate of the costs
26 and equipment necessary for the interconnection of

Seller's Generating Facility to Edison's system.

This Study may also establish the date by which Seller must request a Method of Service Study under Section 5.5(a).

2.18 Protective Apparatus: All relays, meters, power circuit breakers, synchronizers, and other control devices as shall be agreed to by the Parties in accordance with the requirements of Edison as necessary for proper and safe operation of the Generating Facility in parallel with Edison's electric system.

2.19 Prudent Electrical Practices: Those practices, methods, and equipment, as changed from time to time, that are commonly used in prudent electrical engineering and operations to design and operate electric equipment lawfully and with safety, dependability, efficiency, and economy.

2.20 Scheduled Operation Date: The date specified in Section 1.3 when the Generating Facility is, by Seller's estimate, expected to begin Initial Operation.

2.21 Short-Run Avoided Operating Costs: CPUC-approved costs, updated from time to time, which are the basis of Edison's published energy prices.

2.22 Station Use: Energy used to operate the Generating Facility's auxiliary equipment. The auxiliary

1 equipment includes, but is not limited to, forced
2 and induced draft fans, cooling towers, boiler feed
3 pumps, lubricating oil systems, plant lighting, fuel
4 handling systems, control systems, and sump pumps.

5 3. TERM AND TERMINATION

6 This Agreement shall be binding upon execution by the
7 Parties and remain in effect thereafter for the number of
8 years specified in Section 1.4, which shall not exceed
9 thirty (30) years from Initial Operation. This Agreement
10 may be terminated sooner by Seller upon providing
11 thirty (30) days prior written notice in accordance with
12 Section 1.8.

13 4. PROJECT FEE

14 4.1 No later than the date Seller requests and pays for
15 a Method of Service Study, Seller shall post and
16 thereafter maintain a Project Fee equal to
17 five dollars (\$5) for each kilowatt of Nameplate
18 Rating of the Generating Facility specified in
19 Section 1.1 (b). If Seller requests a Preliminary
20 Method of Service Study or Edison determines that a
21 Preliminary Method of Service Study is necessary,
22 Seller shall post the Project Fee at the time Seller
23 pays for the Preliminary Method of Service Study.
24 The Project Fee shall be held as security for
25 Seller's maintaining adequate progress in the
26 development of the Generating Facility. The Project

1 Fee shall be established by either an escrow account
2 or by an irrevocable letter of credit with terms and
3 conditions agreed to by the Parties. Such escrow
4 account or irrevocable letter of credit shall
5 provide for the disbursement of the Project Fee in
6 accordance with Section 4.2.

7 4.2 The Project Fee shall be disbursed in the following
8 manner on notice provided to the holding agent by
9 Edison.

10 (a) The Project Fee, including any interest
11 earned, shall be returned to Seller: (1) if
12 the Generating Facility commences Initial
13 Operation within five (5) years of the
14 effective date of this Agreement; or (2) if
15 Seller (i) determines as a result of the
16 Preliminary Method of Service Study or the
17 Method of Service Study that the Generating
18 Facility is no longer feasible or that
19 transmission capacity is not available and
20 (ii) terminates this Agreement within
21 ninety (90) calendar days of receiving such
22 study results; or (3) if Seller terminates
23 this Agreement as a result of a Force Majeure
24 prior to Initial Operation of Seller's
25 Generating Facility.

26 //

1 (b) The Project Fee, including any interest
2 earned, shall be paid to Edison in the event
3 Seller fails to complete each and every
4 Project Development Milestone set forth in
5 Section 5, whether or not Edison pursues any
6 other remedy at law or under this Agreement.

7 5. PROJECT DEVELOPMENT MILESTONES

8 To assure Seller's establishment of Initial Operation in
9 the time provided in this Agreement and to afford Edison
10 with early notification in the event Seller will be unable
11 to establish Initial Operation, Seller shall complete each
12 Project Development Milestone as provided in this
13 Section 5.

14 5.1 Project Development Milestones

15 (a) The following events shall constitute Project
16 Development Milestones:

- 17 (1) Submittal of Quarterly Status Reports
18 (pursuant to Section 5.2)
- 19 (2) Maintenance of Site Control (pursuant to
20 Section 5.3)
- 21 (3) Provision of information for and payment
22 of costs of Preliminary Method of Service
23 Study (pursuant to Section 5.4)
- 24 (4) Provision of information for and payment
25 of costs of Method of Service Study
26 (pursuant to Section 5.5)

1 (5) Commencement of Initial Operation no
2 later than five (5) years from the
3 effective date of this Agreement.

4 (pursuant to Section 5.6)

5 (b) If Seller fails to complete each Project
6 Development Milestone in the time and manner
7 provided in Sections 5.2 through 5.6:

8 (1) Edison may terminate this Agreement;

9 (2) Seller shall relinquish transmission
10 priority, if established; and (3) the Project
11 Fee, if any, shall be paid to Edison pursuant
12 to Section 4.2 (b).

13 (c) If Edison terminates this Agreement pursuant
14 to this Section 5.1, Seller may execute
15 another power purchase agreement with Edison
16 only if Seller has satisfied all its
17 outstanding obligations to Edison arising
18 under this Agreement, including payment of any
19 costs which Edison may have incurred as a
20 result of Seller's failure to perform under
21 this Agreement. Nothing in this
22 Section 5.1(c) shall limit Edison's remedies
23 at law under this Agreement.

24 5.2 Submit Quarterly Status Reports

25 (a) Beginning on the first day of the calendar
26 quarter following the effective date of this

1 Agreement, and continuing on the first day of
2 each calendar quarter thereafter until Seller
3 has achieved Initial Operation in accordance
4 with Section 5.6, Seller shall submit to
5 Edison a complete and accurate Quarterly
6 Status Report in the form attached as
7 Appendix C. Seller's Quarterly Status Report
8 shall describe the progress of project
9 development and shall include without
10 limitation: (1) the current status of and
11 schedule for project development; (2) Seller's
12 progress since the last submitted Quarterly
13 Status Report; and (3) an explanation of any
14 changes to the project development schedule
15 since Seller's last submitted Quarterly Status
16 Report. If, in Edison's judgment, the
17 scheduled development of the Generating
18 Facility places Seller in jeopardy of missing
19 a Project Development Milestone under this
20 Section 5, Seller shall, upon request, provide
21 a summary of the steps which Seller has taken
22 and proposes to take to ensure timely Initial
23 Operation of the Generating Facility.

24 (b) If Seller fails to provide a Quarterly Status
25 Report in a timely manner or if Seller fails
26 to submit a complete and accurate Quarterly

1 Status Report, Edison will so notify Seller
2 and Seller shall promptly provide a complete
3 and accurate Quarterly Status Report. If
4 Seller fails to provide two consecutive
5 Quarterly Status Reports as provided in
6 Section 5.2(a), Edison shall notify Seller in
7 writing that Seller has failed to complete
8 this Project Development Milestone. Unless
9 Seller provides Edison with a complete and
10 accurate Quarterly Status Report within
11 thirty (30) calendar days after Seller
12 receives such notice from Edison, the
13 provisions of Section 5.1(b) shall apply.

14 5.3 Maintain Site Control

15 (a) Seller warrants that it possessed Site Control
16 of the site described in Section 1.1(c) as of
17 the date Seller executed this Agreement and
18 that Seller shall maintain continuous Site
19 Control for the term of this Agreement.

