

**AMENDMENT NO. 1  
TO  
POWER PURCHASE AGREEMENT  
between  
ORANGE COUNTY SANITATION DISTRICT  
and  
SOUTHERN CALIFORNIA EDISON COMPANY  
QFID 1098**

**1. Parties.**

The Parties to this Amendment No. 1 (the "Amendment") to the above-referenced Power Purchase Agreement (the "Contract") are Orange County Sanitation District (formerly known as County Sanitation Districts Of Orange County) ("Seller"), a special district organized and existing under the County Sanitation District Act, Health and Safety Code Section 4700 et. Seq., and Southern California Edison Company ("Edison"), a California corporation, individually "Party," collectively, "Parties."

**2. Recitals.**

This Amendment No.1 to the Contract is made with reference to the following facts, among others:

- 2.1** On September 9, 1991, Seller and Edison executed the Contract to provide for the terms and conditions for the sale of electric power delivered to Edison.
- 2.2** [This section intentionally left blank.]
- 2.3** The California Public Utilities Commission ("Commission") reformed the Short-Run Avoided Cost ("SRAC") formula for energy payments made to qualifying facilities ("QFs") in Decision ("D.") 96-12-028 dated December 9, 1996.
- 2.4** For the period November 1, 2000 through March 26, 2001, Edison accepted but did not pay for certain deliveries of electric energy and capacity. Seller maintains, and Edison disputes, that Edison's failure to pay for the certain deliveries of energy and capacity, as and when due, constituted a material breach of the Contract, permitting Seller to exercise certain rights and remedies available under applicable law. The amount owing from Edison to Seller in respect of such deliveries and the amount owed Seller from March 27, 2001 to the Effective Date, as defined herein, are also in dispute.
- 2.5** In D.01-03-067, dated March 27, 2001, the Commission modified the SRAC formula approved in D.96-12-028 by, among other things, replacing the simple average of monthly published border indices at Topock with the simple average of monthly published border

indices at Malin plus Pacific Gas & Electric Company's ("PG&E") G-AAOFF (Redwood to Off-System Path) tariffed rate for the purpose of calculating GPn in the SRAC formula. Various parties, including Edison, timely filed applications for full or partial rehearing of D.01-03-067, which applications remain pending before the Commission.

- 2.6 At a workshop sponsored by the Commission's Energy Division on April 19, 2001, and in other communications, various gas-fired cogenerators under contract with Edison have represented that they are either unable to buy gas at prices similar to the Malin index, or that (1) they are unable physically to transport gas from Malin to their projects at prices similar to the tariffed rate on the Redwood to Off-System Path, (2) such generators purchase natural gas at prices tied to Topock prices, and (3) they are unable to recover their variable operating costs under the SRAC formula as revised in D.01-03-067.
- 2.7 [This section intentionally left blank.]
- 2.8 In recognition of the Parties' respective positions and the possibility that a Bankruptcy Case, as defined in Section 3.2.7, may be commenced by or with respect to Edison, and in an attempt to compromise their ongoing disputes, Edison and Seller desire to amend the Contract to provide for an "Interim Gas Adjustment Price" that, subject to Sections 3.1.2 and 3.1.4, will be payable to Seller during the term of this Amendment under the terms and conditions set forth herein, it being the intention of the Parties that this Amendment, including without limitation Section 3.2.7 hereof, shall be fully enforceable as part of the Contract in the event the Contract, as hereby amended, is assumed in any Edison Bankruptcy Case.

3. **Agreement.**

In consideration of the promises, mutual covenants and agreements hereinafter set forth, the Parties hereby agree to the following:

3.1 **SRAC Pricing Provisions.**

3.1.1 **Interim Gas Adjustment Price Provisions.** Subject to Commission Approval, as provided for in Sections 4.1 and 4.2 below, or waiver thereof as provided for in Section 4.3, and subject further to Sections 3.1.3 and 3.1.4 below, for the period from and including March 27, 2001 and extending to and including June 30, 2006 or the last day of the Contract term, whichever is earlier, the following Energy payment provisions shall be substituted in the place of Section 13 to the Contract:

"Section 13.

