
MEAD-ADELANTO PROJECT

TRANSMISSION SERVICE CONTRACT (MEMBERS)

between

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

and

CITY OF RIVERSIDE

Dated as of August 4, 1992

Interim
S-20-
11-1

TABLE OF CONTENTS*

SECTION	TITLE	PAGE
1.	PARTIES . . . . .	.1
2.	RECITALS . . . . .	.1
3.	AGREEMENT . . . . .	.2
4.	DEFINITIONS . . . . .	.2
5.	OBLIGATIONS OF THE AUTHORITY AND THE PURCHASER . . . . .	.2
5.1.	Obligation to Supply Capability; Authority to Cause Acquisition, Construction and Operation. . . . .	.2
5.2.	Construction Manager, Operation Manager and Operating Agent. . . . .	.2
5.3.	Adoption of Annual Budget. . . . .	.2
5.4.	Periodic Reports. . . . .	.3
5.5.	Records and Accounts. . . . .	.3
5.6.	Adjustment of Billing. . . . .	.4
5.7.	Disputed Monthly Statement. . . . .	.5
5.8.	Source of Payments. . . . .	.5
5.9.	Purchaser to Supply Information. . . . .	.5
5.10.	Rate Covenant. . . . .	.6
5.11.	Liens. . . . .	.6
5.12.	Performance by Los Angeles, as Agent, of Certain Obligations. . . . .	.6

*This Table of Contents appears for convenience only and shall not be considered a part of this Contract.

TABLE OF CONTENTS, Continued

SECTION	TITLE	PAGE
5.13.	Repair of Damage to or Destruction of Project; Vote of Mead-Adelanto Coordinating Committee. . . . .	.6
5.14.	Revision of Appendices by Authority with Respect to Assignment, Transfer or Disposal of Rights, Title and Interests under Transmission Service Contracts. . . . .	.6
6.	MANAGEMENT DECISIONS; MEAD-ADELANTO COORDINATING COMMITTEE . . . . .	.7
7.	CHARGES AND BILLINGS . . . . .	.7
7.1.	Transmission Service Costs to be Paid by the Purchaser. . . . .	.7
7.2.	Basis and Billing of Transmission Service Costs. . . . .	.7
7.3.	Time of Billings and Payment Thereof; Monthly Statement. . . . .	.7
7.4.	Interest on Unpaid Bills. . . . .	.8
7.5.	Cost, Billing and Payment for Service Provided Prior to Date of Firm Operation. . . . .	.8
7.6.	Prepayment of Transmission Service Costs. . . . .	.8
8.	COMMENCEMENT OF PAYMENT OBLIGATION; OBLIGATION UNCONDITIONAL . . . . .	.8
9.	PLEDGE OF PAYMENTS . . . . .	.8
10.	CAPABILITY ENTITLEMENTS . . . . .	.9
10.1.	Scheduling and Use of Entitlements. . . . .	.9

TABLE OF CONTENTS, Continued

SECTION	TITLE	PAGE
	10.2. Operation Subject to Certain Matters. . . . .	.9
	10.3. Transmission To and From Termination Points. . . . .	.9
11.	ISSUANCE OF BONDS . . . . .	.9
	11.1. Obligation of Authority to Provide Financing. . . . .	.9
	11.2. Financing for Capital Improvements.	10
	11.3. Refunding Bonds.	10
	11.4. Purchaser to Furnish Information.	10
	11.5. Revision, Amendment or Supplement of Description of Initial Facilities; Notice to Trustee.	10
	11.6. Purchaser Shall Not Adversely Affect Federal Tax Exemption.	10
12.	ADJUSTMENT OF TRANSMISSION SERVICE COSTS	11
13.	DEFAULT	11
	13.1. Remedies.	11
	13.2. Transfer of Rights of Defaulting Purchaser.	12
14.	CHARACTER, CONTINUITY OF SERVICE AND INTERCONNECTIONS	13
	14.1. Curtailment for Emergencies, Repairs or Maintenance.	13
	14.2. Uncontrollable Forces or Operating Emergency.	13

TABLE OF CONTENTS, Continued

SECTION	TITLE	PAGE
15.	SEVERAL OBLIGATION; LIABILITY	14
15.1.	Purchasers' Obligations Several.	14
15.2.	Covenant Not to Execute.	14
15.3.	Exception to Covenant Not to Execute.	14
15.4.	Indemnification for Claims of Customers.	15
15.5.	Determination or Enforcement of Rights in Equity.	15
15.6.	No Relief From Insurer's Obligations.	15
15.7.	Authority Directors, Officers, Employees, Agents Not Liable; No General Liability of Authority.	15
16.	RESTRICTIONS ON DISPOSITION	16
16.1.	Restrictions on Disposition of the Purchaser's Entire System.	16
16.2.	Restrictions on Disposition of Purchaser Share.	16
17.	ASSIGNMENT OF CONTRACT	17
18.	EFFECTIVE DATE AND TERM; DISPOSITION UPON TERMINATION	17
18.1.	Effective Date.	17
18.2.	Term of Contract.	18
18.3.	Status of Project Upon Termination of this Contract Pursuant to Section 18.2.	18
18.4.	Termination of Contract before October 31, 2030.	18

TABLE OF CONTENTS, Continued

SECTION	TITLE	PAGE
	18.5. Termination of Contract Under Certain Circumstances.	18
19.	SALE OF ENTIRE CAPABILITY OF PROJECT; RELATIONSHIP TO AND COMPLIANCE WITH OTHER INSTRUMENTS	19
	19.1. Authority to Sell Entire Capability.	19
	19.2. Construction and Operation Subject to Indenture of Trust, Licenses, Etc.	19
	19.3. Authority to Comply with Indenture of Trust, Licenses, Etc.; Expenses of Enforcement.	19
20.	SEVERABILITY	20
21.	AMENDMENT	20
22.	GOVERNING LAW	20
23.	ARBITRATION	20
24.	DELIVERY OF MONTHLY STATEMENTS, NOTICES, DEMANDS AND REQUESTS	20
	24.1. Delivery of Monthly Statements, Notices, Demands and Requests.	20
	24.2. Designation of Different Addresses and Persons.	21
	24.3. Informal Communications.	21
25.	HEADINGS NOT BINDING	21
	TESTIMONIUM	
	SIGNATURES AND SEALS	

TABLE OF CONTENTS, Continued

SECTION	TITLE	PAGE
APPENDIX A -	Schedule of Purchasers Shares	A-1
APPENDIX B -	Form of Opinion of Counsel	B-1

TRANSMISSION SERVICE CONTRACT (MEMBERS)

1. **PARTIES:** The parties to this Contract are Southern California Public Power Authority, established pursuant to the laws of the State of California, and City of Riverside, a municipal corporation of the State of California.

2. **RECITALS:** This Contract is made with reference to the following facts among others:
 - 2.1 Each of the Purchasers has elected to purchase from the Authority its Purchaser Share of the capability of the Project listed next to its name in Column B of Appendix A hereto.

 - 2.2 The Authority has, in accordance with the terms of the Composite Development Agreement, completed for execution this Contract and the Project Manager has, in accordance with the Composite Development Agreement, completed for execution the Construction Management Agreement, the Operation Agreement, the Joint Ownership Agreement, the Fiscal Agency Agreement, the Marketplace Agreement and the Adelanto Interconnection Agreement.

 - 2.3 The Purchaser is interested in contracting for use of its Purchaser Share of Available Transmission Capability and Available Electrical Capability in order to assist it in meeting its future power needs, to provide transmission capability for transactions with others and to realize the savings in fixed and operating costs and economies of scale of large transmission facilities.

 - 2.4 The Mead-Adelanto Owners and the Marketplace Owners have agreed in the Joint Ownership Agreement and the Marketplace Agreement to cause to be undertaken all steps necessary to secure such governmental permits, licenses and approvals as are necessary for the Project, and to proceed as appropriate to undertake or cause to be undertaken the planning, financing, acquisition, construction, equipping, operation and maintenance of the Project. The Authority will sell the capability of the Project to the Purchasers contracting with the Authority therefor pursuant to the Transmission Service Contracts (Members).

 - 2.5 To enable the Authority to finance the Cost of Acquisition and Construction, it is necessary for the Authority to have binding contracts with the Purchasers and all payments required to be made in accordance with the provisions of such contracts are to be pledged by the Authority as security for the payment of the Bonds, and

the interest thereon, subject to the application thereof to such purposes and on such terms as provided in the Indenture of Trust.

3. AGREEMENT: For and in consideration of the premises and the mutual covenants and agreements hereinafter set forth, and in order to pay the Authority for its costs of the Purchaser's share of the capability of the Project, the parties agree as herein set forth.

4. DEFINITIONS: Annex I to this Contract sets forth definitions of certain terms used in this Contract and is hereby incorporated herein. The terms defined in said Annex I, whether in the singular or in the plural, unless specifically provided otherwise, when used in this Contract or in appendices hereto and initially capitalized, shall have the meanings ascribed thereto in said Annex I.