20 (b) Site Control: Site Control shall consist of
21 one of the following, or other form of Site
22 Control acceptable to Edison in its sole
23 discretion:

24 (1) Seller's ownership of the location of
25 Seller's Generating Facility specified in
26 Section 1.1(c);

1 (2) Seller's leasehold interest in the
2 location specified in Section 1.1(c),
3 which leasehold interest shall
4 specifically include the right to
5 construct and operate the Generating
6 Facility at such location;

7 (3) Seller's exclusive and irrevocable
8 contractual right to construct and
9 operate the Generating Facility at the
10 location specified in Section 1.1(c); or,

11 (4) Seller's exclusive and irrevocable
12 option to obtain any of the rights
13 described in Section 5.3(b)(1) through
14 Section 5.3(b)(3) above. This
15 alternative shall only constitute Site
16 Control prior to the commencement of
17 construction of Seller's Generating
18 Facility.

19 (c) Seller shall provide Edison with prompt notice
20 of any change in the status of its Site
21 Control. If, at any time, Edison has reason
22 to believe that Seller has lost Site Control,
23 Edison may request from Seller evidence that
24 Seller continues to possess Site Control. If
25 Seller fails to provide such evidence within
26 thirty (30) calendar days after Seller

1 receives Edison's request, the provisions of
2 Section 5.1(b) shall apply.

3 (d) Where the term of Seller's Site Control does
4 not extend for the full term of this
5 Agreement, Seller shall advise Edison of the
6 date Site Control is scheduled to expire.
7 Seller shall provide to Edison, no later than
8 the date Seller's Site Control is scheduled to
9 expire, evidence that Seller's Site Control
10 has been renewed or extended. If Seller fails
11 to provide such evidence, Edison shall notify
12 Seller in writing that Seller is not in
13 compliance with this Section 5.3(d). Unless
14 Seller provides Edison with evidence that Site
15 Control has been renewed or extended within
16 thirty (30) calendar days after Edison's
17 notification, the provisions of Section 5.1(b)
18 shall apply.

19 (e) This Agreement is project and site specific;
20 however, Seller may with Edison's prior
21 consent, be permitted to adjust the location
22 of Seller's Generating Facility within the
23 proximity of the site specified in
24 Section 1.1(c) if necessary for project
25 development.

26 //

5.4 Provide Information for and Pay Costs of Preliminary Method of Service Study

- (a) Not later than three (3) months after the effective date of this Agreement or such other date as the Parties may agree, Seller shall provide Edison with the information necessary for Edison to perform a Preliminary Method of Service Study. The Parties shall cooperate to ensure that Seller provides Edison with sufficient information no later than said date.
- (b) Seller shall pay any cost associated with the Preliminary Method of Service Study by the date specified in Section 5.4(a) or within thirty (30) calendar days of billing by Edison, whichever is later.
- (c) Priority for transmission capacity on the Edison system shall be established on the date Seller has completed the requirements specified in Sections 4.1 and 5.4.
- (d) The results of the Preliminary Method of Service Study are for informational purposes only, except if the date determined for providing information for and paying the cost of the Method of Service Study pursuant to Section 5.5 is earlier than the date specified in Section 1.5(b), then such earlier date

1 shall establish the milestone date for this
2 Project Development Milestone pursuant to
3 Section 5.5(a).

4 (e) Edison may, at its discretion, waive the
5 requirements of this Section 5.4 if Edison
6 deems that a Preliminary Method of Service
7 Study is unnecessary.

8 (f) If Seller fails to either (1) provide the
9 information necessary for Edison to conduct
10 the Preliminary Method of Service Study or
11 (2) pay the costs of such study by the date
12 required, Edison shall notify Seller in
13 writing that Seller has not completed this
14 Project Development Milestone. If Seller
15 fails to provide such information or pay such
16 costs, as the case may be, within thirty (30)
17 calendar days after Edison's notification, the
18 provisions of Section 5.1(b) shall apply.

19 5.5 Provide Information for and Pay Costs of Method of
20 Service Study

21 (a) Not later than the date specified in
22 Section 1.5, or such earlier date as may be
23 determined by the Preliminary Method of
24 Service Study, Seller shall provide Edison
25 with all information necessary for Edison to
26 perform a Method of Service Study. The

1 Parties shall cooperate to ensure that Seller
2 provides Edison with sufficient information no
3 later than said date.

4 (b) Seller shall pay any costs associated with the
5 Method of Service Study by the date specified
6 in Section 5.5(a) or within thirty (30)
7 calendar days of billing by Edison, whichever
8 is later.

9 (c) If Edison has waived the requirements of
10 Section 5.4 and if priority for transmission
11 capacity on the Edison system has not been
12 previously established pursuant to
13 Section 5.4, such priority shall be
14 established on the date Seller completes the
15 requirements specified in Sections 4.1 and 5.5.

16 (d) If Seller fails either: (1) to provide the
17 information necessary for Edison to perform
18 the Method of Service Study; or (2) to timely
19 pay the costs associated with the Method of
20 Service Study, Edison shall notify Seller in
21 writing that Seller has not completed this
22 Project Development Milestone. If Seller
23 fails to provide such information or pay such
24 costs, as the case may be, within thirty (30)
25 calendar days after Edison's notification, the
26 provisions of Section 5.1(b) shall apply.

1 5.6 Commence Initial Operation of the Generating Facility
2 Seller shall commence Initial Operation of Seller's
3 Generating Facility no later than five (5) years
4 from the effective date of this Agreement. If
5 Seller fails to commence Initial Operation by said
6 date, the provisions of Section 5.1(b) shall apply.

7 6. **GENERATING FACILITY**

8 The Generating Facility shall be owned by Seller. The
9 Generating Facility shall be designed, constructed,
10 operated, and maintained as follows:

11 6.1 Design

12 (a) Seller, at Seller's sole expense, shall:

13 (1) Design the Generating Facility;

14 (2) Acquire all permits and other approvals
15 necessary for the construction,
16 operation, and maintenance of the
17 Generating Facility; and

18 (3) Complete all environmental impact studies
19 necessary for the construction,
20 operation, and maintenance of the
21 Generating Facility.

22 (b) At Edison's request, Seller shall provide to
23 Edison Seller's electrical specifications and
24 design drawings pertaining to Seller's
25 Generating Facility for Edison's review prior
26 to finalizing design of the Generating

1 Facility and before beginning construction
2 work based on such specifications and
3 drawings. Seller shall provide to Edison
4 reasonable advance written notice of any
5 changes in Seller's Generating Facility and
6 provide to Edison specifications and design
7 drawings of any such changes for Edison's
8 review and approval.

- 9 (c) The total installed capacity (net of Station
10 Use) of Seller's Generating Facility shall not
11 exceed the Nameplate Rating set forth in
12 Section 1.1(b) of this Agreement.

13 6.2 Construction

- 14 (a) Seller, at Seller's sole expense, shall
15 construct the Generating Facility.
16 (b) Edison shall have the right to review and
17 consult with Seller regarding Seller's
18 construction schedule.
19 (c) Edison shall have the right to periodically
20 inspect the Generating Facility prior to
21 Initial Operation upon advance notice to
22 Seller. Seller, at its option, may be present
23 at such inspection.

24 //

25 //

26 //

1 6.3 Operation

2 (a) Seller shall operate the Generating Facility
3 in accordance with Prudent Electrical
4 Practices.

5 (b) Seller shall operate the Generating Facility
6 to generate such reactive power or provide
7 individual power factor correction as
8 necessary to maintain voltage levels and
9 reactive power support as may be required by
10 Edison, in accordance with Edison's Tariff
11 Rule No. 21, attached hereto. Seller shall
12 not deliver excess reactive power to Edison
13 unless otherwise agreed upon between the
14 Parties. If Seller fails to provide reactive
15 power support, Edison may do so at Seller's
16 expense.