- 13.1 Seller shall receive a monthly payment for Energy purchased by Edison in accordance with the formula set forth below.

13.2 Seller's monthly Energy payment shall be the sum of payments for Energy purchased during the on-peak, mid-peak, off-peak and super off-peak periods as those periods are defined in Edison Tariff Schedule No. TOU-8 as of May 1, 2001. Payment shall be calculated as follows:

**MONTHLY ENERGY PAYMENT = On-Peak Period Energy Payment + Mid-Peak Energy Payment + Off-Peak Period Energy Payment + Super Off-Peak Energy Payment.**

Where:

**PERIOD ENERGY PAYMENT = (Period Interim Gas Adjustment Price in cents/kWh) x (Period kWh Delivered by Seller and Purchased by Edison) x (Energy Loss Adjustment Factor)**

The Period Interim Gas Adjustment Price shall be calculated as follows:

$$P_n = \{P_{Base} + (P_{Base} * (GP_n - GP_{Base}) / GP_{Base} * Factor)\} * TOU Factor$$

where:

**P<sub>n</sub> = Period Interim Gas Adjustment Price in cents/kWh.**

**P<sub>Base</sub> = Base Energy Price, set at 2.0808 cents/kWh**

**GP<sub>n</sub> = Gas price for the period being considered based on a Southern California Border Spot Index in \$/MMBtu. The Southern California Border Spot Index shall be calculated to four decimal places by taking the average of three indices found in the first of the month issue for the month of Energy delivery in the following trade publications:**

- 1) The "Index" price for "West Texas/California Border - So Cal Border - Topock" under the table identified as "Midcontinent Region - Rocky Mountains - West Texas/California Border Points - Canadian Imports - Canadian Domestic" in the publication Btu's Daily Gas Wire.
- 2) The "Bidweek" for "California - Southern Cal. Border Avg." under the table identified

as "Spot Gas Prices" in the publication  
NGI's Bidweek Survey.

- 3) The "Bid-Week" price for "El Paso" at  
"Calif. Border" under the table identified as  
"Spot Prices on Interstate Pipeline Systems"  
in the publication Natural Gas Week Daily  
Price Snapshot.

$GP_{Base}$  = Base Gas Price, set at \$1.3975/MMBtu

Factor = 
$$\frac{(((9821*(GP_n+GT_n))/10000)+O\&M)-P_{Base}}{P_{Base}*((GP_n- GP_{Base})/ GP_{Base})}$$

O&M = Variable Operations and Maintenance adder,  
initially set at 0.30 cents/kWh, and escalated  
annually on each anniversary of the Effective  
Date effective for deliveries during the next  
calendar month after such anniversary, by  
multiplying the initial O&M adder by the most  
recent average California Consumer Price Index  
as of such anniversary date, divided by the most  
recent average California Consumer Price Index  
as of June 1, 2001.

GT<sub>n</sub> = The total burner tip rate for intrastate gas  
transportation service available to cogenerators on  
the Southern California Gas ("SoCalGas") system  
including applicable fees and surcharges, in  
\$/MMBtu. As of the Effective Date, such rate is the  
sum of the SoCalGas (1) GT-F5 transportation rate,  
(2) ITCS rate, and (3) G-MSUR surcharge, as  
specified in D.01-03-067.

TOU Factor = Time of Use Factor from Edison's Tariff  
Schedule TOU-8"

**3.1.2 Seller's Warranty.** Seller hereby represents and warrants, with respect to the  
Generating Facility (as defined in the Contract), that, as of the date that this  
Amendment is executed by Seller: (1) Seller relies upon commercially available  
natural gas (as opposed to process produced gas) to produce energy and capacity  
delivered under the Contract, (2) Seller is either unable to buy natural gas at prices  
similar to the Malin index or is unable physically to transport natural gas from  
Malin to its Generating Facility at prices similar to the tariffed rate on the  
Redwood to Off-System Path; (3) Seller purchases natural gas at prices tied to

Topock prices; and (4) Seller is unable to recover its variable operating costs under the SRAC formula as revised in D.01-03-067.