5. OBLIGATIONS OF THE AUTHORITY AND THE PURCHASER:

5.1 Obligation to Supply Capability; Authority to Cause Acquisition, Construction and Operation. The Authority shall provide or cause to be provided and the Purchaser shall purchase its entire share of capability of the Project pursuant to the terms of this Contract. The Authority will cause to be undertaken the planning, negotiating, designing, acquiring, constructing, insuring, contracting for, administering, operating and maintaining of the Project pursuant to the Project Agreements to effectuate the sale of such share of capability of the Project to the Purchaser.

5.2 Construction Manager, Operation Manager and Operating Agent. Pursuant to the Construction Management Agreement and the Marketplace Agreement, Los Angeles has been appointed as Mead-Adelanto Construction Manager with respect to the Initial Facilities and Marketplace Construction Manager with respect to the Marketplace Substation. Pursuant to the Operation Agreement and the Marketplace Agreement, Los Angeles has been appointed as Mead-Adelanto Operation Manager with respect to the Transmission Line and Marketplace Operating Agent with respect to the Marketplace Substation.

5.3 Adoption of Annual Budget. In each case reflecting the most recent available budgeting and other information

provided to the Authority pursuant to the Project Agreements, the Authority will prepare or cause to be prepared, and submit to the Purchaser, at least 60 days prior to the beginning of each Transmission Service Year, a proposed Annual Budget for such Transmission Service Year. The Purchaser may submit to the Authority, at any time until the Annual Budget is adopted, any matters or suggestions relating to the Annual Budget. The Board of Directors shall adopt the Annual Budget not less than 20 nor more than 45 days prior to the beginning of such Transmission Service Year and shall cause a copy of such adopted Annual Budget to be delivered to the Purchaser. Notwithstanding the foregoing, the Annual Budget for the first Transmission Service Year shall be prepared, submitted to the Purchaser, considered, adopted and delivered in the most practicable manner available prior to the date upon which such first Transmission Service Year begins. Each adopted Annual Budget for a particular Transmission Service Year shall incorporate therein all items comprising a part of Transmission Service Costs for such Transmission Service Year and such other items as required by the Indenture of Trust. During any Transmission Service Year, upon 10 calendar days notice to the Purchaser, the Board of Directors may adopt an amended Annual Budget for and applicable to such Transmission Service Year for the remainder of such Transmission Service Year. The Annual Budget shall establish the basis for the billing of Transmission Service Costs.

- 5.4 **Periodic Reports.** Subject to the provisions of the Project Agreements, the Authority will provide to the Purchaser the following periodic reports:
- 5.4.1 Each calendar quarter of each Transmission Service Year, status of Annual Budget.
 - 5.4.2 Promptly upon the Authority's receipt thereof, status of construction budget of the Project during construction.
 - 5.4.3 Promptly upon the Authority's receipt thereof, analysis of operations relating to the Project.
- 5.5 **Records and Accounts.** The Authority will keep or cause to be kept accurate records and accounts with respect to the Project as well as of the operations of the Project as generally prescribed in FERC Accounts. Said accounts shall be audited annually by an independent firm of

certified public accountants experienced in electric utility accounting and selected by the Authority. Such audit shall be completed and submitted to the Authority within 120 days after the close of each Fiscal Year. There shall be promptly furnished to the Purchaser a copy of each such annual audit. The Purchaser shall have the right at its own expense to examine and copy the records and accounts referred to above upon reasonable notice during regular business hours and at the office where such records are located. The Authority shall provide to the Purchaser a copy of each audit received by the Authority pursuant to any Project Agreement.

- 5.6 Adjustment of Billing.** On or before 150 days after the end of each Transmission Service Year, the Authority will submit to the Purchaser a detailed statement of the actual aggregate Transmission Service Costs and other amounts payable hereunder, including credits thereto, for all of the Months of such Transmission Service Year, and the adjustments of the aggregate Transmission Service Costs and other amounts payable hereunder, if any, for any prior Transmission Service Year, based on the annual audit of accounts provided for in Section 5.5 hereof. If, on the basis of the statement submitted as provided in this Section 5.6, the actual aggregate Transmission Service Costs and other amounts payable by the Purchaser for any Transmission Service Year exceed the amount thereof which the Purchaser has been billed, the Purchaser shall promptly pay to the Trustee the amount of such excess. If, on the basis of the statement submitted pursuant to this Section 5.6, the actual aggregate Transmission Service Costs or other amounts payable by the Purchaser for any Transmission Service Year are less than the amount therefor which the Purchaser has been billed and has paid, the Authority shall credit such excess against the Purchaser's next Monthly Statement. In the event that the failure of the Purchaser to make its payments in accordance with this Contract shall have resulted in the application of amounts in any reserve or other fund under the Indenture of Trust to the payment of costs payable from such reserve or other fund and the other Purchasers shall have made up the deficiency created by such application or paid additional amounts into such reserve or other fund, amounts thereafter paid to the Trustee by the Purchaser for application to such past due payments including interest shall be credited on the Monthly Statements of such other Purchasers in the next Month or Months as shall be appropriate.

- 5.7 **Disputed Monthly Statement.** In case any portion of any Monthly Statement received by the Purchaser from the Authority shall be in bona fide dispute, the Purchaser shall pay the Trustee the full amount of such Monthly Statement, and, upon determination of the correct amount, the difference, if any, between such correct amount and the amount so paid, plus interest at the lesser of the highest fixed legal rate (if one exists) or two percent above the Bank of America National Trust and Savings Association (or its successor in interest) then effective reference rate prorated on a daily basis on the amount of such difference, will be credited to the Purchaser by the Authority after such determination; provided, however that such interest shall not accrue on any overpayment to the extent acknowledged by or on behalf of the Authority and returned to the Purchaser by the fifteenth day following the receipt by the Authority of the disputed overpayment and written notification by the Purchaser of such dispute. In the event such Monthly Statement is in dispute, the Authority will give consideration to such dispute and will advise the Purchaser with regard to the position of the Authority relative thereto within 30 days following written notification by the Purchaser of such dispute.
- 5.8 **Source of Payments.** The obligations of the Purchaser to make the payments under this Contract shall constitute a cost of transmission service and an operating expense of the electric utility system of the Purchaser payable solely from its electric revenue funds. The Purchaser shall not be required to make any such payment from tax revenues or its general or other funds (except the aforesaid electric revenue funds). The Purchaser will annually, in each and every fiscal year of the Purchaser during the term of this Contract, include in its power system budget, whether or not any other items are included, an appropriation from the revenues of its electric system sufficient to satisfy all the payments required to be made in such year under this Contract until all payments required under this Contract have been paid in full.
- 5.9 **Purchaser to Supply Information.** The Purchaser agrees to supply the Authority, the Mead-Adelanto Construction Manager, the Mead-Adelanto Operation Manager, the Marketplace Construction Manager and the Marketplace Operating Agent, upon request, with such information and documentation as any of them shall reasonably determine to be requisite to and necessary for the acquisition, construction, operation and maintenance of the Project.

- 5.10 **Rate Covenant.** The Purchaser will establish, maintain and collect rates and charges for the electric service of its electric system so as to provide revenues sufficient, together with available electric system reserves, to enable the Purchaser to pay all amounts payable when due under this Contract and to pay all other amounts payable from, and all lawful charges against or liens on, the revenues of its electric system.
- 5.11 **Liens.** The Authority will not mortgage, create or provide for a security interest in, or convey in trust, all or a part of the Project without the prior consent of the Purchaser.
- 5.12 **Performance by Los Angeles, as Agent, of Certain Obligations.** The Purchaser hereby authorizes Los Angeles to perform, as agent of the Authority, such duties and obligations of the Authority contained in this Contract as shall be requested by the Authority. Prior to performing any such duties or obligations, Los Angeles shall have entered into an agreement with the Authority providing for such performance and for payment to Los Angeles of its costs in connection therewith.
- 5.13 **Repair of Damage to or Destruction of Project; Vote of Mead-Adelanto Coordinating Committee.** If, pursuant to Section 12 of the Joint Ownership Agreement or any other provision of the Project Agreements, the issue of repairing, reconstructing or replacing any useful portion of the Project which has suffered damage or destruction shall be the subject of a vote of the Mead-Adelanto Coordinating Committee, the Purchaser shall vote to continuously and diligently prosecute or cause to be prosecuted such repair, reconstruction or replacement unless the Authority shall have provided prior written notice to the Purchaser that such repair, reconstruction or replacement is not required under the Indenture of Trust.
- 5.14 **Revision of Appendices by Authority with Respect to Assignment, Transfer or Disposal of Rights, Title and Interests under Transmission Service Contracts.** In the event of, and in order to reflect, any assignment, transfer or disposal of any rights, title and interests under any Transmission Service Contract (Members) or Transmission Service Contract (Western), the Authority (i) shall prepare a revised Appendix A to the Transmission Service Contracts (Members), consistent with the footnote to such Appendix, and (ii) shall direct the Mead-Adelanto Construction Manager or the Mead-Adelanto

Operation Manager to prepare a revised Appendix A to the Joint Ownership Agreement, consistent with the footnote to such Appendix. No such revision of any such Appendices shall constitute an amendment of any Project Agreement, the Transmission Service Contract (Western) or any Transmission Service Contract (Members).

