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SOUTHERN TRANSMISSION SYSTEM

TRANSMISSION SERVICE CONTRACT

BETWEEN

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

AND

CITY OF RIVERSIDE

Dated as of May 1, 1983

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## TRANSMISSION SERVICE CONTRACT

1. **PARTIES:** The parties to this Agreement, dated as of May 1, 1983, are SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY ("SCPPA") and the CITY OF RIVERSIDE, a municipal corporation of the State of California ("Riverside").
2. **RECITALS:** This contract is made with reference to the following facts among others:
  - 2.1 SCPPA and IPA, together with Riverside and the other Transmission Service Purchasers, have discussed the desirability of SCPPA financing the costs of acquisition of capacity in a project to provide for the transmission of electric energy, which project is to consist of D.C. transmission and conversion facilities necessary to deliver capacity and energy from the Generation Station to the point of delivery at Adelanto, all as more fully described from time to time in Appendix A hereto.
  - 2.2 Each Transmission Service Purchaser has assigned its right to capacity in the Transmission Project to SCPPA and SCPPA has agreed to make payments-in-aid of construction of the Transmission Project to IPA, all in accordance with the terms of the Agreements for the Acquisition of Capacity.
  - 2.3 SCPPA and IPA have entered into the Southern Transmission System Agreement pursuant to which SCPPA, on behalf of the Transmission Service Purchasers, will make payments-in-aid of construction of the Transmission Project to IPA.
  - 2.4 The Transmission Service Purchasers listed in Appendix B hereto have each elected to purchase transmission service from SCPPA equivalent to the percentage of the capability of SCPPA Capacity listed next to their respective names in Appendix B hereto as their Transmission Service Shares.
  - 2.5 Riverside is interested in contracting for such transmission service utilizing SCPPA Capacity so as to provide for transmission of capacity and energy from the Intermountain Power Project and other resources, and SCPPA will sell transmission service utilizing SCPPA Capacity to Riverside and to the other entities contracting with SCPPA therefor pursuant to the Transmission Service Contracts.
  - 2.6 SCPPA intends to issue Bonds and Notes under the Act sufficient to finance or refinance the costs of acquiring SCPPA Capacity. In order to enable SCPPA to issue such



Bonds it is necessary for SCPPA to have binding contracts with Transmission Service Purchasers, and all payments required to be made in accordance with the provisions of such contracts, including payments required to be made under this contract, are to be pledged by SCPPA as security for the payment of such 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 SCPPA for its costs of the transmission service contracted for by Riverside under this contract, it is agreed by and between the parties hereto as follows:

4. **DEFINITIONS:**

- 4.1 **Act:** The Joint Exercise of Powers Act of the State of California, being California Government Code §§ 6500-6579.5, inclusive, as amended and supplemented.
- 4.2 **Agreements for the Acquisition of Capacity:** The several Agreements for the Acquisition of Capacity between SCPPA and the Transmission Service Purchasers, as the same may be amended and supplemented from time to time in accordance with their terms.
- 4.3 **Annual Budget:** The budget adopted by the Board of Directors pursuant to Section 5.3 hereof not less than 30 nor more than 45 days prior to the beginning of each Transmission Service Year, including any amendments thereto, which shall show a detailed estimate of the items for such Transmission Service Year upon which Monthly Transmission Costs for such Transmission Service Year are computed and all revenues, income, or other funds to be applied to such costs, for and applicable to such Transmission Service Year.
- 4.4 **Available Transmission Capability:** At any point in time, the operating capability of the Transmission Project as determined in accordance with the Power Sales Contracts.
- 4.5 **Billing Statement:** The written statement prepared (or caused to be prepared) each Month by SCPPA pursuant to Section 6.3 which shall be based upon the Annual Budget and which shall show for such Month the amount to be paid



to the Trustee by Riverside in accordance with the provisions of Sections 7 and 9 hereof.