- 3.1.3 Good Faith Negotiations.** If at any time after one year from the Effective Date of this Amendment, Edison concludes, based on transactions that rely upon published indices and utility tariffs (or other publicly available and verifiable points of reference that are applicable to one or more classes of generators in Edison's service territory), that natural gas is physically or financially available at the burnertip to Seller at a price lower than the effective avoided burnertip gas price assumed in the foregoing formula and at a volume sufficient to meet all of the operating needs of Seller, Edison may provide notice to Seller of its conclusion. Upon such notice, Edison and Seller shall enter into good faith negotiations to modify the gas indices incorporated in Section 3.1 above; *provided* that nothing in this Section 3.1.3 shall be used or construed to require Seller to provide any gas cost information to Edison or any other party, and Edison shall not propose any new gas indices that fail to reflect gas prices that are actually available to the Seller at the burnertip.
- 3.1.4 One Time Option.** Notwithstanding the provisions of the forgoing Section 3.1.1, following the Effective Date of this Amendment, within fifteen days of the issuance of any order or ruling by a court, the Federal Regulatory Energy Commission ("FERC") or the Commission changing the formula for setting SRAC energy payments, Seller may by written notice to Edison, elect on a one time irrevocable basis to be paid thereafter for energy delivered during the balance of the term of this Amendment under the resulting revised SRAC formula and price, as they may be subsequently modified from time-to-time.
- 3.1.5 Line Loss Factors.** During such time as Seller is paid for energy deliveries pursuant to the formula set forth in Section 3.1.1, the Energy Loss Adjustment Factor shall be 1.0. If Seller exercises the option provided for in Section 3.1.4, the Energy Loss Adjustment Factor shall revert to the then current Commission-approved methodology, as such methodology may be subsequently modified from time-to-time.
- 3.1.6 Advance Payments.** Within five (5) business days after the Effective Date of this Amendment, Edison will make (i) an advance estimated payment to Seller for the amount of energy and capacity (as calculated pursuant to the Contract as amended by this Amendment) that is expected to be delivered by Seller to Edison for the balance of the then current month (but only if Edison has not already made an advance payment in respect of such month under an interim amendment contemplated under Section 4.15 below) [if applicable], and (ii) an adjustment payment to reflect the application of the Interim Gas Price Adjustment beginning with energy deliveries made on March 27, 2001. For purposes of calculating such advance payment and each additional advance payment required of Edison under this Amendment, Edison shall utilize a good faith estimate of the relevant expected

deliveries based on the kilowatt-hours delivered by Seller during the corresponding month of 2000 (determined on a pro rata basis to account for any less than full calendar month period), and a good faith estimate of GTn and GPn (or the SRAC price under the Alternate SRAC Pricing Formula if so elected by Seller under Section 3.1.4 above) for the relevant delivery month. Ten (10) days prior to the beginning of (1) the next full month subsequent to the Effective Date, and (2) each month thereafter until Edison has paid Seller in full for all payments determined to be due and owing to Seller under the Contract, including any past due amounts, Edison will make an additional advance estimated payment to Seller for expected energy and capacity deliveries. However, if the Effective Date occurs within twelve (12) days of the beginning of the next full month subsequent to the Effective Date, the advance estimated payment applicable to such next full month shall be due and payable within five (5) business days after the Effective Date. Each advance payment made by Edison shall be subject to true up to reflect (i) actual metered deliveries for the relevant delivery month and (ii) the actual GTn and GPn (or the SRAC price under the Alternate SRAC Pricing Formula if so elected by Seller under Section 3.1.4 above) for such month, as determined in the manner provided herein. Seller agrees to deliver energy and capacity in accordance with the Contract to Edison for each calendar month that Seller receives such advance, estimated payment, or to refund said payment in its entirety within five (5) business days from receipt thereof. Further, any balance due either Edison or Seller for any true up shall be refunded or paid, as the case may be, through a debit or credit to the next payment due from Edison to Seller. This Amendment shall impose no obligation on the part of the Seller to apply payments made according to this Amendment to the past-due sums or any interest thereon.

**3.1.7 Termination of Advance Payment.** The advance payment obligation set forth in the preceding Section 3.1.6 shall terminate on the date on which Edison has paid to Seller the Stipulated Past Due Amount, as defined in Section 3.2.5.