6. MANAGEMENT DECISIONS; MEAD-ADELANTO COORDINATING COMMITTEE:

The Purchaser shall be entitled to participate in the decisions of the Mead-Adelanto Coordinating Committee with respect to the Project in accordance with the voting rights given to it under the Joint Ownership Agreement.

7. CHARGES AND BILLINGS:

- 7.1 **Transmission Service Costs to be Paid by the Purchaser.** Transmission Service Costs to be paid by the Purchaser for any Month shall equal (i) the aggregate Transmission Service Costs for such Month multiplied by the Purchaser Share of the Purchaser and (ii) all costs and expenses paid or incurred by the Authority with respect to any judgment of the Purchaser against any Mead-Adelanto Owner, the Construction Manager or the Operation Manager arising out of or in connection with electric service to the Purchaser caused by the operation or failure of operation of the Mead-Adelanto Project or any portion thereof.
- 7.2 **Basis and Billing of Transmission Service Costs.** For billing purposes, the amount of Transmission Service Costs to be paid by the Purchaser each Month pursuant to Section 7.1 hereof shall be billed for the current Month and shall be based on the then current Annual Budget.
- 7.3 **Time of Billings and Payment Thereof; Monthly Statement.** By the fifth calendar day of each Month during each Transmission Service Year, the Authority shall bill the Purchaser for the amount of the Transmission Service Costs to be paid by the Purchaser for such Month by providing the Purchaser with a Monthly Statement. Such Monthly Statement shall detail the matters included in Transmission Service Costs. The Purchaser shall pay or cause to be paid to the Authority the amount of each Monthly Statement within twenty calendar days of the receipt of each such Monthly Statement, in funds immediately available as of the due date thereof.

- 7.4 **Interest on Unpaid Bills.** If the Purchaser fails to pay all or any portion of the amount of any Monthly Statement when due, interest shall accrue on the unpaid amount of such Monthly Statement at the lesser of the highest fixed legal rate (if one exists) or two percent above the Bank of America National Trust and Savings Association (or its successor in interest) then effective reference rate, prorated on a daily basis.
- 7.5 **Cost, Billing and Payment for Service Provided Prior to Date of Firm Operation.** Charges for service provided to the Purchaser from the Project prior to the Date of Firm Operation shall be billed by the Authority to the Purchaser at a rate determined by the Board of Directors and paid for within 20 days after receipt of such billing by the Purchaser.
- 7.6 **Prepayment of Transmission Service Costs.** The Purchaser may, at any time, pay moneys to the Authority for the purpose of prepaying Transmission Service Costs. Such moneys shall be deposited into an account established by, or at the direction of, the Authority. Moneys in such account shall be invested pursuant to instructions provided to the Authority by the Purchaser and all investment income shall be credited to such account. Payment of the amount of any Monthly Statement shall be made from moneys available in such account, to the extent set forth in written directions from the Purchaser to the Authority received at least five business days prior to the due date of such payment.

8. COMMENCEMENT OF PAYMENT OBLIGATION; OBLIGATION UNCONDITIONAL: Beginning with the first Month of the first Transmission Service Year, the Purchaser shall pay the amount of each Monthly Statement submitted by the Authority to the Purchaser pursuant to Section 7 hereof, whether or not the Project or any part thereof is operating or operable or its service is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

9. PLEDGE OF PAYMENTS: All or any portion of the payments required to be made by the Purchaser in accordance with or pursuant to any provision of this Contract may be pledged by the Authority to secure the payment of the Bonds, and interest thereon, subject to the application thereof to such purposes and

on such terms as provided in the Indenture of Trust. The Authority may assign to the Trustee its rights to receive from the Purchaser all or any portion of the payments to be made by the Purchaser pursuant to this Contract. The Authority may direct the Purchaser to make all or any portion of such payments directly to the Trustee.

10. CAPABILITY ENTITLEMENTS: The Authority will provide capability of the Project to the Purchaser in accordance with the following:

- 10.1 **Scheduling and Use of Entitlements.** All service with respect to the Project shall be scheduled by or on behalf of the Purchaser in accordance with practices and procedures established pursuant to the Project Agreements. At all times after the Date of Firm Operation, subject to Section 13 hereof, the Purchaser shall be entitled to (i) schedule energy using the Available Transmission Capability up to a rate of delivery equal to the amount obtained by multiplying the Purchaser Share of such Purchaser by the Available Transmission Capability and (ii) utilize Available Electrical Capability up to an amount obtained by multiplying the Purchaser Share of such Purchaser by Available Electrical Capability.
- 10.2 **Operation Subject to Certain Matters.** Operation of the Project shall be subject to scheduled outages or curtailments, restrictions imposed by any regulatory authority and Operating Emergencies.
- 10.3 **Transmission To and From Termination Points.** It is the obligation of the Purchaser, at its own expense, to secure transmission access to the Marketplace Substation and Adelanto Substation, which are the termination points for the Project. Such access may be by physical connection or by contract path.

11. ISSUANCE OF BONDS:

- 11.1 **Obligation of Authority to Provide Financing.** The Authority hereby agrees that after the Joint Ownership Agreement, Fiscal Agency Agreement, Construction Management Agreement, Operation Agreement, Marketplace Agreement and Adelanto Interconnection Agreement have been executed and delivered by the respective parties thereto, it will, subject to the provisions hereof, provide financing in such amounts and at such times as

shall be necessary to timely finance the Cost of Acquisition and Construction.

- 11.2 **Financing for Capital Improvements.** The Authority shall, subject to the provisions hereof, provide financing in such amounts and at such times as shall be necessary to timely finance the Cost of Acquisition and Construction for any Mead-Adelanto Capital Improvement or capital improvement under any Participation/Interconnection Agreement, to the extent the necessary moneys are not available therefor under the Indenture of Trust.
- 11.3 **Refunding Bonds.** If the Board of Directors determines that Transmission Service Costs would be reduced by the refunding of any of the Bonds or that it would otherwise be advantageous to refund any Bonds, the Authority shall issue and sell refunding Bonds.
- 11.4 **Purchaser to Furnish Information.** The Purchaser agrees to supply the Authority, upon request, with such information and documentation, including opinions of counsel for the Purchaser, as the Authority, its financial advisor or Bond Counsel shall reasonably determine to be necessary to facilitate the Authority's financing including, but not limited to, its issuance of Bonds for the purposes described in this Section 11.
- 11.5 **Revision, Amendment or Supplement of Description of Initial Facilities; Notice to Trustee.** The Indenture of Trust requires a certificate containing, among other things, a description of the initial facilities of the Project, as supplemented or amended, be provided to the Trustee. As of the effective date of this Contract, the Authority has provided or will provide such certificate to the Trustee. The Trustee shall be promptly notified in writing by the Authority of any revision, amendment or supplement to the description of the initial facilities of the Project subsequent to the effective date of this Contract. The Purchaser shall not vote to approve any such revision, amendment or supplement if the Authority shall determine, in consultation with Bond Counsel, that change to the Project facilities would adversely affect the Federal Tax Exemption.
- 11.6 **Purchaser Shall Not Adversely Affect Federal Tax Exemption.** The Purchaser shall take no action with respect to the Mead-Adelanto Project which shall adversely affect the exclusion from Federal gross income of interest paid or to be paid on any bonds, notes or other evidences of indebtedness issued by any

Mead-Adelanto Owner with respect to the Mead-Adelanto Project.

12. ADJUSTMENT OF TRANSMISSION SERVICE COSTS: In the event the proceeds derived from the sale of any Bonds exceed the aggregate required for the purposes for which such Bonds were issued, the amount of such excess shall be used to make up any deficiency existing in any funds or accounts under the Indenture of Trust in the manner therein provided, and any balance may be used by the Authority, in its discretion, to retire, by purchase or redemption, Bonds in advance of maturity, and in such event Transmission Service Costs of each of the Purchasers shall be reduced as necessary and appropriate.

13. DEFAULT:

13.1 Remedies. The following provisions shall apply in the event of a Payment Default or Performance Default:

13.1.1 Upon a Payment Default by the Purchaser, the Authority may (i) in the event the Payment Default is continuing and upon 30 days' advance notice of such discontinuance to the defaulting Purchaser, require discontinuation of the use of Project facilities, including without limitation the right to schedule energy with respect to the Project, by the defaulting Purchaser under this Contract during the continuation of such Payment Default, without reduction of the obligation of the defaulting Purchaser to make payments when due under this Contract (except to the extent of the transfer or disposal of the defaulting Purchaser's rights under this Contract as provided in Section 13.2 hereof), (ii) bring any suit, action or proceeding at law or in equity as may be necessary or appropriate to enforce against the defaulting Purchaser the obligation which gave rise to such Payment Default, and/or (iii) take any action permitted by law to enforce the rights of the Authority under this Contract or recover damages with respect to such Payment Default under this Contract. Not more than 30 days after giving written notice to the defaulting Purchaser of its intention to require discontinuation of the use of Project facilities by the defaulting Purchaser, the Authority may give written notice to the

Mead-Adelanto Operation Manager of such intention. If such Payment Default continues until the expiration of the 30 days following such advance notice to such defaulting Purchaser, then the Authority may notify the Mead-Adelanto Operation Manager to discontinue the use of Project facilities by the defaulting Purchaser.

