PLANT No.2

Plant No. 2

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)

SPB/V29

TABLE OF CONTENTS


| SECTION | | PAGE |
|---|---|---|
| 1 | PROJECT SUMMARY | 1 |
| 2 | DEFINITIONS | 6 |
| 3 | TERM AND TERMINATION | 11 |
| 4 | PROJECT FEE | 11 |
| 5 | PROJECT DEVELOPMENT MILESTONES | 13 |
| 6 | GENERATING FACILITY | 22 |
| 7 | OPERATING OPTIONS | 27 |
| 8 | INTERCONNECTION FACILITIES | 30 |
| 9 | REVIEW AND DISCLAIMER | 34 |
| 10 | REAL PROPERTY RIGHTS | 35 |
| 11 | METERING | 37 |
| 12 | QUALIFYING FACILITY STATUS AND PERMITS | 39 |
| 13 | ENERGY PURCHASE | 41 |
| 14 | CAPACITY PURCHASE | 42 |
| 15 | CURTAILMENT | 43 |
| 16 | INTERRUPTION OF DELIVERIES | 46 |
| 17 | PAYMENT AND BILLING | 47 |
| 18 | INDEMNITY AND LIABILITY | 49 |
| 19 | INSURANCE | 51 |
| 20 | FORCE MAJEURE | 54 |
| 21 | REVIEW OF RECORDS AND DATA | 55 |
| 22 | ASSIGNMENT | 55 |
| 23 | ABANDONMENT | 56 |
| 24 | NON-DEDICATION | 57 |

TABLE OF CONTENTS (Cont'd)


| SECTION | | PAGE |
|---|---|---|
| 25 | NON-WAIVER | 57 |
| 26 | SECTION HEADINGS | 57 |
| 27 | GOVERNING LAW | 57 |
| 28 | AMENDMENT, MODIFICATION OR WAIVER | 58 |
| 29 | SEVERAL OBLIGATIONS | 58 |
| 30 | SIGNATURES | 59 |
| | APPENDIX A: TIME PERIODS | |
| | APPENDIX B: SOUTHERN CALIFORNIA EDISON COMPANY'S TARIFF RULE NO. 21 | |
| | APPENDIX C: QUARTERLY STATUS REPORT (FORM) | |
| | APPENDIX D: SITE LOCATION METES AND BOUNDS DESCRIPTION (IF REQUIRED FOR PURPOSES OF SECTION 1.1(c)) | |
| | APPENDIX E: EFFECTIVE CAPACITY CONVERSION FACTORS | |
| | APPENDIX F: POINT OF DELIVERY SKETCH | |
| | APPENDIX G: INTERCONNECTION FACILITIES AGREEMENT | |


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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: 22212Brookhurst
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 | |

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

4/4/91
(Date)

(c) Commence Initial Operation: Not later than five (5) years from the effective date of this Agreement, pursuant to Section 5.6.

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

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

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

1.7 Metering Location: (Check one)

Seller selects metering location pursuant to Section 11 as follows:

_____ High-voltage side of the Interconnection Facilities transformer.

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

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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

_X_ no

If yes, the following sections shall apply:

(a) Host(s): _____

_____

_____

(Name(s) and Address(es))

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.17 Preliminary Method of Service Study or Preliminary Study: Edison's preliminary estimate of the costs 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

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

3. **TERM AND TERMINATION**

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

4. **PROJECT FEE**

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

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

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

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

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

5. **PROJECT DEVELOPMENT MILESTONES**

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

5.1 Project Development Milestones

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

(1) Submittal of Quarterly Status Reports (pursuant to Section 5.2)

(2) Maintenance of Site Control (pursuant to Section 5.3)

(3) Provision of information for and payment of costs of Preliminary Method of Service Study (pursuant to Section 5.4)

(4) Provision of information for and payment of costs of Method of Service Study (pursuant to Section 5.5)

(5) Commencement of Initial Operation no later than five (5) years from the effective date of this Agreement. (pursuant to Section 5.6)

(b) If Seller fails to complete each Project Development Milestone in the time and manner provided in Sections 5.2 through 5.6: (1) Edison may terminate this Agreement; (2) Seller shall relinquish transmission priority, if established; and (3) the Project Fee, if any, shall be paid to Edison pursuant to Section 4.2 (b).

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

5.2 Submit Quarterly Status Reports

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

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

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

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

5.3 Maintain Site Control

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

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

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

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

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

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

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

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

(d) Where the term of Seller's Site Control does not extend for the full term of this Agreement, Seller shall advise Edison of the date Site Control is scheduled to expire. Seller shall provide to Edison, no later than the date Seller's Site Control is scheduled to expire, evidence that Seller's Site Control has been renewed or extended. If Seller fails to provide such evidence, Edison shall notify Seller in writing that Seller is not in compliance with this Section 5.3(d). Unless Seller provides Edison with evidence that Site Control has been renewed or extended within thirty (30) calendar days after Edison's notification, the provisions of Section 5.1(b) shall apply.