## **3.2 Forbearance.**

**3.2.1 Standstill.** For a period of 180 days (unless such period is extended by further agreement of the Parties, and subject to Section 3.2.2) commencing on the Effective Date of this Amendment (the "Standstill Period"), the Parties will stay and refrain from commencing any new or from prosecuting any existing judicial and/or regulatory proceedings against the other Party, including, but not limited to the Litigation [if applicable], arising from either Party's performance under the Contract prior to the Effective Date, as defined in Section 4.1, below; *provided that* the foregoing provision shall not apply to Edison's obligation to pay for energy and capacity delivered by Seller on and after March 27, 2001. In addition, Edison shall not take any action during the Standstill Period to place Seller on probation or to derate the Contract Capacity, as defined in the Contract, as a result of Seller's performance or non-performance under the Contract from January

1, 2001 through and including the Effective Date. Further, at the request of Seller, Edison shall, jointly with Seller, make reasonable efforts to obtain an exemption of Seller from any rulings, orders or decisions that may be issued in Commission Investigation 01-04-027, and Edison and Seller agree that no ruling, order or decision issued in such proceeding shall in any way affect the Parties' obligations under this Amendment. In addition, upon the Effective Date, Edison shall withdraw its subpoena issued against Seller, or Seller's representative, in R.99-11-022 [if applicable].

**3.2.2**            **Termination of Standstill Period.** The Standstill Period shall terminate prior to the 180 days set forth above on the occurrence of any of the following: (i) at Seller's option if (a) Edison fails to make full and timely payment of amounts due in accordance with the terms of this Amendment, D.01-03-067 or the Contract which become due for deliveries by Seller on and after March 27, 2001; (b) Edison files a petition for protection under the bankruptcy laws; (c) an involuntary petition for relief in bankruptcy is filed against Edison and an order for relief is entered with respect to such petition; or (ii) at the option of the non-breaching Party, if Edison or Seller breaches its obligations under this Amendment or under the Contract on or after the Effective Date, as defined in Section 4.1 below. Termination of the Standstill Period pursuant to (i)(b) or (c) above shall be without prejudice to either Party's position regarding any stay that may issue in connection with a bankruptcy proceeding. Edison and Seller shall cooperate in drafting and executing any court or other documents necessary to obtain a stay in any judicial or regulatory proceedings consistent with the intent of this Section 3.2.2. Notwithstanding the foregoing, nothing in Section 3.2.1 or in this Section 3.2.2 shall prohibit Seller from filing a proof of claim in any Bankruptcy Case, or from pursuing or participating in judicial or regulatory proceedings pertaining to Pacific Gas & Electric Company or San Diego Gas & Electric Company. Further, notwithstanding the foregoing, nothing in Section 3.2.1 or in this Section 3.2.2 shall prohibit Edison from pursuing or participating in judicial and/or regulatory proceedings pertaining to any other qualifying facility that has not entered into a contract amendment or other agreement providing for forbearance on the part of such qualifying facility.

**3.2.3**            **Forbearance and Tolling of Attachment Liens, Restraining Orders, Etc.** [If applicable] Commencing on the Effective Date of this Amendment and continuing throughout the Standstill Period, Seller (i) shall forbear from enforcing any and all perfected attachment liens and other involuntary liens on Edison property, (ii) shall promptly upon the Effective Date instruct the sheriff and/or other levying officer to release the lien or the levy of any writ of attachment previously accomplished against Edison property and shall take such further actions as are reasonably necessary to cause such release to be effectuated within five (5) days of the Effective Date,

and (iii) shall likewise forbear from enforcing any and all restraining orders, injunctions or similar relief, obtained in the Litigation or otherwise against Edison; and timing requirements related to such liens, orders or relief shall be tolled, day-for-day, to account for such forbearance. Edison and Seller shall cooperate in drafting and executing any court or other documents necessary to toll applicable time limitations consistent with the intent of this Section 3.2.3.