13.1.2 Upon a Performance Default by the Purchaser, the Authority may (i) bring any suit, action or proceeding at law or in equity as may be necessary or appropriate to enforce against the defaulting Purchaser any covenant, duty or obligation which gave rise to such Performance Default, and/or (ii) take any action permitted by law to enforce the rights of the Authority under this Contract or to recover damages with respect to such Performance Default.

13.2 **Transfer of Rights of Defaulting Purchaser.** In the event of a Payment Default by any Purchaser and the discontinuation, pursuant to Section 13.1.1 hereof of such defaulting Purchaser's Transmission Service Contract (Members), of the use of Project facilities, the Authority shall offer for transfer or temporary use on a pro rata basis to each requesting non-defaulting Purchaser and pursuant to procedures established by the Board of Directors the defaulting Purchaser's rights under its Transmission Service Contract (Members), including without limitation the right to schedule energy with respect to the Project, and each requesting Purchaser shall assume the defaulting Purchaser's obligations with respect to such rights so transferred or temporarily used. If any of the defaulting Purchaser's rights with respect to the Project are not so transferred or temporarily used, the Authority shall, to the extent possible, offer for transfer or temporary use the rights not so transferred or temporarily used on the best terms readily available first to each requesting Mead-Adelanto Owner, on a pro rata basis if such requests exceed the amount of such defaulting Purchaser's remaining rights, and then to third parties; provided however, that the Authority may not offer for transfer or temporary use such defaulting Purchaser's rights and obligations in such a manner as shall, in the opinion of Bond Counsel, adversely affect the Federal Tax Exemption, and provided further, that the obligation of the defaulting Purchaser to make payments under its Transmission Service Contract (Members), including the costs to the Authority related to such default, transfer

and sale, shall be reduced to the extent that payments are received as provided herein for that portion of the defaulting Purchaser's rights with respect to the Project which are so transferred or temporarily used.

14. CHARACTER, CONTINUITY OF SERVICE AND INTERCONNECTIONS:

14.1 Curtailment for Emergencies, Repairs or Maintenance. In the event of repairs, maintenance or an Operating Emergency with respect to the Project, the Authority and the Mead-Adelanto Operation Manager may temporarily interrupt or curtail use of the Project facilities by the Purchaser and the other Purchasers in proportion to their respective Purchaser Shares as follows:

14.1.1 In the case of planned outages for repairs or maintenance, in accordance with the schedule of planned maintenance outages approved in accordance with the Project Agreements.

14.1.2 In the case of Operating Emergencies, after informing or attempting to inform the Purchaser and the other Purchasers, to the extent reasonably practicable and pursuant to procedures approved in accordance with the Project Agreements, of the occurrence of the Operating Emergency, its nature and the steps taken or to be taken to terminate such Operating Emergency.

No such interruption or curtailment shall relieve the Purchaser of any obligation to make payments under this Contract.

14.2 Uncontrollable Forces or Operating Emergency. The Authority shall not be required to provide, and the Authority shall not be liable for failure to provide, service under this Contract when such failure or the cessation or curtailment of or interference with the service is caused by Uncontrollable Forces or an Operating Emergency or by the inability of any Mead-Adelanto Owner, Marketplace Owner, the Mead-Adelanto Construction Manager, the Mead-Adelanto Operation Manager or any construction or operating agent under any Participation/Interconnection Agreement to obtain any required governmental approvals to enable the Mead-Adelanto Owners, the Marketplace Owners, the Mead-Adelanto Construction Manager, the Mead-Adelanto Operation Manager or such agent to acquire, construct or

operate any Project facilities; and no such failure to provide service shall relieve the Purchaser of any obligation to make payments under this Contract.

15. SEVERAL OBLIGATION; LIABILITY:

- 15.1 **Purchasers' Obligations Several.** The Purchaser and each of the other Purchasers shall be solely responsible and liable for performance under their respective Transmission Service Contracts (Members) and for the maintenance and operation of their respective properties not included as part of the Project. The obligation of the Purchaser to make payments under this Contract is a several obligation and not a joint obligation with those of the other Purchasers under the other Transmission Service Contracts (Members).
- 15.2 **Covenant Not to Execute.** Subject to Section 15.3 hereof, the Purchaser hereby extends to the Authority and each other Purchaser, their respective directors, officers, commissioners, employees, agents and any other person or entity whose act or failure to act would be imputed to such entities or individuals, the Purchaser's covenant not to execute on any judgment obtained by it against any of them for direct, indirect, special, incidental or consequential loss or damages suffered by the Purchaser with respect to the design, construction, operation, maintenance or ownership of the Project (including, but not limited to, construction work and operating work). Subject to Section 15.3 hereof, this covenant not to execute shall apply to judgments obtained in any type of claim or action including, but not limited to, claims or actions based upon contract, tort, patent and trademark.
- 15.3 **Exception to Covenant Not to Execute.** For purposes of this Section 15.3, direct loss or damages shall not include indirect, special, incidental or consequential loss or damages. The covenant not to execute in Section 15.2 hereof shall not extend to:
- 15.3.1 Any judgment to the extent collectible from valid Project or other insurance.
- 15.3.2 Any judgment to the extent based on a failure by any Purchaser to make any payment when due under any Transmission Service Contract (Members).

- 15.3.3 Subject to Section 15.4 hereof, any judgment for the liability of any Purchaser for loss or damages suffered by anyone other than a Purchaser to the extent such liability results from an act or failure to act with respect to the design, construction, operation, maintenance or ownership of the Project (including, but not limited to, construction work and operating work).
- 15.4 **Indemnification for Claims of Customers.** Each of the Purchasers shall assume all liability for any claim, action or judgment arising out of or in connection with electric service to any of its customers caused by the operation or failure of operation of the Project or any portion thereof, and shall indemnify and hold harmless each of the other Purchasers and the Authority from any such claim, action or judgment.
- 15.5 **Determination or Enforcement of Rights in Equity.** Notwithstanding the provisions of Sections 15.2, 15.3 and 15.4 hereof, the Purchaser or the Authority may determine, protect and enforce its rights under this Contract or any Project Agreement by a suit or suits in equity for specific performance of, or declaratory action with respect to, any obligation or duty hereunder or thereunder.
- 15.6 **No Relief From Insurer's Obligations.** The provisions of this Section 15 shall not be construed so as to relieve any insurer of its obligation to pay any insurance claims in accordance with insurance policies for the Project.
- 15.7 **Authority Directors, Officers, Employees, Agents Not Liable; No General Liability of Authority.** It is hereby recognized and agreed that no member of the Board of Directors, officer, employee or agent of the Authority or member of the Authority in its capacity as a member of the Authority shall be individually liable in respect of any undertakings by the Authority under the Composite Development Agreement, the Project Agreements, the Transmission Service Contracts (Members) or Transmission Service Contract (Western). The undertakings by the Authority under the Composite Development Agreement, the Project Agreements, Transmission Service Contracts (Members) and Transmission Service Contract (Western) shall never constitute a debt or indebtedness of the Authority within the meaning of any provision or limitation of the Constitution or statutes of the State

of California and shall not constitute or give rise to a charge against its general credit.

16. RESTRICTIONS ON DISPOSITION:

16.1 **Restrictions on Disposition of the Purchaser's Entire System.** The Purchaser shall not sell, lease or otherwise dispose all or substantially all of its electric utility system except on prior written notice to the Authority and the Mead-Adelanto Coordinating Committee and, in any event, shall not so sell, lease or otherwise dispose of the same unless the following conditions shall be met: (i) the Purchaser shall assign this Contract and its rights and interest hereunder to such purchaser, lessee or disposee of said electric system, and such purchaser, lessee or disposee shall assume and agree fully to perform and discharge all obligations of the Purchaser under this Contract; (ii) the senior debt of such purchaser, lessee or disposee is rated "A" or higher by at least one nationally-recognized credit rating agency; (iii) an independent engineer or engineering firm of national reputation generally recognized to be well qualified in matters relating to electric power and energy systems, selected by the Authority, shall deliver an opinion, which may be based on assumptions deemed reasonable by such engineer or engineering firm, that such purchaser, lessee or disposee is reasonably able to charge and collect rates and charges in the then current and each future year for the electric service of its electric system as shall be required to meet its obligations under this Contract; (iv) the Board of Directors shall determine (which determination shall not be unreasonably withheld) that such sale, lease or other disposition will not adversely affect the value of this Contract as security for the payment of the Bonds and the interest thereon; and (v) Bond Counsel shall render an opinion that such sale, lease or other disposition will not adversely affect the Federal Tax Exemption. The Authority, the Purchaser and such purchaser, lessee or disposee shall execute a supplement to this Contract and any other necessary documents with respect to this Contract prepared by the Authority, in consultation with Bond Counsel, to reflect the transfer of such rights and obligations hereunder.