17 (c) The Generating Facility shall be operated with
18 all of Seller's Protective Apparatus in
19 service whenever the Generating Facility is
20 connected to, or is operated in parallel with,
21 the Edison electric system. Any deviation for
22 brief periods of Emergency or maintenance
23 shall only be by agreement of the Parties.

24 (d) Seller shall maintain operating communications
25 with the Edison Designated Switching Center.
26 The operating communications shall include,

1 but not be limited to, system parallel
2 operation or separation, scheduled and
3 unscheduled outages, equipment clearances,
4 protective relay operations, levels of
5 operating voltage and reactive power, and
6 daily capacity and generation reports.

7 (e) Seller shall keep a daily operations log for
8 the Generating Facility which shall include
9 information on availability, maintenance
10 outages, circuit breaker trip operations
11 requiring a manual reset, and any significant
12 events related to the operation of the
13 Generating Facility, including but not limited
14 to: real and reactive power production;
15 changes in operating status and protective
16 apparatus operations; and any unusual
17 conditions found during inspections. Changes
18 in setting shall also be logged for Seller's
19 generator(s) if it is "block-loaded" to a
20 specific kW capacity.

21 (f) Seller shall maintain complete daily operations
22 records applicable to the Generating Facility,
23 including but not limited to fuel consumption,
24 cogeneration fuel efficiency, maintenance
25 performed, kilowatts, kilovars and kilowatt-
26 hours generated and settings or adjustments of

1 the generator control equipment and protective
2 devices. Such information shall be available
3 pursuant to Section 21.

4 (g) If Seller's Generating Facility has a
5 Nameplate Rating greater than one (1) and up
6 to and including ten (10) megawatts, Edison
7 may require Seller to report to the Designated
8 Switching Center, twice a day at agreed upon
9 times for the current day's operation, the
10 hourly readings in kW of capacity delivered
11 and the energy in kWh delivered since the last
12 report.

13 (h) If Seller's Generating Facility has a
14 Nameplate Rating greater than ten (10)
15 megawatts, Edison shall provide, at Seller's
16 expense, telemetering equipment pursuant to
17 Section 11.3.

18 (i) Edison may require Seller, at Seller's
19 expense, to demonstrate to Edison's
20 satisfaction the correct calibration and
21 operation of Seller's Protective Apparatus at
22 any time Edison has reason to believe that
23 said Protective Apparatus may impair the
24 Edison Electric System Integrity.

25 //

26 //

1 6.4 Maintenance

2 (a) Seller shall maintain the Generating Facility
3 in accordance with Prudent Electrical
4 Practices.

5 (b) Seller shall notify Edison (1) by January 1,
6 May 1, and September 1 of each year, of the
7 estimated scheduled maintenance and estimated
8 daily energy and capacity deliveries for the
9 succeeding four months and (2) by September 1
10 of each year, of the estimated scheduled
11 maintenance and estimated daily energy and
12 capacity deliveries for the following calendar
13 year.

14 7. OPERATING OPTIONS

15 7.1 Seller shall operate the Generating Facility in
16 parallel with Edison's electric system pursuant to
17 one of the following options as designated in
18 Section 1.6:

19 (a) Operating Option I (Buy/Sell): Seller sells
20 the entire Generating Facility output less
21 Station Use to Edison.

22 (b) Operating Option II (Surplus Sale): Seller
23 sells Generating Facility output, less Station
24 Use and any other use by Seller, to Edison.

25 7.2 Seller may convert from Operating Option I to
26 Operating Option II, or vice versa, no earlier than

1 twelve (12) months after execution of this
2 Agreement, and thereafter no earlier than
3 twelve (12) months after the effective date of the
4 most recent conversion, subject to the following
5 conditions:

6 (a) Seller shall provide Edison with a written
7 request to convert its operating option.

8 (b) Seller shall comply with all applicable
9 tariffs and rules on file with the CPUC and
10 contracts in effect between the Parties at the
11 time of conversion covering the existing and
12 proposed (1) facilities used to serve Seller's
13 premises and (2) Interconnection Facilities.

14 (c) Seller shall bear the expense necessary to
15 install, own, and maintain any needed
16 additional Interconnection Facilities in
17 accordance with Edison's applicable tariffs
18 and rules on file with the CPUC.

19 7.3 If, as a result of an operating option conversion,
20 Seller no longer requires the use of Interconnection
21 Facilities installed and/or operated and maintained
22 by Edison, Seller may either:

23 (a) Reserve these facilities, for its future use,
24 by continuing its performance under its
25 agreement for Interconnection Facilities; or

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1 (b) If Seller does not wish to reserve such
2 facilities, it may terminate its agreement for
3 Interconnection Facilities in accordance with
4 the terms of that agreement. Seller's future
5 use of such facilities shall be contingent
6 upon the availability of such facilities at
7 the time Seller requests such use. If such
8 facilities are not available, Seller shall
9 bear the expense necessary to install, own,
10 and maintain the needed additional facilities
11 in accordance with Edison's applicable tariffs
12 and rules on file with the CPUC.

13 7.4 Unless provided for pursuant to Section 7.3 above,
14 Edison shall not be required to remove or reserve
15 capacity of Interconnection Facilities made idle by
16 a change in operating options. Edison may, without
17 penalty, dedicate any such Interconnection
18 Facilities idled by Seller's change in operating
19 option at any time to serve customers or to
20 interconnect with other electric power sources.

21 7.5 Edison shall process requests for operating option
22 conversion in the order received and institute any
23 changes made necessary by such request in as
24 reasonably expeditious manner as possible given
25 other Edison commitments. The effective date of
26 conversion shall be the date Edison completes all of

1 the changes required to accommodate Seller's
2 operating option conversion. Notwithstanding this
3 Section 7.5, Seller may convert from Operating
4 Option I to Operating Option II, or vice versa, no
5 earlier than twelve (12) months after execution of
6 this Agreement, and thereafter no earlier than
7 twelve (12) months after the effective date of the
8 most recent conversion.

9 7.6 Seller agrees to use reasonable efforts and shall
10 take no action which would encumber, impair or
11 diminish Seller's ability to deliver to Edison
12 As-Available Capacity and the energy associated with
13 that capacity. Seller acknowledges that it intends
14 no other use for the generation committed to Edison
15 under this Agreement than expressly set forth in
16 Sections 1.6 and 1.10 of this Agreement.

17 8. INTERCONNECTION FACILITIES

18 8.1 The Parties have executed or will execute an
19 agreement for Interconnection Facilities which shall
20 be attached hereto and incorporated herein by this
21 reference. The agreement for Interconnection
22 Facilities shall provide for the ownership,
23 construction, operation and maintenance of the
24 Interconnection Facilities pursuant to Edison's
25 Tariff Rule No. 21.

26 //

1 8.2 The Interconnection Facilities for which Seller is
2 responsible and the Point of Delivery shall be set
3 forth either in equipment lists or by appropriate
4 one-line diagrams which shall be attached to the
5 agreement for Interconnection Facilities.

6 8.3 Seller, at Seller's sole expense, shall acquire all
7 permits and approvals and complete all environmental
8 impact studies necessary for the design,
9 construction, installation, operation, and
10 maintenance of the Interconnection Facilities which
11 Seller elects to install.