**3.2.4**            **Mutual Release of Claims.** Subject to Section 4.4, if Edison provides to Seller payment of the Stipulated Past Due Amount, as defined below, within 180 days of the Effective Date of this Amendment, all issues between Edison and Seller arising from (a) Edison's non-payment for electricity delivered by Seller from November 1, 2000 through and including March 26, 2001, (b) Seller's performance or non-performance under the Contract from January 1, 2001 through and including the Effective Date, to the extent such performance or non-performance was caused by the factors identified in Seller's declaration under penalty of perjury as provided for in Section 3.2.5 below, and (c) Seller's payment or non-payment of amounts owing to Edison under the Contract or otherwise shall be resolved. Upon such payment of the Stipulated Past Due Amount by Edison, (i) Edison and Seller, and each of their respective parents, affiliates, subsidiaries, directors, officers, employees, agents, insurers, attorneys, assigns and successors, by operation of law or otherwise, shall be released from any and all known and unknown claims between them, including, but not limited to, claims for general, consequential, and exemplary damages, arising from the circumstances described in the foregoing sentence, and Edison waives any right to place Seller on probation or to derate the Contract Capacity arising out of Seller's performance or non-performance under the Contract from January 1, 2001 through and including the Effective Date, and (ii) [if applicable] the Parties shall promptly cause to be dismissed with prejudice all claims in the Litigation that would be barred by the foregoing mutual release. As to claims that are released pursuant to this Section 3.2.4 and Section 3.2.9, Seller and Edison waive the application of Civil Code Section 1542, which reads as follows: "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected the settlement with the debtor." If Edison fails to pay the Stipulated Past Due Amount within 180 days of the Effective Date, the provisions of this Section 3.2.4 (other than the immediately preceding sentence with respect to the release contained in Section 3.2.9) shall have no force and effect.

**3.2.5**            **Stipulated Past Due Amount.** The "Stipulated Past Due Amount" shall be the sum of (a) the amount that is owing to Seller for electricity deliveries during the period November 1, 2000 through and including March 26,



2001, calculated according to the Contract's capacity payment provisions and the SRAC energy formula approved by the Commission in D.96-12-028 as it was in effect prior to March 27, 2001, taking into account as an offset any amounts that Seller has failed to pay to Edison under the Contract (but not including any amounts claimed to be due as a result of Seller's failure to deliver quantities of energy or capacity under the Contract during the period January 1, 2001 through and including the Effective Date, including any capacity repayment) or otherwise, plus, in each case, simple interest at 7% per annum, and (b) if, within five days of the Effective Date, Seller provides to Edison a declaration under penalty of perjury that it reduced or suspended generation as a result of either Edison's failure to pay Seller as required under the Contract or the application of D.01-03-067, an additional amount, for the period beginning on the date Seller so reduced or suspended its generation (but no earlier than January 1, 2001) through the date on which Seller resumed normal deliveries, as set forth in Seller's declaration (but no later than May 31, 2001), equal to the difference between (i) the capacity and capacity bonus payments included in the amount provided for under (a) above and (ii) the capacity and capacity bonus payments that would have been due to Seller based on the performance of Seller during the corresponding month of calendar year 2000 (determined on a pro rata basis to account for any less than full calendar month period), plus simple interest at 7% per annum. If Seller provides a declaration under clause (b) above, capacity and capacity bonus payments beginning in the first month after the month in which the Effective Date occurred shall be determined assuming that, in each full or partial peak month beginning with June of 2001 through and including the month in which the Effective Date occurs (x) Seller had met the minimum performance requirements and (y) the on-peak capacity or availability factor, as applicable, was at least 85%. Seller and Edison agree that their stipulation as to any amounts owed as set forth above shall be solely for the purpose of settlement and compromise and shall not be introduced into, or otherwise relied upon in, any civil or other proceedings between the Parties arising from Edison's non-payment for electricity deliveries during the above-referenced period.

**3.2.6 Tolling During Standstill Period.** During the Standstill Period, the running of time with respect to any statute of limitation or other defense or claim based on the lapse of time shall be suspended and tolled day-for-day.