16.2 **Restrictions on Disposition of Purchaser Share.** Except as provided in Sections 13 and 16.1 hereof, no sale, assignment or other disposition of all or any portion of the Purchaser Share of the Purchaser or the Purchaser's

rights to service from or use of the Project facilities hereunder shall be effective until (i) the Purchaser shall have given prior written notice thereof to the Authority and the Mead-Adelanto Coordinating Committee and (ii) Bond Counsel shall have rendered an opinion that such sale, assignment or other disposition will not adversely affect the Federal Tax Exemption. Notwithstanding the immediately preceding sentence, the Purchaser may (without giving such notice or obtaining such opinion) contract to provide service from or use of the Project to which it is entitled hereunder (a) to any entity which is a governmental unit within the meaning of Section 141(b)(7) of the Internal Revenue Code of 1986, as amended, or (b) in a transaction which complies with guidelines established by the Board of Directors and approved by Bond Counsel from time to time pursuant to this Section 16.2. No sale, assignment, other disposition or contract pursuant to this Section 16.2 shall release the Purchaser from its obligations under this Contract.

17. ASSIGNMENT OF CONTRACT: This Contract shall inure to the benefit of and shall be binding upon the respective successors and assigns of the parties to this Contract; provided, however, that except as provided in Sections 9, 13 and 16 hereof, neither this Contract nor any right or interest herein shall be transferred, assigned or otherwise disposed of by either party hereto so long as any of the Bonds are outstanding or until adequate provision for the payment thereof has been made in accordance with the provisions of the Indenture of Trust.

18. EFFECTIVE DATE AND TERM; DISPOSITION UPON TERMINATION:

18.1 **Effective Date.** This Contract shall become effective on the first day when (i) the Construction Management Agreement, Operation Agreement, Fiscal Agency Agreement, Joint Ownership Agreement, Transmission Service Contract (Western), Mead-Adelanto Project, Marketplace-Adelanto Transmission Line, Adelanto Switching Station Interconnection Agreement, Marketplace Static Var Compensator, Adelanto Switching Station Interconnection Agreement, Adelanto-Victorville/Lugo, Firm Transmission Service Agreement and Marketplace Agreement shall have been duly executed and delivered by the parties thereto and approved by all necessary regulatory agencies, (ii) this Contract shall have been duly executed and delivered on behalf of the Authority and the Purchaser, (iii) the

Purchaser shall have delivered to the Authority an opinion of an attorney or firm of attorneys in substantially the form attached hereto as Appendix B, and (iv) Transmission Service Contracts (Members) between the Authority and the Purchasers covering the entire capability of the Authority Interest (Members) shall have been duly executed and delivered by the parties thereto and approved by all necessary regulatory agencies.

- 18.2 **Term of Contract.** The term of this Contract shall begin on the day this Contract becomes effective pursuant to Section 18.1 hereof. **The term of this Contract shall expire on October 31, 2030** or such later date as all Bonds and the interest thereon shall have been paid in full or adequate provision for such payment shall have been made.
- 18.3 **Status of Project Upon Termination of this Contract Pursuant to Section 18.2.** Except as provided in Section 18.4 hereof, upon the expiration of the term of this Contract pursuant to Section 18.2 hereof the Authority shall transfer to the Purchaser and the Purchaser shall assume an undivided ownership interest in the Project as an assignee of the Authority, unless otherwise agreed to by the Authority and the Purchaser. The Purchaser shall then be a Mead-Adelanto Owner under the Joint Ownership Agreement with a Mead-Adelanto Interest equal to its Mead-Adelanto Project Participant Share.
- 18.4 **Termination of Contract before October 31, 2030.** Notwithstanding Section 18.2 hereof, the term of this Contract shall expire on the date, if any, prior to October 31, 2030 on which:
- 18.4.1 All Bonds and the interest thereon shall have been paid in full or adequate provision for such payment shall have been made; and
- 18.4.2 The Authority notifies the Purchaser that all Transmission Service Contracts (Members) have been superseded by the Purchaser and all other Purchasers having either (i) become owners under the Joint Ownership Agreement or (ii) entered into replacement transmission service or other agreements with the Authority.
- 18.5 **Termination of Contract Under Certain Circumstances.** Notwithstanding Section 18.2 hereof, if, prior to the date 180 days after the effective date of this Contract

(or such later date as shall have been established by the Board of Directors), the Authority has not received the proceeds of any Bonds, then, upon written notice provided by the Authority to the Purchaser, this Contract may be terminated by the Authority. In the event of such termination, the Authority shall not be obligated to the Purchaser.

19. SALE OF ENTIRE CAPABILITY OF PROJECT; RELATIONSHIP TO AND COMPLIANCE WITH OTHER INSTRUMENTS:

- 19.1 **Authority to Sell Entire Capability.** The Authority shall use its best efforts to enter into Transmission Service Contracts (Members) for 100 percent of the capability of the Project.
- 19.2 **Construction and Operation Subject to Indenture of Trust, Licenses, Etc.** It is recognized by the parties hereto that the Authority, in undertaking the financing of the Cost of Acquisition and Construction, and the planning, construction, acquisition, operation and maintenance of the Authority Interest (Members), must comply in all respects with the requirements of the Indenture of Trust, the Project Agreements and all licenses, permits and regulatory approvals necessary for such financing, planning, construction, acquisition, operation and maintenance, and it is therefore agreed that this Contract is made subject to the provisions of the Indenture of Trust, the Project Agreements and all such licenses, permits and regulatory approvals.
- 19.3 **Authority to Comply with Indenture of Trust, Licenses, Etc.; Expenses of Enforcement.** The Authority covenants and agrees for the benefit of the Purchaser to comply in all respects with all terms, conditions and covenants of the Indenture of Trust, the Project Agreements and all licenses, permits and regulatory approvals relating to the Project, provided that the Authority shall not be prevented from contesting the validity or applicability of any thereof in good faith by appropriate proceedings. Except as otherwise provided herein, all reasonable costs and expenses of the Authority incurred in respect of enforcing or complying with the Indenture of Trust, any Project Agreement, any Transmission Service Contract (Members) or the Transmission Service Contract (Western) or in defending any action brought against the Authority under the Indenture of Trust, any Project Agreement, any Transmission Service Contract (Members) or the

Transmission Service Contract (Western) shall constitute Authority Expenses.

20. **SEVERABILITY:** In case any one or more of the provisions of this Contract shall for any reason be held to be illegal or invalid by a court of competent jurisdiction, it is the intention of each of the parties hereto that such illegality or invalidity shall not affect any other provision hereof, but this Contract shall be construed and enforced as if such illegal or invalid provision had not been contained herein unless a court holds that the provisions are not severable from all other provisions of this Contract.
21. **AMENDMENT:** Until Bonds and the interest thereon have been paid in full or adequate provision for such payment has been made, this Contract, except as specifically provided for herein, shall not be amended, modified, supplemented or otherwise altered in any manner which will reduce the payments pledged as security for the Bonds or extend the time of such payments or which will in any manner impair or adversely affect the Federal Tax Exemption or the rights of the holders from time to time of the Bonds.
22. **GOVERNING LAW:** This Contract shall be interpreted, governed by and construed under the laws of the State of California including the Act, as amended, as if executed and to be performed wholly within the State of California.
23. **ARBITRATION:** If a dispute arises between the parties under this Contract which is not resolved by the Board of Directors, the parties to such dispute may submit the dispute to arbitration.
24. **DELIVERY OF MONTHLY STATEMENTS, NOTICES, DEMANDS AND REQUESTS:**
- 24.1 **Delivery of Monthly Statements, Notices, Demands and Requests.** Except as provided in Section 24.3 hereof, any Statement, notice, demand, or request provided for in this Contract shall be in writing. Such Monthly Statements, notices, demands or requests shall be made in person or sent by overnight delivery, first class mail, registered mail or certified mail, fee or postage prepaid, to the persons and at the addresses specified in Exhibit B to the Joint Ownership Agreement, as provided

in and in accordance with the provisions of this Contract; provided however, upon agreement between the issuing entity and the receiving entity, such Monthly Statement, notice, demand, or request may be sent by facsimile.

24.2 **Designation of Different Addresses and Persons.** Any entity listed in Exhibit B to the Joint Ownership Agreement may designate, at any time, by notice to each other entity listed in such Exhibit B, different or additional persons or different addresses for giving of Monthly Statements, notices, demands or requests under the Project Agreements or this Contract, as the case may be. During the term of this Contract, the Mead-Adelanto Construction Manager or Mead-Adelanto Operation Manager, as the case may be, shall revise Exhibit B to reflect any changes to such Exhibit, and distribute such revised Exhibit to the persons and at the addresses listed in such Exhibit. No such revision shall constitute an amendment to any Project Agreement, any Transmission Service Contract (Members) or Transmission Service Contract (Western).

24.3 **Informal Communications.** Informal communications of a routine nature shall be given in such manner as the Authority and the Purchaser shall arrange.

25. **HEADINGS NOT BINDING:** Except for the use of headings with respect to defined terms as provided in Annex I hereto, the headings and captions in this Contract are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this contract.