12 8.4 Seller shall not commence parallel operation of the
13 Generating Facility until written approval for
14 operation of the Interconnection Facilities has been
15 given by Edison. Such approval shall not be
16 unreasonably withheld. Seller shall notify Edison
17 of Seller's intent to energize the Interconnection
18 Facilities not less than forty-five (45) calendar
19 days prior to such energizing. Edison shall have
20 the right to inspect the Interconnection Facilities
21 within thirty (30) calendar days of receipt of such
22 notice. If the Interconnection Facilities are not
23 approved by Edison, Edison shall provide written
24 notice to Seller stating the reasons for Edison's
25 disapproval within five (5) calendar days of the
26 inspection.

1 8.5 Seller shall provide written notice to Edison at
2 least fourteen (14) calendar days prior to the
3 initial and subsequent testing of Seller's
4 Protective Apparatus. Seller's Protective Apparatus
5 shall be tested thereafter at intervals not to
6 exceed three (3) years using qualified personnel.
7 Edison shall have the right to have a representative
8 present at the initial and subsequent testing of
9 Seller's Protective Apparatus and to receive copies
10 of the test results. If Seller's interconnection to
11 the Edison system includes Interconnection Facilities
12 at voltage levels of 22 kV or greater, Seller's
13 Protective Apparatus shall be tested at least every
14 twelve (12) months using qualified personnel.
15 Edison shall have the right to have representatives
16 present at such tests and shall receive copies of
17 the test results.

18 8.6 Seller shall be allocated existing line capacity in
19 accordance with Edison's Tariff Rule No. 21.

20 8.7 Seller shall be solely responsible for the design,
21 purchase, construction, operation, and maintenance
22 of the Interconnection Facilities, owned by Seller,
23 necessary to protect Edison's electric system,
24 employees and customers from damage or injury
25 arising out of or connected with the operation of
26 the Generating Facility. Seller shall operate and

1 maintain the Interconnection Facilities owned by
2 Seller in accordance with Prudent Electrical
3 Practices.

4 8.8 Seller shall provide to Edison Seller's electrical
5 specifications and design drawings pertaining to the
6 Interconnection Facilities for Edison's review prior
7 to finalizing design of the Interconnection
8 Facilities and before beginning construction work
9 based on such specification and drawings. Seller
10 shall provide to Edison reasonable advance written
11 notice of any changes in the Interconnection
12 Facilities and provide to Edison specifications and
13 design drawings of any such changes for Edison's
14 review and approval. Edison may require
15 modifications to such specifications and designs as
16 it deems necessary to allow Edison to operate
17 Edison's system in accordance with Prudent
18 Electrical Practices.

19 8.9 Seller shall pay for any changes in the
20 Interconnection Facilities as may be reasonably
21 required to meet the changing requirements of the
22 Edison system in accordance with Edison's Tariff
23 Rule No. 21.

24 8.10 If Seller's interconnection to the Edison system
25 includes Interconnection Facilities at voltage
26 levels of 220 kV or greater, Edison may require

1 Protective Apparatus owned by Seller to be
2 maintained by Edison at Seller's expense.

3 9. REVIEW AND DISCLAIMER

4 9.1 Review by Edison of the design, construction,
5 operation, or maintenance of Seller's Interconnection
6 Facilities or Generating Facility shall not
7 constitute any representation as to the economic or
8 technical feasibility, operational capability, or
9 reliability of such facilities. Seller shall in no
10 way represent to any third party that any such
11 review by Edison of such facilities including but
12 not limited to any review of the design,
13 construction, operation, or maintenance of such
14 facilities by Edison is a representation by Edison
15 as to the economic or technical feasibility,
16 operational capability, or reliability of such
17 facilities. Seller is solely responsible for
18 economic and technical feasibility, operational
19 capability, and reliability of Seller's
20 Interconnection Facilities and the Generating
21 Facility.

22 9.2 Edison shall notify Seller in writing of the outcome
23 of Edison's review of the design and all of the
24 specifications, drawings, and explanatory material
25 for Seller's Interconnection Facilities (and the
26 Generating Facility, if requested by Edison) within

1 thirty (30) calendar days of the receipt of the
2 design and all of the specifications, drawings, and
3 explanatory material for Seller's Interconnection
4 Facilities (and the Generating Facility, if
5 requested by Edison). Any flaws in the design
6 perceived by Edison in the review of all of the
7 specifications, drawings, and explanatory material
8 for Seller's Interconnection Facilities (and the
9 Generating Facility, if requested by Edison) shall
10 be described in Edison's written notification.

11 **10. REAL PROPERTY RIGHTS**

12 10.1 Seller agrees to grant Edison all necessary easements
13 and rights of way, including adequate and continuing
14 access rights, on property of Seller to transport,
15 install, operate, maintain, replace, and remove the
16 Interconnection Facilities, and any equipment or
17 line extension that may be provided, owned, operated
18 and maintained by Edison on the property of Seller.
19 Seller agrees to grant such easements and rights of
20 way to Edison at no cost and in a form satisfactory
21 to Edison and capable of being recorded in the
22 office of the County Recorder.

23 10.2 If any part of Edison's Interconnection Facilities,
24 equipment, and/or line extension is to be installed
25 on property owned by other than Seller, or under the
26 jurisdiction or control of any other individual,

1 agency or organization, Edison may, at its discretion
2 and at Seller's cost and expense obtain from the
3 owners thereof all necessary easements and rights of
4 way including adequate and continuing access rights,
5 and/or such other grants, consents and licenses, in
6 a form satisfactory to Edison, for the construction,
7 operation, maintenance, and replacement of Edison's
8 Interconnection Facilities, equipment, and/or line
9 extension upon such property. If Edison does not
10 elect to obtain or cannot obtain such easements and
11 rights of way, Seller shall obtain them at its cost
12 and expense. If Seller requests, Edison shall
13 cooperate with and assist Seller in obtaining said
14 easements and rights of way. In any event, Seller
15 shall reimburse Edison for all costs incurred by
16 Edison in obtaining, attempting to obtain or
17 assisting in obtaining such easements and rights of
18 way.

19 10.3 Edison shall have the right of ingress to and egress
20 from the Generating Facility at all reasonable hours
21 for any purposes reasonably connected with this
22 Agreement or the exercise of any and all rights
23 secured to Edison by law or its tariff schedules and
24 rules on file with the CPUC.

25 10.4 Edison shall have no obligation to Seller for any
26 loss, liability, damage, claim, cost, charge, or

1 expense due to Edison's inability to acquire a
2 satisfactory right of way, easement or other real
3 property interest necessary to Edison's performance
4 of its obligations under this Agreement.

5 10.5 If Seller exercises due diligence to obtain
6 easements and rights of way for Edison's
7 Interconnection Facilities pursuant to Section 10.2,
8 and if Edison in its sole discretion elects not to
9 exercise its power of eminent domain to acquire such
10 easements and rights of way, Seller shall have no
11 obligation to Edison for any loss, liability,
12 damage, claim, cost, charge or expense due to
13 Seller's inability to acquire such easements and
14 rights of way.

15 10.6 Nothing in this Section 10 shall be construed to
16 require Edison to acquire land rights through
17 condemnation or any other means for Seller either
18 inside or outside of Edison's service territory
19 unless Edison shall in its sole discretion elect to
20 do so.

21 **11. METERING**

22 11.1 All meters and equipment used for the measurement of
23 power for determining Edison's payments to Seller
24 pursuant to this Agreement shall be provided, owned,
25 and maintained by Edison at Seller's sole expense in
26

//

1 accordance with Edison's Tariff Rule No. 21 attached
2 hereto.