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

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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

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

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

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

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

(a) Not later than the date specified in Section 1.5, or such earlier date as may be determined by the Preliminary Method of Service Study, Seller shall provide Edison with all information necessary for Edison to perform a 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 costs associated with the Method of Service Study by the date specified in Section 5.5(a) or within thirty (30) calendar days of billing by Edison, whichever is later.

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

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

5.6 Commence Initial Operation of the Generating Facility

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

6. GENERATING FACILITY

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

6.1 Design

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

(1) Design the Generating Facility;

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

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

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

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

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

6.2 Construction

(a) Seller, at Seller's sole expense, shall construct the Generating Facility.

(b) Edison shall have the right to review and consult with Seller regarding Seller's construction schedule.

(c) Edison shall have the right to periodically inspect the Generating Facility prior to Initial Operation upon advance notice to Seller. Seller, at its option, may be present at such inspection.

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6.3 Operation

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

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

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

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

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

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

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

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

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

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

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

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6.4 Maintenance

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

(b) Seller shall notify Edison (1) by January 1, May 1, and September 1 of each year, of the estimated scheduled maintenance and estimated daily energy and capacity deliveries for the succeeding four months and (2) by September 1 of each year, of the estimated scheduled maintenance and estimated daily energy and capacity deliveries for the following calendar year.

7. OPERATING OPTIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8. INTERCONNECTION FACILITIES

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

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

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

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

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

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

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

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

8.8 Seller shall provide to Edison Seller's electrical specifications and design drawings pertaining to the Interconnection Facilities for Edison's review prior to finalizing design of the Interconnection Facilities and before beginning construction work based on such specification and drawings. Seller shall provide to Edison reasonable advance written notice of any changes in the Interconnection Facilities and provide to Edison specifications and design drawings of any such changes for Edison's review and approval. Edison may require modifications to such specifications and designs as it deems necessary to allow Edison to operate Edison's system in accordance with Prudent Electrical Practices.

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

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

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

9. REVIEW AND DISCLAIMER

9.1 Review by Edison of the design, construction, operation, or maintenance of Seller's Interconnection Facilities or Generating Facility shall not constitute any representation as to the economic or technical feasibility, operational capability, or reliability of such facilities. Seller shall in no way represent to any third party that any such review by Edison of such facilities including but not limited to any review of the design, construction, operation, or maintenance of such facilities by Edison is a representation by Edison as to the economic or technical feasibility, operational capability, or reliability of such facilities. Seller is solely responsible for economic and technical feasibility, operational capability, and reliability of Seller's Interconnection Facilities and the Generating Facility.

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

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

10. **REAL PROPERTY RIGHTS**

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

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

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

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

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

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

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

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

11. METERING

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

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

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

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

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

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the right to have a representative present on such occasions.

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

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

12. **QUALIFYING FACILITY STATUS AND PERMITS**

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

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

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

(a) Seller's failure to obtain or maintain any necessary permit or approval, including completion of required environmental studies, necessary for the construction, operation, and maintenance of the Generating Facility.

(b) Seller's failure to comply with necessary permits and approvals or with any applicable law.

(c) Seller's breach of that warranty in Section 12.1 above.

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

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13. ENERGY PURCHASE

13.1 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, energy produced by the Generating Facility as specified in Sections 1.6 and 7.

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

13.3 Payment for energy shall be based on the 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.

13.4 Edison has contracted to purchase the energy 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 energy associated with the incremental increase in Nameplate Rating under this Agreement.

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

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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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15. CURTAILMENT

15.1 Hydro Spill

(a) In anticipation of a period of hydro spill conditions, as defined by the CPUC, Edison may notify Seller that any purchases of energy from Seller during such period shall be at hydro savings prices quoted by Edison. If Seller delivers energy to Edison during any such period, Seller shall be paid hydro savings prices for those deliveries in lieu of prices which would otherwise be applicable. The hydro savings prices shall be calculated by Edison using the following formula:

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

Where:

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

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

SOC = Short-Run Avoided Operating Cost

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

15.2 Negative Avoided Costs

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

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

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

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

16. INTERRUPTION OF DELIVERIES

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

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

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

17. **PAYMENT AND BILLING**

17.1 Edison shall mail to Seller not later than thirty (30) calendar days after the end of each monthly billing period (a) a statement showing the energy and capacity delivered to Edison during on-peak, mid-peak, off-peak, and super-off-peak periods during the monthly billing period, (b) Edison's computation of the amount due Seller, 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.

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

18. **INDEMNITY AND LIABILITY**

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

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

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

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

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

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

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

19. **INSURANCE**

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

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

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

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

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

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

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

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

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

(b) If Seller ceases to self-insure to the level required hereunder, or if the Seller is unable to provide continuing evidence of Seller's ability to self-insure, Seller shall

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immediately obtain the coverage required under Section 19.1.