26. **INCORPORATION OF PROVISIONS OF MCCULLOUGH INTERCONNECTION AGREEMENT:** The Mead-Adelanto Owners intend to enter into the Mead-Phoenix/Mead-Adelanto Projects 500-kV Marketplace-McCullough Tie-Lines McCullough Substation Interconnection Agreement (the "McCullough Interconnection Agreement") at a future date. It is anticipated that the McCullough Interconnection Agreement will require the Authority to cause each Purchaser and Western to agree to comply with certain requirements of the McCullough Interconnection Agreement. The Purchaser hereby agrees to comply with such requirements, to the extent they have been approved by the Board of Directors. Any such requirements, so approved, shall be attached hereto as Appendix C.

IN WITNESS WHEREOF, the parties have caused this contract to be executed as of the date first above recited.

SOUTHERN CALIFORNIA PUBLIC
POWER AUTHORITY

Attest: George R. Spencer
Title: Assistant Secretary

By: Ronald W. Hase
Title: President

CITY OF RIVERSIDE

Attest: Karen E. Lindquist
Title: City Clerk

By: Terry Truzzi
Title: Mayor

APPROVED AS TO FORM

Robert A. Sams 8/12
ASST. CITY ATTORNEY

SCHEDULE OF PURCHASERS SHARES

<u>Column A Entity Name</u>	<u>Column B Purchaser Share</u>
City of Anaheim	13.4969%
City of Azusa	2.2086
City of Banning	1.3497
City of Burbank	11.5337
City of Colton	2.5767
City of Glendale	11.0430
Los Angeles	35.7055
City of Pasadena	8.5890
City of Riverside	<u>13.4969</u>
Total	<u>100.0000%</u>

FOOTNOTE TO APPENDIX A

Development of Appendix A:

As of the date of the Composite Development Agreement, Table 1 to Appendix A of the Joint Ownership Agreement reflects the Mead-Adelanto Project Participants most recently agreed upon megawatt interests with respect to the Mead-Adelanto Project.

Any Purchaser Share (as set forth in Column B) was calculated by dividing a Purchaser's megawatt interest in the Mead-Adelanto Project (as set forth in Column B of Table 1 to the Joint Ownership Agreement) by the total of the megawatt interests of Anaheim, Azusa, Banning, Burbank, Colton, Glendale, Los Angeles, Pasadena, and Riverside. For example, Colton's 2.5767% Purchaser Share (Column B) was calculated by dividing 21 (the megawatt interest of Colton as set forth in Column B of Table 1 to the Joint Ownership Agreement) by 815 (which is the total of the megawatt interests of the Purchasers).

Revision of Appendix A:

Appendix A will be revised to reflect any assignment, sale, transfer or disposal of any Purchaser Share pursuant to the Transmission Service Contracts (Members). If, for example, Banning assigns to Anaheim 1.0000% of its 1.3497% Purchaser Share in the Mead-Adelanto Project (see Column B of Appendix A hereof), Anaheim's new Purchaser Share in the Mead-Adelanto Project will be 14.4969%, and Banning's new Purchaser Share will be 0.3497%.

No revision of Appendix A hereof with respect to a transfer, sale or disposal by one Purchaser under its Transmission Service Contract (Members) will result in a change in the Purchaser Share of any Purchaser which is not a party to any such transfer, sale or disposal.

[Letterhead of Counsel to City of Riverside]

Board of Directors
Southern California Public Power Authority
c/o Executive Director
200 South Los Robles Avenue
Suite 155
Pasadena, California 91101

[Date]

Dear Sirs:

I am acting as counsel to [name of Purchaser], as purchaser (the "Purchaser") under a Mead-Adelanto Project Transmission Service Contract (Members) dated _____ (the "Transmission Service Contract") between the Purchaser and Southern California Public Power Authority (the "Authority"), and I have acted as counsel to the Purchaser in connection with the matters referred to herein. As such counsel I have examined and am familiar with (i) those documents relating to the existence, organization and operation of the Purchaser, (ii) all necessary documentation of the Purchaser relating to the authorization, execution and delivery of the Transmission Service Contract and (iii) an executed counterpart of the Transmission Service Contract.

Based upon the foregoing and an examination of such other information, papers and documents as I deem necessary or advisable to enable me to render this opinion, I am of the opinion that:

1. The Purchaser is [corporate designation], duly created, organized and existing under the laws of said State and duly qualified to furnish electric service within said State.
2. The Purchaser has full legal right, power and authority to enter into the Transmission Service Contract and to carry out and consummate all transactions contemplated thereby, and the Purchaser has complied with the provisions of applicable law in all matters relating to such transactions.
3. The Transmission Service Contract has been duly authorized, executed and delivered by the Purchaser, is in

full force and effect and, assuming due authorization, execution and delivery by the Authority of such Transmission Service Contract, constitutes the legal, valid and binding obligation of the Purchaser enforceable in accordance with its terms, subject only to applicable bankruptcy, insolvency, reorganization and other similar laws affecting creditors' rights generally and to general principles of equity.

4. No order, filing, exemption of or registration with, approval, consent or authorization of any governmental or public agency, authority or person is required in connection with the execution and delivery by the Purchaser of the Transmission Service Contract, or the performance by the Purchaser of its obligations thereunder.

5. The Purchaser is not in material breach of or default under, and the authorization, execution and delivery of the Transmission Service Contract and compliance with the provisions thereof will not conflict with or constitute a breach of, or default under: (i) any instrument relating to the organization, existence or operation of the Purchaser, (ii) any loan agreement, indenture, bond, note, resolution, commitment, agreement or other instrument to which the Purchaser is a party or by which it or its property or assets is bound or affected, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a material default or event of default under any such instrument, which breach or default would have a material adverse impact on the Project or (iii) any applicable constitutional provision, law, ruling, administrative regulation, ordinance, judgment, order or decree to which the Purchaser (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the States of California, Nevada or Arizona relating to the Purchaser and its affairs.

6. There is no action, suit, proceeding, inquiry or investigation at law or in equity before any court, public board or body, pending or, to my knowledge, threatened against or affecting the Purchaser or any entity affiliated with the Purchaser or any of its officers in their respective capacities as such (nor to the best of my knowledge is there any basis therefor), which questions the powers of the Purchaser referred to in paragraph 2 above or the validity of the proceeding taken by the Purchaser in connection with the authorization, execution or delivery of the Transmission Service Contract, or wherein any unfavorable decision, ruling or finding would materially

adversely affect the transactions contemplated by the Transmission Service Contract, or which, in any way, would adversely affect the validity or enforceability of the Transmission Service Contract.

7. The obligations of the Purchaser to make payments under the Transmission Service Contract constitute a cost of transmission service and an operating expense of the Purchaser payable solely from its electric revenue funds.

Very truly yours,

Annex I

Mead-Adelanto Project Transmission Service Contract (Members)

Definitions

The following terms, whether in the singular or in the plural and initially capitalized, shall have the meanings specified:

1. **Act:** The provisions relating to joint exercise of powers and the provisions relating to financing by certain public entities found in Section 6500 to Section 6599, inclusive, of Chapter 5 of Division 7 of Title 1 of the Government Code of California, as amended.
2. **Adelanto Interconnection Agreement:** The Mead-Adelanto Transmission Project, Marketplace-Adelanto Transmission Line, Adelanto Switching Station Interconnection Agreement among the Mead-Adelanto Owners and Los Angeles.
3. **Annual Budget:** The budget, as amended from time to time, adopted by the Board of Directors pursuant to Section 5.3 of the Transmission Service Contract (Members) with respect to each Transmission Service Year, which shall show a detailed estimate of the items based upon which Transmission Service Costs for such Transmission Service Year are computed and all revenues, income, or other funds to be applied to such costs.
4. **Authority:** The Southern California Public Power Authority, a public entity established pursuant to the laws of the State of California, and any successors thereto.
5. **Authority Expenses:** The costs, expenses and fees incurred by the Authority in carrying out its duties, responsibilities and obligations, and exercising its rights, under the Act; the Project Agreements; the Indenture of Trust; the Transmission Service Contracts (Members); the Transmission Service Contract (Western); the Composite Development; and any other agreement with respect to Authority Interest (Members) and Authority Interest (Western). Subject to the foregoing, these costs, expenses and fees shall include but not be limited to the following:

- 5.1 Expenses of the Authority and fees and expenses of the Authority's counsel (including Bond Counsel) with respect to the Project Agreements, the Indenture of Trust, the Transmission Service Contracts (Members), the Transmission Service Contract (Western), the Composite Development Agreement and any other agreement with respect to Authority Interest (Members) or Authority Interest (Western).
 - 5.2 Costs and expenses of the Authority's delegate to the Mead-Adelanto Coordinating Committee, and its delegate to any committee formed by the Mead-Adelanto Coordinating Committee, incurred in attending meetings of the Mead-Adelanto Coordinating Committee or any such committee.
 - 5.3 All costs and expenses incurred by Los Angeles pursuant to Section 5.12 of the Transmission Service Contracts (Members) and Section 5.10 of the Transmission Service Contract (Western).
 - 5.4 All other costs related to the conducting of the business of the Authority with respect to the Project (including costs related to financing) including salaries, fees for legal, engineering, financial and other services, insurance costs, costs of Willful Action of the Authority as defined in the Joint Ownership Agreement and all other expenses properly related to the conduct of such business.
6. **Authority Expenses (Members):** An amount determined by multiplying Authority Expenses by the quotient resulting from dividing Authority Interest (Members) by the sum of (i) Authority Interest (Western) and (ii) Authority Interest (Members).
 7. **Authority Interest (Members):** As of any date of determination, the "Authority Interest (Members)" as defined in the Joint Ownership Agreement.
 8. **Authority Interest (Western):** As of any date of determination, the "Authority Interest (Western)" as defined in the Joint Ownership Agreement.