3 11.2 All the meters and equipment used for measuring the
4 power delivered to Edison shall be located on the
5 side of the Interconnection Facilities transformer
6 as selected by Seller in Section 1.7. If Seller
7 chooses to have meters placed on the low-voltage
8 side of the Interconnection Facilities transformer,
9 a transformer loss compensation factor will be
10 applied. At Seller's sole expense, manufacturer's
11 certified test reports of transformer losses, in
12 accordance with current national standards, will be
13 provided and used to determine a transformer loss
14 compensation factor, unless another method for
15 determination of transformer losses has been
16 mutually agreed upon to determine the actual
17 measured value of losses.

18 11.3 Pursuant to Edison's Tariff Rule No. 21,
19 telemetering shall be required at Seller's expense
20 if Seller's Generating Facility has a Nameplate
21 Rating greater than ten (10) MW.

22 11.4 Edison's meters shall be sealed and the seals shall
23 be broken only when the meters are to be inspected,
24 tested, or adjusted by Edison. Seller shall be
25 given reasonable notice of testing and shall have

26 //

1 the right to have a representative present on such
2 occasions.

3 11.5 Edison shall inspect and test all meters upon their
4 installation and annually thereafter. At Seller's
5 request and expense, Edison shall inspect or test a
6 meter more frequently.

7 11.6 Metering equipment determined by Edison to be
8 inaccurate or defective shall be repaired, adjusted,
9 or replaced by Edison such that the metering
10 accuracy of said equipment shall be within two (2)
11 percent. If a meter fails to register or if the
12 measurement made by a meter during a test varies by
13 more than two (2) percent from the metering standard
14 used in the test, an adjustment shall be made
15 correcting all measurements made by the inaccurate
16 meter for (a) the actual period during which
17 inaccurate measurements were made, if the period can
18 be determined, or if not, (b) the period immediately
19 preceding the test of the meter equal to one-half
20 the time from the date of the last previous test of
21 the meter, provided that the period covered by the
22 correction shall not exceed six (6) months.

23 **12. QUALIFYING FACILITY STATUS AND PERMITS**

24 12.1 Seller warrants that, beginning on the date of
25 initial energy deliveries and continuing until the
26 end of this Agreement, the Generating Facility shall

1 meet the qualifying facility requirements established
2 as of the effective date of this Agreement by the
3 Federal Energy Regulatory Commission's rules
4 (18 Code of Federal Regulations Section 292)
5 implementing the Public Utility Regulatory Policies
6 Act of 1978 (16 U.S.C.A. Sections 796, et seq.).

7 12.2 Seller shall reimburse Edison for any loss of
8 whatever kind which Edison incurs as a result of:

- 9 (a) Seller's failure to obtain or maintain any
10 necessary permit or approval, including
11 completion of required environmental studies,
12 necessary for the construction, operation, and
13 maintenance of the Generating Facility.
14 (b) Seller's failure to comply with necessary
15 permits and approvals or with any applicable
16 law.
17 (c) Seller's breach of that warranty in
18 Section 12.1 above.

19 12.3 If a loss of qualifying facility status occurs due
20 to a change in the law governing qualifying facility
21 status occasioned by regulatory, legislative, or
22 judicial action, the Seller shall compensate Edison
23 for any economic detriment incurred by Edison should
24 Seller choose not to make the changes necessary to
25 continue its qualifying facility status.

26 //

1 13. ENERGY PURCHASE

2 13.1 Subject to the terms and conditions of this
3 Agreement, Seller shall sell and deliver, at the
4 Point of Delivery, and Edison shall purchase and
5 accept delivery of, at the Point of Delivery, energy
6 produced by the Generating Facility as specified in
7 Sections 1.6 and 7.

8 13.2 Edison shall pay Seller for energy at prices equal
9 to Edison's Short-Run Avoided Operating Costs.

10 13.3 Payment for energy shall be based on the time of
11 delivery. The time periods currently in effect are
12 shown in Appendix A. Time period definitions may
13 change from time to time as determined by the CPUC.

14 13.4 Edison has contracted to purchase the energy
15 associated with the Generating Facility of the
16 Nameplate Rating described in Section 1.1(b) of this
17 Agreement. If Seller installs a Generating Facility
18 with a Nameplate Rating greater than that specified
19 in Section 1.1(b) of this Agreement, Edison shall not
20 be required to accept or pay for energy associated
21 with the incremental increase in Nameplate Rating
22 under this Agreement.

23 13.5 Energy payments made to Seller pursuant to this
24 Agreement will be multiplied by an energy loss
25 adjustment factor, as approved by the CPUC.

26 //

14. CAPACITY PURCHASE

14.1 Subject to the terms and conditions of this Agreement, Seller shall sell and deliver, at the Point of Delivery, and Edison shall purchase and accept delivery of, at the Point of Delivery, As-Available Capacity produced by the Generating Facility, as specified in Sections 1.6 and 7.

14.2 Edison shall pay Seller for As-Available Capacity at prices authorized from time to time by the CPUC and which are derived from Edison's avoided costs as approved by the CPUC.

14.3 Payment for capacity shall be based on time of delivery. The time periods currently in effect are shown in Appendix A. Time period definitions may change from time to time as determined by the CPUC.

14.4 Edison has contracted to purchase the As-Available Capacity associated with the Generating Facility of the Nameplate Rating described in Section 1.1(b) of this Agreement. If Seller installs a Generating Facility with a Nameplate Rating greater than that specified in Section 1.1(b) of this Agreement, Edison shall not be required to accept or pay for As-Available Capacity associated with the incremental increase in Nameplate Rating under this Agreement.

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1 15. CURTAILMENT

2 15.1 Hydro Spill

3 (a) In anticipation of a period of hydro spill
4 conditions, as defined by the CPUC, Edison may
5 notify Seller that any purchases of energy
6 from Seller during such period shall be at
7 hydro savings prices quoted by Edison. If
8 Seller delivers energy to Edison during any
9 such period, Seller shall be paid hydro
10 savings prices for those deliveries in lieu of
11 prices which would otherwise be applicable.

12 The hydro savings prices shall be calculated
13 by Edison using the following formula:

14 Hydro Savings Price = $\frac{AQF - S}{AQF} \times SOC (\geq 0)$

15 Where:

16 AQF = energy for each time period, in kWh,
17 projected to be available during hydro
18 spill conditions from all qualifying
19 facilities under agreements containing
20 hydro savings price provisions;

21 S = potential energy for each time period,
22 in kWh, from Edison hydro facilities
23 which will be spilled if all AQF is
24 delivered to Edison; and

25 SOC = Short-Run Avoided Operating Cost
26

1 (b) Edison shall give Seller notice of general
2 periods when hydro spill conditions are
3 anticipated, and shall give Seller as much
4 advance notice as practical of any specific
5 hydro spill period and the hydro savings price
6 which will be applicable during such period.