**3.2.7 Assumption or Rejection of the Contract in Bankruptcy.** In the event that an order for relief under any chapter of title 11, United States Code (11 U.S.C. Section 101 et seq.) (the "Bankruptcy Code") is entered with respect to Edison (as a consequence of the filing of a voluntary petition for relief by, or an involuntary petition for relief against, Edison), Edison shall attempt to make a prompt decision to assume or reject the Contract, as

amended hereby, and seek from the court ("Bankruptcy Court") having jurisdiction over such bankruptcy case ("Bankruptcy Case") an order authorizing Edison either to assume or reject the Contract, as amended hereby, pursuant to Section 365 (a) of the Bankruptcy Code.

**3.2.8**            **No Involuntary Petition.** From the Execution Date, as defined in Section 4.1, through the earlier of (i) the termination of this Amendment pursuant to Section 4.14 or (ii) expiration or termination of the Standstill Period, neither Seller nor any of its affiliates shall file an involuntary petition for relief in bankruptcy against Edison. The foregoing sentence shall have no force and effect in the event that Edison fails to make full and timely payment of amounts due in accordance with the terms of this Amendment, D.01-03-067 or the Contract which become due for deliveries by Seller on and after March 27, 2001, or in the event that Edison otherwise breaches its obligations under this Amendment or the Contract.

**3.2.9**            **Resumption of Deliveries.** Upon the Effective Date of this Amendment, or as soon thereafter as is reasonably practicable, Seller shall, if it previously ceased deliveries to Edison pursuant to the Contract under a notice of cancellation or otherwise, resume deliveries under the Contract, which shall be deemed to have continued uninterrupted notwithstanding any previous notice of cancellation or termination by Seller; provided, however, that Edison hereby agrees to waive any and all claims, known or unknown, against Seller based on any contention that Seller's having provided notice of cancellation or termination of the Contract was itself a breach of the Contract or otherwise improper or unlawful. Nothing in this Amendment, including the last sentence of Section 4.1, shall admit or establish the validity or invalidity of any notice of cancellation or termination by Seller.

**4.            Other Terms and Conditions.**

**4.1**            **Execution Date; Effective Date.** This Amendment shall become effective on the date ("Execution Date") on which it has been signed by duly authorized representatives of both Parties, provided that the provisions of Sections 3.1 and 3.2 (other than Section 3.2.8) shall only become effective on the date (the "Effective Date") that Commission Approval has been obtained (as provided in Section 4.2 below) or waived (as provided in Section 4.3 below). As of the Effective Date, this Amendment shall become a part of, and not be severable from, the Contract. Notwithstanding the foregoing, if Seller has previously provided notice of termination or cancellation of the Contract to Edison, it is expressly agreed that such notice of cancellation or termination is not rescinded unless and until the Effective Date has occurred; to the extent necessary to effectuate this intent, this Amendment shall be construed, prior to the Effective Date, as a contract separate and distinct from the Contract.

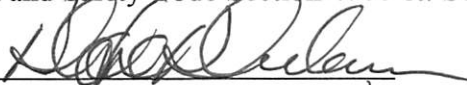
- 4.2 **Commission Approval.** “Commission Approval,” as used in this Amendment, shall mean that the Commission has issued a final decision, no longer subject to appeal, approving this Amendment without condition or modification unacceptable to the Parties and containing findings to the effect that this Amendment and Edison’s entry into this Amendment are reasonable and prudent for all purposes including recovery of all payments made pursuant hereto in rates, subject only to review with respect to the reasonableness of Edison’s administration of the Contract and this Amendment. Edison shall file the appropriate request for approval of this Amendment with the Commission, and seek such approval expeditiously. Seller shall use reasonable efforts in cooperation with Edison for the purpose of obtaining Commission Approval.
- 4.3 **Waiver of Commission Approval.** In its sole discretion, Edison may waive Commission Approval at any time by giving notice of such waiver in writing to Seller.
- 4.4 **No OF Creditor Preference.** Edison shall not make payments of principal and/or interest, or offer a more favorable rate of interest than is set forth in Section 3.2.5, to any other class of qualifying facility generator with respect to amounts due for electricity delivered to Edison between November 1, 2000 and March 26, 2001 without first offering equivalent payments (calculated pro rata with reference to the particular amounts owing to Seller), or interest rate, as applicable, to Seller, *provided that* Edison may condition such offer of payment or interest rate on acceptance by Seller of the same terms and conditions that are applicable to receipt of such payments or interest rate by such other class of qualifying facility generator, except for those terms and conditions that would require, directly or indirectly, that Seller waive or amend any provision of Section 3.1.1 of this Amendment.
- 4.5 **Effect on Contract.** Except as expressly amended hereby, all provisions of the Contract shall remain in effect and unchanged and shall not be affected by the terms and conditions of this Amendment. Notwithstanding the foregoing provision, upon the Effective Date, this Amendment shall, unless otherwise mutually agreed to, replace and supersede any prior, interim amendment between the Parties providing for an Interim Gas Adjustment-based energy price for deliveries by Seller during or after May 2001.
- 4.6 **No Waiver.** None of the provisions of this Amendment, including this paragraph, shall be considered waived by either Party except when such waiver is given in writing. The failure of either Party to insist in any one or more instances upon strict performance of any of the provisions of this Amendment or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.
- 4.7 **Further Amendments.** This Amendment shall not be amended, changed, modified, abrogated or superseded by a subsequent agreement unless such subsequent agreement is in the form of a written instrument signed by the Parties.