9. **Available Electrical Capability:** To the extent attributable to the Authority Interest (Members), the electrical capability of (i) the Marketplace Substation at any point in time, as determined by the Marketplace Operating Agent in accordance with operating procedures approved pursuant to the Marketplace Agreement, and (ii) the Adelanto Switching Station at any point in time, as determined by the operating agent of the Adelanto Switching Station in accordance with operating procedures applicable to the Adelanto Switching Station.
10. **Available Transmission Capability:** To the extent attributable to the Authority Interest (Members), the transfer capability in either direction at any point in time of the Transmission Line, as determined by the Mead-Adelanto Operation Manager in accordance with operating and scheduling procedures approved pursuant to the Operation Agreement.
11. **Board of Directors:** The Board of Directors of the Authority, as constituted from time to time.
12. **Bond Counsel:** An attorney or firm of attorneys, selected by the Authority, of recognized national standing in the field of law relating to municipal bonds.
13. **Bonds:** Bonds, notes or other evidences of indebtedness issued by the Authority to finance or refinance the Cost of Acquisition and Construction.
14. **Composite Development Agreement:** The Composite Development Agreement for Mead-Phoenix Project and Mead-Adelanto Project.
15. **Construction Fund:** Any construction fund or fund of a similar nature established by the Authority for the payment of Cost of Acquisition and Construction.
16. **Construction Management Agreement:** The Mead-Adelanto Project Construction Management Agreement among the Mead-Adelanto Owners and the Mead-Adelanto Construction Manager, as the same may be revised, amended or supplemented from time to time.
17. **Contract:** The Mead-Adelanto Project Transmission Service Contract (Members) between the Purchaser and the Authority, as the same may be revised, amended or supplemented from time to time.

18. **Cost of Acquisition and Construction:** All costs and expenses, to the extent attributable to the Authority Interest (Members), of planning, engineering, designing, acquiring, constructing, installing, equipping and financing the Project, placing in operation or retiring or disposing of the Project, and obtaining governmental approvals, certificates, permits and licenses with respect to the Project heretofore or hereafter paid or incurred by or on behalf of the Authority and not otherwise (i) paid from the proceeds of insurance or (ii) included in Transmission Service Costs under the Transmission Service Contracts (Members). Such costs shall include amounts required to be paid by the Authority under the Project Agreements which are attributable to the Authority Interest (Members) and are applied or are to be applied thereunder to the payment of the cost of acquiring or constructing the Project. There shall be applied, as a credit against the Cost of Acquisition and Construction, all receipts, revenues and other moneys received from the sale of surplus equipment, materials and supplies with respect to the Project, and interest earned on investments with respect to the Project all if and to the extent held or paid into the Construction Fund. Subject to the foregoing restrictions, the Cost of Acquisition and Construction shall include, but shall not be limited to, funds required for the following, to the extent attributable to the Authority Interest (Members):

- 18.1 Mead-Adelanto Construction Costs;
- 18.2 Mead-Adelanto Capital Improvement Construction Costs;
- 18.3 All initial capital costs, payments-in-aid of construction and similar costs required to be paid under any Participation/Interconnection Agreement;
- 18.4 All capital improvement construction costs and similar costs required to be paid under any Participation/Interconnection Agreement;
- 18.5 Authority Expenses (Members), to the extent not provided for as Transmission Service Costs;
- 18.6 All other costs properly allocable to the acquisition and construction of the Project; and

- 18.7 Appropriate portions of all other costs, expenses and items designated by an Indenture of Trust as constituting part of the cost of acquisition and construction of the Project.
19. **Date of Firm Operation:** With respect to the Initial Facilities, the initial date recommended by the Mead-Adelanto Construction Manager and determined by the Mead-Adelanto Coordinating Committee on which the Initial Facilities can reasonably be expected to operate reliably; provided that the Mead-Adelanto Operation Manager shall have certified that the Initial Facilities can reasonably be expected to operate reliably on such date.
20. **Debt Service:** With respect to any period, the aggregate of the amounts required by the Indenture of Trust to be paid during such period into any fund or account created by the Indenture of Trust for the sole purpose of paying the principal (including sinking fund installments) of and premium, if any, and interest (net of any interest subsidy with respect to Bonds paid to or for the account of the Authority by any governmental body or agency) on all the Bonds from time to time outstanding as the same shall become due; provided however, that Debt Service shall not include any acceleration of the maturity of the Bonds.
21. **Federal Tax Exemption:** The exclusion from Federal gross income of interest paid or to be paid on the Bonds.
22. **FERC Accounts:** The Federal Energy Regulatory Commission "Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act", as the same may be modified, supplemented or amended from time to time. References to any specific FERC Account number shall mean the FERC Account number now in effect or the successor to such FERC Account number.
23. **Fiscal Agency Agreement:** The Mead-Adelanto Project Fiscal Agency Agreement among the Mead-Adelanto Owners and the Mead-Adelanto Fiscal Agent, as the same may be revised, supplemented or amended from time to time.

24. **Fiscal Year:** The twelve-month period commencing at 0000 hours on July 1 of each year and ending at 2400 hours on the following June 30.
25. **Indenture of Trust:** Each and every indenture of trust, bond resolution or similar instrument, as from time to time amended and supplemented, with respect to the financing of Cost of Acquisition and Construction by the Authority.
26. **Initial Facilities:** As of any date of determination, the "Initial Facilities" as described in Appendix B to the Joint Ownership Agreement.
27. **Joint Ownership Agreement:** The Mead-Adelanto Project Joint Ownership Agreement among the Mead-Adelanto Owners, as the same may be revised, amended or supplemented from time to time.
28. **Los Angeles:** The Department of Water and Power of The City of Los Angeles, a department organized and existing under the Charter of The City of Los Angeles, a municipal corporation of the State of California.
29. **Marketplace Agreement:** The Marketplace Substation Participation Agreement among the Mead-Phoenix Owners, the Mead-Adelanto Owners and Los Angeles, as the same may be revised, amended or supplemented from time to time.
30. **Marketplace Construction Manager:** As of any date of determination, the "Construction Manager" as defined in the Marketplace Agreement.
31. **Marketplace Operating Agent:** The "Operating Agent" as defined under the Marketplace Agreement.
32. **Marketplace Owners:** Each entity identified from time to time as an owner of the Marketplace Substation under the Marketplace Agreement from time to time.
33. **Marketplace Substation:** As of any date of determination, the "Marketplace Substation" as defined in the Marketplace Agreement.

34. **McCullough Interconnection Agreement:** The McCullough Substation Interconnection Agreement between the Navajo Project owners, the Mead-Adelanto Owners and the Mead-Phoenix Project owners.
35. **Mead-Adelanto Capital Improvement:** A "Capital Improvement" as defined in the Joint Ownership Agreement.
36. **Mead-Adelanto Capital Improvement Construction Costs:** The amount of Capital Improvement Construction Costs payable by the Authority (but attributable only to Authority Interest (Members)) pursuant to Section 9 of the Operation Agreement.
37. **Mead-Adelanto Construction Costs:** The amount of Construction Costs payable by the Authority (but attributable only to Authority Interest (Members)) pursuant to Section 9 of the Construction Management Agreement.
38. **Mead-Adelanto Construction Manager:** As of any date of determination, the "Construction Manager" as defined in the Construction Management Agreement.
39. **Mead-Adelanto Coordinating Committee:** The Project Coordinating Committee established pursuant to Section 6.1 of the Joint Ownership Agreement.
40. **Mead-Adelanto Fiscal Agent:** The bank or trust company at the time serving as such under the Fiscal Agency Agreement.
41. **Mead-Adelanto Interest:** As to any Mead-Adelanto Owner, as of any date of determination the percentage ownership interest of such Owner as set forth in Appendix A to the Joint Ownership Agreement.
42. **Mead-Adelanto Operating Costs:** The amount of Operating Costs payable by the Authority (but attributable only to Authority Interest (Members)) pursuant to Section 9 of the Operation Agreement.
43. **Mead-Adelanto Operation Manager:** The "Operation Manager" as defined in the Operation Agreement.