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

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

20. **FORCE MAJEURE**

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

(a) The non-performing Party, within two weeks after the commencement of the Force Majeure, gives the other Party written notice describing the particulars of the occurrence.

(b) The suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure.

(c) The non-performing Party uses its best efforts to remedy its inability to perform.

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

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

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

21. **REVIEW OF RECORDS AND DATA**

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

22. **ASSIGNMENT**

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

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

23. **ABANDONMENT**

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

(a) a written description of the reasons for Seller's low level of performance;

(b) a summary of the action Seller is taking to improve its performance; and

(c) a schedule for increasing Seller's deliveries.

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

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

24. **NON-DEDICATION**

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

25. **NON-WAIVER**

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

26. **SECTION HEADINGS**

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

27. **GOVERNING LAW**

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

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

28. **AMENDMENT, MODIFICATION OR WAIVER**

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

29. **SEVERAL OBLIGATIONS**

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

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

30. SIGNATURES

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

County Sanitation Districts of Orange County
(SELLER)

BY: J. Wayne Sylvester
TYPE NAME: J. Wayne Sylvester
TITLE: General Manager
DATE SIGNED: August 15, 1991

SOUTHERN CALIFORNIA EDISON COMPANY

BY: G. J. Bjorklund
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 Allan E. Kelly
Attorney
Aug 27, 1991

# 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

# APPENDIX C

## QUARTERLY STATUS REPORT

## (FORM)

# QUARTERLY STATUS REPORT

QFID No. _____

Name of Seller _____

Date _____

Directions: A complete and accurate response is required each time this report is filed with Edison. Responses of "not applicable" or "N/A" must be supported by a detailed factual explanation for clarification purposes. If Forecast 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 |
|---|---|---|---|
| **Site Control** | | | |
| (a) Proof provided to Edison | _____ | /__/ | /__/ |
| (b) Current site control status: _____ Project has site control _____ Project does not have site control | | | |
| **Critical Path Permit (2)** | | | |
| (a) Permit application filed | _____ | /__/ | /__/ |
| (b) Permit application accepted | _____ | /__/ | /__/ |
| (c) Permit issued | _____ | /__/ | /__/ |
| **Fuel Supply Status:** (e.g., contract signed, resource evaluation studies complete, etc.) _____ | | | |
| **Financing Secured** | | | |
| (a) Construction (short-term) | _____ | /__/ | /__/ |
| (b) Permanent (long-term) | _____ | /__/ | /__/ |

| Milestone | Forecast (or Actual) Completion Date (1) | Check if Completed | Check if Schedule Changed from Previous Report |
|---|---|---|---|
| Final Method of Service Study Requested | _____ | /__/ | /__/ |
| Equipment Contract Award | | | |
| (a) Generator | _____ | /__/ | /__/ |
| (b) Turbine/prime mover | _____ | /__/ | /__/ |
| Equipment Ordered | | | |
| (a) Generator | _____ | /__/ | /__/ |
| (b) Turbine/prime mover | _____ | /__/ | /__/ |
| Engineering/Design | | | |
| (a) Preliminary Engineering | _____% Complete | | |
| (b) Final Engineering | _____% Complete | | |
| Construction Contract Awarded | _____ | /__/ | /__/ |
| Interconnection Construction | | | |
| (a) Seller construction started | _____ | /__/ | /__/ |
| (b) Edison construction requested | _____ | /__/ | /__/ |
| Project Construction | | | |
| (a) Site grading started | _____ | /__/ | /__/ |
| (b) Major foundations started | _____ | /__/ | /__/ |
| (c) Turbine/prime mover on site | _____ | /__/ | /__/ |
| (d) Generator on site | _____ | /__/ | /__/ |
| (e) Construction status | _____% Complete | | |

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

Explain any changes to the project development schedule since last submitted Quarterly Status Report (attach additional pages, if needed):

_____

_____

_____

_____

_____

_____

_____

_____

I certify that the foregoing information is true and complete.

Date _____
Signature _____
Name _____
Title _____

Contact Person _____
Telephone Number _____

Notes:

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

(2) The Critical Path Permits for all non-thermal projects and thermal projects exempt from CEC Site Certification are (i) for Geothermal, County Conditional Use Permit or 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.

# APPENDIX D

## SITE LOCATION METES AND BOUNDS DESCRIPTION

## (IF REQUIRED FOR PURPOSES OF SECTION 1.1(c))

Not Required
JWoodruff

# APPENDIX E

# EFFECTIVE CAPACITY CONVERSION FACTORS

Table E

Effective Capacity Conversion Factors

| Technology | Conversion Factors |
|---|---|
| Biomass | 0.25 |
| Cogeneration | 0.25 |
| Geothermal | 0.10 |
| Hydroelectric | 0.10 |
| Solar | 1.00 |
| Wind | 0.15 |

# APPENDIX F

## POINT OF DELIVERY SKETCH

# APPENDIX G

## INTERCONNECTION FACILITIES AGREEMENT

To follow upon completion of Final MOS