7 15.2 Negative Avoided Costs

8 Edison shall not be obligated to accept or pay for
9 and may require Seller with a Generating Facility
10 with a Nameplate Rating of one (1) megawatt or
11 greater to interrupt or reduce deliveries of energy
12 and As-Available Capacity during any period in
13 which, due to operational circumstances, the
14 acceptance of deliveries of power from Seller will
15 result in Edison system costs greater than those
16 which Edison would incur if it did not accept such
17 deliveries, but instead generated an equivalent
18 amount of energy itself; provided, however, that
19 Edison may not require Seller to interrupt or reduce
20 deliveries of, or refuse to pay for energy and
21 As-Available Capacity solely because Edison's
22 instantaneous avoided cost is lower than the
23 applicable energy price to be paid Seller pursuant
24 to this Agreement. As described in CPUC Decision
25 No. 82-01-103 and Decision No. 82-04-071, and for
26 illustrative purposes only, an example of such a

1 period is a period when Edison would be forced to
2 shut down baseload or intermediate load plants in
3 order to accept deliveries from Seller and such
4 baseload or intermediate load plants could not then
5 be restarted and brought up to their rated output to
6 meet the next day's peak load and Edison would be
7 required to utilize costly or less efficient
8 generation with faster start-up or make an expensive
9 emergency purchase of capacity to meet the demand
10 that could have been met by the baseload or
11 intermediate load plants but for such purchases from
12 Seller, even if such purchases from Seller were at a
13 price of zero (0). Whenever possible, Edison shall
14 give Seller reasonable notice of the possibility
15 that interruption or reduction of deliveries may be
16 required.

17 15.3 Before interrupting or reducing deliveries under
18 Section 15.2, and before invoking hydro savings
19 prices under Section 15.1, Edison shall take
20 reasonable steps to make economy sales of surplus
21 energy giving rise to the condition. If such
22 economy sales are made while the surplus energy
23 condition exists, Seller shall be paid at the
24 economy sales price obtained by Edison in lieu of
25 the otherwise applicable prices.

26 //

1 15.4 If Seller is under Operating Option I and Seller
2 elects not to sell energy to Edison at the hydro
3 savings price pursuant to Section 15.1 or when
4 Edison curtails deliveries of energy pursuant to
5 Section 15.2, Seller shall not use such energy to
6 meet its electrical needs but shall continue to
7 purchase all its electrical needs from Edison. If
8 Seller is under Operating Option II, Sections 15.1
9 or 15.2 shall only apply to the excess Generating
10 Facility output being delivered to Edison, and
11 Seller can continue use of that generation it has
12 retained for Station Use and any other use by Seller.

13 16. INTERRUPTION OF DELIVERIES

14 16.1 Edison shall not be obligated to accept or pay for
15 and may require Seller to interrupt or reduce
16 deliveries of capacity and energy (a) when necessary
17 in order to construct, install, maintain, repair,
18 replace, remove, investigate, or inspect any of its
19 equipment or any part of its system; or (b) if it
20 determines that interruption or reduction is
21 necessary because of an Emergency, forced outage,
22 Force Majeure, or compliance with Prudent Electrical
23 Practices; provided that Edison shall not interrupt
24 deliveries pursuant to this Section solely in order
25 to take advantage, or make purchases, of less
26 expensive energy elsewhere.

1 16.2 Notwithstanding any other provisions of this
2 Agreement, if at any time Edison determines that,
3 (a) continued parallel operation of the Generating
4 Facility may endanger Edison personnel,
5 (b) continued parallel operation of the Generating
6 Facility may endanger the Edison Electric System
7 Integrity, or (c) Seller's Protective Apparatus is
8 not fully in service, Edison shall have the right to
9 disconnect the Generating Facility from Edison's
10 system. The Generating Facility shall remain
11 disconnected until such time as Edison is satisfied
12 that the condition(s) referenced in this Section 16
13 have been corrected.

14 16.3 Whenever possible, Edison shall give Seller
15 reasonable notice of the possibility that
16 interruption or reduction of deliveries may be
17 required.

18 17. PAYMENT AND BILLING

19 17.1 Edison shall mail to Seller not later than
20 thirty (30) calendar days after the end of each
21 monthly billing period (a) a statement showing the
22 energy and capacity delivered to Edison during
23 on-peak, mid-peak, off-peak; and super-off-peak
24 periods during the monthly billing period,
25 (b) Edison's computation of the amount due Seller,
26 and (c) Edison's check in payment of said amount.

17.2 Edison reserves the right to provide Seller's statement concurrently with any bill to Seller for electric service provided by Edison to Seller at the location specified in Section 1.1(c) or any bill to Seller for any charges under this Agreement owing and unpaid by Seller and to apply the value of Edison's purchase of energy and capacity toward such bill(s). Seller shall pay any amount owing for electric service provided by Edison to Seller in accordance with applicable tariff schedules. Nothing in this Section 17.2 shall limit Edison's rights under applicable tariff schedules.

17.3 In the event adjustments to payments are required as a result of inaccurate meters, Edison shall use the corrected measurements described in Section 11.6 to recompute the amount due from Edison to Seller for the capacity and energy delivered under this Agreement during the period of inaccuracy. Any refund due and payable to Edison resulting from inaccurate metering shall be made within thirty (30) calendar days of written notification to Seller by Edison of the amount due. Any additional payment to Seller resulting from inaccurate metering shall be made within thirty (30) calendar days of Edison's recomputation of the amount due from Edison to Seller.

1 17.4 Monthly charges associated with Interconnection
2 Facilities shall be billed pursuant to the agreement
3 for Interconnection Facilities and applicable
4 tariffs.

5 **18. INDEMNITY AND LIABILITY**

6 18.1 Each Party as indemnitor shall defend, save harmless
7 and indemnify the other Party and the directors,
8 officers, employees, and agents of such Party
9 against and from any and all loss, liability,
10 damage, claim, cost, charge, demand, or expense
11 (including any direct, indirect, or consequential
12 loss, liability, damage, claim, cost, charge,
13 demand, or expense, including attorneys' fees) for
14 injury or death to persons, including employees of
15 either Party, and damage to property including
16 property of either Party arising out of or in
17 connection with (a) the engineering, design,
18 construction, maintenance, repair, operation,
19 supervision, inspection, testing, protection or
20 ownership of, or (b) the making of replacements,
21 additions, betterments to, or reconstruction of, the
22 indemnitor's facilities; provided, however, Seller's
23 duty to indemnify Edison hereunder shall not extend
24 to loss, liability, damage, claim, cost, charge,
25 demand, or expense resulting from interruptions in
26 electrical service to Edison's customers other than

1 Seller or electric customers of Seller. This
2 indemnity shall apply notwithstanding the active or
3 passive negligence of the indemnitee. However,
4 neither Party shall be indemnified hereunder for its
5 loss, liability, damage, claim, cost, charge, demand
6 or expense resulting from its sole negligence or
7 willful misconduct.

8 18.2 Notwithstanding the indemnity of Section 18.1 and
9 except for a Party's willful misconduct or sole
10 negligence, each Party shall be responsible for
11 damage to its facilities resulting from electrical
12 disturbances or faults.

13 18.3 Seller releases and shall defend, save harmless and
14 indemnify Edison from any and all loss, liability,
15 damage, claim, cost, charge, demand or expense
16 arising out of or in connection with any
17 representation made by Seller inconsistent with
18 Section 9.1.

19 18.4 The provisions of this Section 18 shall not be
20 construed to relieve any insurer of its obligations
21 to pay any insurance claims in accordance with the
22 provisions of any valid insurance policy.

23 18.5 Except as otherwise provided in Section 18.1,
24 neither Party shall be liable to the other Party for
25 consequential damages incurred by that Party.

26 //

1 18.6 If Seller fails to comply with the provisions of
2 Section 19, Seller shall, at its own cost, defend,
3 save harmless and indemnify Edison, its directors,
4 officers, employees, and agents, assignees, and
5 successors in interest from and against any and all
6 loss, liability, damage, claim, cost, charge,
7 demand, or expense of any kind or nature (including
8 any direct, indirect, or consequential loss, damage,
9 claim, cost, charge, demand, or expense, including
10 attorneys' fees and other costs of litigation),
11 resulting from injury or death to any person or
12 damage to any property, including the personnel or
13 property of Edison, to the extent that Edison would
14 have been protected had Seller complied with all of
15 the provisions of Section 19. The inclusion of this
16 Section 18.6 is not intended to create any express
17 or implied right in Seller to elect not to provide
18 the insurance required under Section 19.