44. **Mead-Adelanto Owner:** As of any date of determination, each "Owner" as defined in the Joint Ownership Agreement.
45. **Mead-Adelanto Project:** As of any date of determination, the "Project" as defined in the Joint Ownership Agreement.
46. **Mead-Adelanto Project Participants:** As of any date of determination, the "Project Participants" as defined in the Mead-Adelanto Joint Ownership Agreement.
47. **Mead-Adelanto Project Participant Share:** As of any date of determination, the "Project Participant Share" as defined in the Joint Ownership Agreement.
48. **Month:** A calendar month.
49. **Monthly Costs:** All of the Authority's costs (excluding Authority Expenses), to the extent attributable to the Authority Interest (Members) and to the extent not paid from the proceeds of Bonds, resulting from the ownership, operation and maintenance of, and renewal and replacements to, the Project. Subject to the foregoing, Monthly Costs shall include, but not be limited to, the costs of the use of the Project during a Transmission Service Year including, but not limited to, Mead-Adelanto Operating Costs (including costs of operation of Project facilities under the Participation/Interconnection Agreements).
50. **Monthly Statement:** The written statement prepared or caused to be prepared each Month by the Authority pursuant to Section 7.3 of the Contract which shall be based upon the Annual Budget and which shall show for such Month the amount to be paid by the Purchaser pursuant to the Contract.
51. **Operating Emergency:** An unplanned event or circumstance, a series of events or circumstances, or any restriction or condition imposed by any governmental authority which reduces or threatens to reduce Available Transmission Capability or Available Electrical Capability, other than damage or destruction covered in Section 12 of the Operation Agreement or similar provisions in any Participation/Interconnection Agreement.

52. **Operation Agreement:** The Mead-Adelanto Project Operation Agreement among the Mead-Adelanto Owners and the Mead-Adelanto Operation Manager, as the same may be revised, amended or supplemented from time to time.
53. **Participation/Interconnection Agreements:** The Marketplace Agreement, the Marketplace Static Var Compensator, Adelanto Switching Station, Interconnection Agreement, the Adelanto Interconnection Agreement and the McCullough Interconnection Agreement.
54. **Payment Default:** Any failure by the Purchaser to make a payment when due under the Contract, which failure continues for 30 calendar days or more subsequent to notice thereof having been transmitted to the Purchaser.
55. **Performance Default:** Any failure by the Purchaser to comply with, carry out or discharge any covenant, duty or obligation under the Contract, excluding any failure by the Purchaser to make a payment when due thereunder.
56. **Project:** As of any date of determination, that portion of the "Project" as defined in the Joint Ownership Agreement attributable to Authority Interest (Members) pursuant to the Joint Ownership Agreement.
57. **Project Agreements:** The Joint Ownership Agreement, the Fiscal Agency Agreement, the Construction Management Agreement, the Operation Agreement, the Participation/Interconnection Agreements and any other contract designated a Project Agreement by the Mead-Adelanto Coordinating Committee.
58. **Project Manager:** Los Angeles, which carried out the planning work with respect to the Mead-Adelanto Project.
59. **Prudent Utility Practice:** Any of the practices, methods and acts (including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry within the operating area of the Western Systems Coordinating Council, or its successor agency) which, in the exercise of reasonable judgment in the light of the facts known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost consistent with good business practices, reliability criteria, safety considerations and expediency, taking into account the design and operational characteristics of the Mead-Adelanto Project. Prudent Utility Practice is not intended to be limited to the optimum practice, methods or

acts to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts which could have been expected to accomplish the desired result. Prudent Utility Practice includes due regard for manufacturers' warranties and requirements of governmental agencies of competent jurisdiction and shall apply not only to functional parts of the Mead-Adelanto Project, but also to appropriate structures, landscaping, painting, signage, lighting, other facilities and public relations programs reasonably designed to promote public understanding and acceptance of the Mead-Adelanto Project.

60. **Purchaser:** The party entering into the Contract with the Authority.
61. **Purchaser Share:** As of any date of determination, the percentage of Available Transmission Capability and Available Electrical Capability which each Purchaser is entitled to schedule or use, as set forth opposite such Purchaser's name in Appendix A to the Transmission Service Contracts (Members).
62. **Purchasers:** As of any date of determination, the entities listed in Column A of Appendix A to the Transmission Service Contract (Members).
63. **Transmission Line:** The "Transmission Line" as defined in the Joint Ownership Agreement.
64. **Transmission Service Contracts (Members):** The several Mead-Adelanto Project Transmission Service Contracts (Members) among the Authority and the Purchasers, as the same may be revised, supplemented or amended from time to time.
65. **Transmission Service Contract (Western):** The Mead-Adelanto Project Transmission Service Contract (Western) entered into between the Authority and Western as the same may be revised, supplemented or amended from time to time.
66. **Transmission Service Costs:** All of the Authority's costs, attributable to Authority Interest (Members) and to the extent not paid from the proceeds of Bonds, resulting from the ownership, operation and maintenance of, and renewals and replacements to, the Project. Subject to the foregoing, Transmission Service Costs shall include, but not be limited to, the costs of providing transmission service during a Transmission Service Year including, but not limited to, Monthly Costs. There shall be applied as a credit against Transmission

Service Costs, all receipts, revenues and other moneys received from the sale of surplus equipment, materials and supplies and transmission service sold prior to the Date of Firm Operation, and interest earned on investments if and to the extent not credited against the Cost of Acquisition and Construction. Transmission Service Costs shall include, but not be limited to, the items of cost and expense referred to in this Section 66 that are accrued or paid during any Month of any Transmission Service Year. Subject to the foregoing, Transmission Service Costs with respect to any Month in any Transmission Service Year shall include, but not be limited to the following, to the extent attributable to the Authority Interest (Members):

- 66.1 The amount which is required under the Indenture of Trust to be paid or deposited during such Month into any funds or accounts established by the Indenture of Trust for Debt Service and for any reserve requirements for Bonds.
- 66.2 One-twelfth of the amount (not otherwise included under any item in this Section 66) which is required under the Indenture of Trust to be paid or deposited during such Transmission Service Year into any other fund or account established by the Indenture of Trust to provide for the payment of principal or interest of the Bonds or any other financial obligation of the Authority with respect to the Project, and shall include, without limitation, any amounts required to make up a deficiency in any such fund established under the Indenture of Trust whether or not resulting from a default in payments by any of the Purchasers of amounts due under any Transmission Service Contract (Members).
- 66.3 One-twelfth of the amount (not otherwise included under any item in this Section 66) which is required under the Indenture of Trust to be paid or deposited during such Transmission Service Year into any other fund or account established by the Indenture of Trust for the payment of any shortfall in revenues to pay Monthly Costs, and shall include, without limitation, any amounts required to make up a deficiency in any such fund established under the Indenture of Trust whether or not resulting from a default in payment by any of the Purchasers under any Transmission Service Contract (Members).

- 66.4 One-twelfth of the amount required for the payment of (i) Monthly Costs during such Transmission Service Year and (ii) Authority Expenses (Members) during such Transmission Service Year.
- 66.5 One-twelfth of the amount necessary during such Transmission Service Year to pay or provide reserves for all taxes required to be paid by the Authority to the extent not included in Cost of Acquisition and Construction or Monthly Costs.

In the event any Transmission Service Year shall embrace fewer than 12 Months, the fraction expressed in Sections 66.2, 66.3, 66.4 and 66.5 hereof shall be adjusted accordingly, and, in the event of any revision of the Annual Budget after the commencement of any Transmission Service Year, the amount determined pursuant to Sections 66.2, 66.3, 66.4 and 66.5 hereof shall be appropriately adjusted so that any increase or decrease in the portion of the Annual Budget applicable to said Sections shall be evenly apportioned over the remaining Months of such Transmission Service Year.

- 67. **Transmission Service Year:** The Fiscal Year, except that the first Transmission Service Year shall begin on the first day of the Month in which the earliest of the following occurs:
 - 67.1 The Date of Firm Operation;
 - 67.2 If Bonds are outstanding, the latest date to which all interest has been capitalized with respect to all Bonds; or
 - 67.3 If Bonds are outstanding, the date which is one year prior to the first principal installment date for any Bonds.
- 68. **Trustee:** The Trustee, as may be changed from time to time, under the Indenture of Trust.
- 69. **Uncontrollable Forces:** Any cause beyond the control of the Mead-Adelanto Construction Manager, the Mead-Adelanto Operation Manager or any construction or operating agent under any Participation/Interconnection Agreement and which by the exercise of due diligence, the Mead-Adelanto Construction Manager, the Mead-Adelanto Operation Manager or such agent is unable to prevent or overcome, including but not limited to, failure or refusal of any other person or entity to comply with then existing contracts, an act of God, fire, flood,

explosion, earthquake, strike, sabotage, pestilence, an act of the public enemy, civil or military authority including court orders, injunctions, and orders of governmental agencies with proper jurisdiction or the failure of such agencies to act, insurrection or riot, an act of the elements, failure of equipment, inability of the Mead-Adelanto Construction Manager, the Mead-Adelanto Operation Manager, such agent or any person or entity engaged in work on the Mead-Adelanto Project to obtain or ship materials or equipment because of the effect of similar causes on suppliers or carriers.

70. **Western:** United States Department of Energy, Western Area Power Administration, established pursuant to the Act of Congress approved June 17th, 1902, (32 Stat. 388) and the Act of Congress approved August 4, 1977 (91 Stat. 565) and acts amendatory thereof or supplementary thereto.