- 4.8 **Entire Agreement.** This Amendment constitutes the entire agreement of the Parties and supersedes any and all prior negotiations, correspondence, undertakings, and agreement between the Parties concerning the subject matter of this Amendment.
- 4.9 **Successor and Assigns.** This Amendment shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.
- 4.10 **Construction.** This Amendment is the result of negotiation and each Party has participated in the preparation of this Amendment. Accordingly, any rules of construction to the effect that an ambiguity is to be resolved against the drafting Party shall not be employed in the interpretation of this Amendment. Furthermore, the underlined headings used in this Amendment are for reference purposes only and do not themselves constitute any of the terms of this Amendment.
- 4.11 **Governing Law.** This Amendment 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.
- 4.12 **No Precedent.** Each Party agrees that this Amendment arises from unique facts and circumstances and, as such, the various provisions of this Amendment, such as, but not limited to, the "all in" price for deliveries of energy and capacity, the IER value, natural gas indices, or variable O&M adder incorporated into the Interim Gas Adjustment Price provisions, shall not be used as evidence, or the basis for disputing the validity, appropriateness of such values, or for determination of avoided costs before FERC, the Commission, or any court or other judicial or quasi-judicial body. Neither Party will introduce or otherwise use this Amendment or any of its terms or conditions in any judicial or administrative proceeding or to influence any governmental action, other than for the purpose of implementing or enforcing the terms and conditions of this Amendment, or as otherwise expressly contemplated hereby.
- 4.13 **Authorized Signatures; Counterparts; Notices.** Each Party represents and warrants that the person who signs below on behalf of that Party has authority to execute this Amendment on behalf of such Party and that all requisite approvals and consents to enter into and bind each Party to the terms of this Amendment have been obtained. This Amendment may be executed in counterparts, each of which shall be deemed an original and which together shall constitute a single instrument. All notices given under this Amendment shall be in writing and shall be effective on the same day if delivered by personal delivery or facsimile transmission, one day after sending if delivered by overnight delivery service, or five days after sending if delivered by first class U.S. mail. Notices shall be directed to the individual or individuals who are designated to receive notices under the Contract.
- 4.14 **Termination and Effect of Termination.** Unless otherwise agreed to by the Parties, this Amendment shall automatically terminate as of the first minute of July 1, 2006. If the Effective Date has not occurred by midnight on September 30, 2001, Seller may terminate

this Amendment upon written notice to Edison provided no later than October 7, 2001. Upon the termination of this Amendment, the Contract shall revert to the terms and conditions it would have contained in the absence of this Amendment.


4.15 [This section intentionally left blank.]

**ORANGE COUNTY SANITATION DISTRICT,**  
a special district organized and existing under the County Sanitation District Act,  
Health and Safety Code Section 4700 et. Seq.

By:   
Name: BLAKE P. ANDERSON  
Title: GENERAL MANAGER

Date: 08/22/01

**SOUTHERN CALIFORNIA EDISON COMPANY,**  
a California corporation

By:   
Stephen E. Frank  
Chairman, President and Chief Executive Officer

Date: August 22, 2001