19 **19. INSURANCE**

20 19.1 In connection with the Generating Facility,
21 associated land, land rights, and interests in land,
22 and with Seller's performance of and obligations
23 under this Agreement, Seller shall maintain, during
24 the term of the Agreement, General Liability
25 Insurance with a combined single limit of not less
26 than: (a) one million dollars (\$1,000,000) for each

1 occurrence if the Generating Facility is over
2 one hundred (100) kW; (b) five hundred thousand
3 dollars (\$500,000) for each occurrence if the
4 Generating Facility is over twenty (20) kW and less
5 than or equal to one hundred (100) kW; and
6 (c) one hundred thousand dollars (\$100,000) for each
7 occurrence if the Generating Facility is twenty (20)
8 kW or less. Such General Liability Insurance shall
9 include coverage for Premises-Operations, Owners and
10 Contractors Protective, Products/Completed
11 Operations Hazard, Explosion, Collapse, Underground,
12 Contractual Liability, and Broad Form Property
13 Damage including Completed Operations.

14 19.2 The General Liability Insurance required in
15 Section 19.1 shall, by endorsement to the policy or
16 policies, (a) include Edison as an additional
17 insured; (b) contain a severability of interest
18 clause or cross-liability clause; (c) provide that
19 Edison shall not by reason of its inclusion as an
20 additional insured incur liability to the insurance
21 carrier for payment of premium for such insurance;
22 and (d) provide for thirty (30) calendar days
23 written notice to Edison prior to cancellation,
24 termination, alteration, or material change of such
25 insurance.

26 //

1 19.3 If the requirement of Section 19.2(a) prevents
2 Seller from obtaining the insurance required in
3 Section 19.1, then upon written notification by
4 Seller to Edison, Section 19.2(a) shall be waived.

5 19.4 Evidence of the insurance required in Section 19.1
6 shall state that coverage provided is primary and is
7 not in excess to or contributing with any insurance
8 or self-insurance maintained by Edison.

9 19.5 Edison shall have the right to inspect or obtain a
10 copy of the original policy or policies of insurance.

11 19.6 Seller shall furnish the required certificates and
12 endorsements to Edison prior to Initial Operation.

13 19.7 A Seller who is a self-insured governmental agency
14 with an established record of self-insurance may
15 comply with the following in lieu of Sections 19.1
16 through 19.6:

17 (a) Seller shall provide to Edison at least
18 thirty (30) calendar days prior to the date of
19 Initial Operation evidence of an acceptable
20 plan to self-insure to a level of coverage
21 equivalent to that required under Section 19.1.

22 (b) If Seller ceases to self-insure to the level
23 required hereunder, or if the Seller is
24 unable to provide continuing evidence of
25 Seller's ability to self-insure, Seller shall
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1 immediately obtain the coverage required under
2 Section 19.1.

3 19.8 All insurance certificates, statements of self
4 insurance, endorsements, cancellations, terminations,
5 alterations, and material changes of such insurance
6 shall be issued and submitted to the following:

7 Southern California Edison Company
8 Attention: Manager of Power Contracts
9 P.O. Box 800
10 Rosemead, CA 91770

11 20. FORCE MAJEURE

12 20.1 If either Party because of Force Majeure is unable
13 to perform its obligations under this Agreement,
14 that Party shall be excused from whatever
15 performance is affected by the Force Majeure to the
16 extent so affected, except as to obligations to pay
17 money, provided that:

- 18 (a) The non-performing Party, within two weeks
19 after the commencement of the Force Majeure,
20 gives the other Party written notice
21 describing the particulars of the occurrence.
22 (b) The suspension of performance is of no greater
23 scope and of no longer duration than is
24 required by the Force Majeure.
25 (c) The non-performing Party uses its best efforts
26 to remedy its inability to perform.

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1 20.2 When the non-performing Party is able to resume
2 performance of its obligations under this Agreement,
3 that Party shall give the other Party written notice
4 to that effect.

5 20.3 This Section 20 shall not require the settlement of
6 any strike, walkout, lockout or other labor dispute
7 on terms which, in the sole judgment of the Party
8 involved in the dispute, are contrary to its
9 interest. It is understood and agreed that the
10 settlement of strikes, walkouts, lockouts or other
11 labor disputes shall be at the sole discretion of
12 the Party having the difficulty.

13 20.4 In the event a Party is unable to perform due to
14 legislative, judicial, or regulatory agency action,
15 this Agreement shall be renegotiated to comply with
16 the legal change which caused the non-performance.

17 **21. REVIEW OF RECORDS AND DATA**

18 Each Party, after giving written notice to the other
19 Party, shall have the right to review and obtain copies of
20 metering records and operations and maintenance logs of
21 the Generating Facility.

22 **22. ASSIGNMENT**

23 Neither Party shall voluntarily assign its rights nor
24 delegate its duties under this Agreement without the
25 written consent of the other Party, except in connection
26 with the sale or merger of a substantial portion of its

1 properties. Any such assignment or delegation made
2 without such written consent shall be null and void.
3 Consent for assignment shall not be withheld unreasonably.

4 **23. ABANDONMENT**

5 23.1 If, in any six (6) month period, Seller fails to
6 deliver to Edison at least the number of
7 kilowatt-hours derived from the product of
8 four hundred and thirty-eight (438) hours times the
9 Nameplate Rating, less any capacity dedicated to
10 other use as specified in Sections 1.6 and 1.10,
11 times the appropriate effective capacity conversion
12 factor listed in Appendix E, Seller shall provide to
13 Edison all of the following:

- 14 (a) a written description of the reasons for
15 Seller's low level of performance;
- 16 (b) a summary of the action Seller is taking to
17 improve its performance; and
- 18 (c) a schedule for increasing Seller's deliveries.

19 23.2 In any fifteen (15) month period, Seller shall
20 deliver to Edison not less than the number of
21 kilowatt-hours derived from the product of
22 one thousand and ninety-five (1,095) hours times the
23 Nameplate Rating (less any capacity dedicated to
24 other use as specified in Sections 1.6 and 1.10)
25 times the appropriate effective capacity conversion
26 factor listed in Appendix E. If for any reason,

1 Seller fails to deliver this minimum amount, Edison
2 may terminate this Agreement on written notice.

3 24. NON-DEDICATION

4 No undertaking by one Party to the other under any
5 provision of this Agreement shall constitute the
6 dedication of that Party's system or any portion thereof
7 to the other Party or to the public or affect the status
8 of Edison as an independent public utility corporation or
9 Seller as an independent individual or entity and not a
10 public utility.

11 25. NON-WAIVER

12 None of the provisions of the Agreement shall be
13 considered waived by either Party except when such waiver
14 is given in writing. The failure of any Party at any time
15 or times to enforce any right or obligation with respect
16 to any matter arising in connection with this Agreement
17 shall not constitute a waiver as to future enforcement of
18 that right or obligation or any right or obligation of
19 this Agreement.

20 26. SECTION HEADINGS

21 Section headings appearing in this Agreement are inserted
22 for convenience only and shall not be construed as
23 interpretations of text.

24 27. GOVERNING LAW

25 This Agreement shall be interpreted, governed, and
26 construed under the laws of the State of California as if

1 executed and to be performed wholly within the State of
2 California.

3 28. **AMENDMENT, MODIFICATION OR WAIVER**

4 Any amendments or modifications to this Agreement shall be
5 in writing and agreed to by both Parties. The failure of
6 any Party at any time or times to require performance of
7 any provision hereof shall in no manner affect the right
8 at a later time to enforce the same. No waiver by any
9 Party of the breach of any term or covenant contained in
10 this Agreement, whether by conduct or otherwise, shall be
11 deemed to be construed as a further or continuing waiver
12 of any such breach or a waiver of the breach of any other
13 term or covenant unless such waiver is in writing.

14 29. **SEVERAL OBLIGATIONS**

15 Except where specifically stated in this Agreement to be
16 otherwise, the duties, obligations, and liabilities of the
17 Parties are intended to be several and not joint or
18 collective. Nothing contained in this Agreement shall be
19 construed to create an association, trust, partnership, or
20 joint venture or impose a trust or partnership duty,
21 obligation, or liability on or with regard to either

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1 Party. Each Party shall be liable individually and
2 severally for its own obligations under this Agreement.

3 30. SIGNATURES

4 IN WITNESS WHEREOF, the Parties hereto have caused two
5 originals of this Agreement to be executed by their duly
6 authorized representatives. This Agreement is effective
7 as of the last date set forth below.

8 County Sanitation Districts
9 of Orange County

SOUTHERN CALIFORNIA EDISON COMPANY

10 BY: [Signature]
11 TYPE NAME: J. Wayne Sylvester
12 TITLE: General Manager
13 DATE SIGNED: August 15, 1991

BY: [Signature]
TYPE NAME: Glenn J. Bjorklund
TITLE: Vice President
DATE SIGNED: September 9, 1991

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APPROVED
DAVID N. BARRY, III
Vice President and General Counsel
By: [Signature]
Attorney
Aug 27, 19 91

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APPENDIX A
TIME PERIODS

Southern California Edison Company

Time Periods
Effective August 1, 1988 1/

On-Peak: Noon to 6:00 p.m. summer weekdays except holidays.

Mid-Peak: 8:00 a.m. to Noon and 6:00 p.m. to 11:00 p.m. summer weekdays except holidays.

8:00 a.m. to 9:00 p.m. winter weekdays except holidays.

Off-Peak: All other hours.

Super-Off-Peak: Midnight to 6:00 a.m. everyday during the winter.

Off-peak holidays are New Year's Day, Washington's Birthday, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, and Christmas.

When any holiday listed above falls on Sunday, the following Monday will be recognized as an off-peak period. No change in off-peak will be made for holidays falling on Saturday.

The summer season shall commence at 12:01 a.m. on the first Sunday in June and continue until 12:01 a.m. of the first Sunday in October of each year. The winter season shall commence at 12:01 a.m. on the first Sunday in October of each year and continue until 12:01 a.m. of the first Sunday in June of the following year.

1/ Time period definitions are subject to periodic modification as approved by the CPUC.

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APPENDIX B
SOUTHERN CALIFORNIA EDISON COMPANY'S
TARIFF RULE NO. 21

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APPENDIX C
QUARTERLY STATUS REPORT
(FORM)

QUARTERLY STATUS REPORT

2 QFID No. _____
 3 Name of Seller _____
 4 Date _____

5 Directions: A complete and accurate response is required each
 6 time this report is filed with Edison. Responses of "not
 7 applicable" or "N/A" must be supported by a detailed factual
 8 explanation for clarification purposes. If Forecast
 9 Completion Date has not been established, so state and explain.

Milestone	Forecast (or Actual) Completion Date (1)	Check if Completed	Check if Schedule Changed from Previous Report
-----------	---	-----------------------	---

10 Site Control

11 (a) Proof provided to
 12 Edison _____ /__/ /__/
 13 (b) Current site control
 14 status:
 15 _____ Project has site control
 16 _____ Project does not have site control

17 Critical Path Permit (2)

18 (a) Permit application
 19 filed _____ /__/ /__/
 20 (b) Permit application
 21 accepted _____ /__/ /__/
 22 (c) Permit issued _____ /__/ /__/

23 Fuel Supply Status:
 24 (e.g., contract signed, resource evaluation studies complete,
 25 etc.)
 26 _____

27 Financing Secured

28 (a) Construction (short-
 29 term) _____ /__/ /__/
 30 (b) Permanent (long-
 31 term) _____ /__/ /__/

	Forecast (or Actual) Completion Date (1)	Check if Completed	Check if Schedule Changed from Previous Report
1			
2	<u>Milestone</u>		
3	Final Method of Service Study Requested	____	/__/
4	Equipment Contract Award		
5	(a) Generator	____	/__/
6	(b) Turbine/prime mover	____	/__/
7	Equipment Ordered		
8	(a) Generator	____	/__/
9	(b) Turbine/prime mover	____	/__/
10	Engineering/Design		
11	(a) Preliminary Engineering	____ % Complete	
12	(b) Final Engineering	____ % Complete	
13	Construction Contract Awarded	____	/__/
14	Interconnection Construction		
15	(a) Seller construction started	____	/__/
16	(b) Edison construction requested	____	/__/
17	Project Construction		
18	(a) Site grading started	____	/__/
19	(b) Major foundations started	____	/__/
20	(c) Turbine/prime mover on site	____	/__/
21	(d) Generator on site	____	/__/
22	(e) Construction status	____ % Complete	
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<u>Milestone</u>	<u>Forecast (or Actual) Completion Date (1)</u>	<u>Check if Completed</u>	<u>Check if Schedule Changed from Previous Report</u>
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Initial Parallel operation	_____	/__/	/__/
Start-up testing begun	_____	/__/	/__/
(a) Testing status	_____ % Complete		
Firm (or As-Available) Capacity Availability Date	_____	/__/	/__/

Describe progress of project development since the last submitted Quarterly Status Report (attach additional pages, if needed):

1 Explain any changes to the project development schedule since
2 last submitted Quarterly Status Report (attach additional
3 pages, if needed):
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12 I certify that the foregoing information is true and complete.

13 Date _____

14 Signature _____

15 Name _____

16 Title _____

17 Contact Person _____

18 Telephone Number _____

19 Notes:

20 (1) Should reflect project's current schedule for Milestones
21 not yet completed or actual completion date for Milestone
22 completed.

23 (2) The Critical Path Permits for all non-thermal projects
24 and thermal projects exempt from CEC Site Certification
25 are (i) for Geothermal, County Conditional Use Permit or
26 Special Zone Permit; (ii) for Biomass, County Conditional
Use Permit or Special Zone Permit, or Air Quality Permit;
(iii) for Wind, County Conditional Use Permit or Special
Zone Permit; (iv) for Cogeneration, Air Quality Permit;
(v) for Hydro, FERC License or Exemption. California
Energy Commission Site Certification is required for
non-exempt thermal projects over 50 MW.

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APPENDIX D

SITE LOCATION METES AND BOUNDS DESCRIPTION
(IF REQUIRED FOR PURPOSES OF SECTION 1.1(c))

*Not Required
Woodruff*

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APPENDIX E

EFFECTIVE CAPACITY CONVERSION FACTORS

Table E

Effective Capacity Conversion Factors

<u>Technology</u>	<u>Conversion Factors</u>
Biomass	0.25
Cogeneration	0.25
Geothermal	0.10
Hydroelectric	0.10
Solar	1.00
Wind	0.15

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APPENDIX F

POINT OF DELIVERY SKETCH

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APPENDIX G

INTERCONNECTION FACILITIES AGREEMENT

To follow upon completion of Final MOS