- 4.6 **Board of Directors:** The Board of Directors of SCPPA, as constituted from time to time.
- 4.7 **Bond Counsel:** An attorney or firm of attorneys of recognized national standing in the field of law relating to municipal bonds selected by SCPPA.
- 4.8 **Bond Resolution:** The resolution entitled "Power Supply Revenue Bond Resolution," adopted by IPA on September 28, 1978, as heretofore amended and supplemented and as hereafter from time to time amended and supplemented in conformity with its provisions and the provisions of the Power Sales Contracts.
- 4.9 **Bonds:** The parity bonds issued by SCPPA and outstanding pursuant to the provisions of the Indenture of Trust to finance or refinance the Cost of Acquisition of Capacity. Bonds shall include additional parity Bonds issued pursuant to the provisions of Section 10.2 hereof, and refunding Bonds issued pursuant to the provisions of Section 10.5 hereof.
- 4.10 **Capital Improvements:** Capital Improvements (as defined in the Power Sales Contracts) to the extent related to the Initial Facilities.
- 4.11 **Coordinating Committee:** The Coordinating Committee established under the Power Sales Contracts.
- 4.12 **Cost of Acquisition and Construction:** C o s t o f Acquisition and Construction as defined in the Southern Transmission System Agreement.
- 4.13 **Cost of Acquisition of Capacity:** All costs and expenses of acquiring and financing or refinancing SCPPA Capacity. Such costs shall include all payments under the Southern Transmission System Agreement which are applied or are to be applied thereunder to the payment of the Cost of Acquisition and Construction, costs incurred by SCPPA in connection with the financing or refinancing of SCPPA Capacity and SCPPA Expenses. There shall be applied, as a credit against the Cost of Acquisition of Capacity, interest earned on investments, all if and to the extent held or paid into the SCPPA Construction Fund. Subject to the foregoing, Cost of Acquisition of Capacity shall include, but shall not be limited to, funds required for the following:

- 4.13.1 The Cost of Acquisition and Construction, and any other amounts paid or to be paid to IPA pursuant to the Southern Transmission System Agreement;
  - 4.13.2 SCPPA Expenses;
  - 4.13.3 Financial and legal costs and expenses and such amounts of reserves as are required by the Indenture of Trust;
  - 4.13.4 Subject to the requirements of the Act, interest accruing in whole or in part on Bonds prior to and during construction of the Transmission Project and for such additional period, consistent with the Act, as SCPPA may reasonably determine to be necessary in accordance with the provisions of the Indenture of Trust;
  - 4.13.5 Amounts, if any, required by the Indenture of Trust to be paid from the proceeds of Bonds issued to finance the Cost of Acquisition of Capacity into the Debt Service Reserve Account in the Debt Service Fund or the Reserve and Contingency Fund or into any other funds or accounts established pursuant to the Indenture of Trust;
  - 4.13.6 The payment of principal, premium, if any, and interest due (whether at the maturity of principal or at the due date of interest or upon redemption) of any Note;
  - 4.13.7 To the extent not included in Cost of Acquisition and Construction, all costs of insurance applicable to the period of construction of the Transmission Project;
  - 4.13.8 To the extent not included in Cost of Acquisition and Construction, all costs relating to injury and damage claims arising out of the construction of the Transmission Project, less proceeds of insurance; and
  - 4.13.9 All other costs properly allocable to the acquisition and financing or refinancing of SCPPA Capacity.
- 4.14 Date of Firm Operation: With respect to the Initial Facilities, the initial date recommended by the Project Manager and determined by the Coordinating Committee on



which the Initial Facilities can reasonably be expected to operate reliably.

- 4.15 **Debt Service:** With respect to any period, the aggregate of the amounts required by the Indenture of Trust to be paid during said 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 SCPPA 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.
- 4.16 **Federal Tax Exemption:** The exemption from Federal income taxation of interest paid or to be paid on the Bonds or Notes issued by SCPPA to acquire SCPPA Capacity.
- 4.17 **FERC Accounts:** The Federal Energy Regulatory Commission Uniform Systems of Accounts prescribed for Class A and Class B Public Utilities and licensees, as the same may be modified, supplemented or amended from time to time.
- 4.18 **Fiscal Year:** The twelve-month period commencing at 12:01 a.m. on July 1 of each year and ending at 12:01 a.m. on the following July 1.
- 4.19 **Generation Station:** The generation station described in Appendix C to the Power Sales Contracts.
- 4.20 **Indenture of Trust:** The Indenture of Trust dated as of May 1, 1983 as executed and delivered by and between the Trustee and SCPPA, as from time to time amended and supplemented in conformity with its provisions and the provisions of the Transmission Service Contracts.
- 4.21 **Initial Facilities:** The Southern Transmission System as described in Appendix A hereto. Such description shall be amended from time to time to conform to the description of the Southern Transmission System in the Power Sales Contracts.
- 4.22 **IPA:** The Intermountain Power Agency, a political subdivision of the State of Utah.
- 4.23 **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, and the successors of such department.

4.24 Month: A calendar month.

4.25 Monthly Transmission Costs: All of SCPPA's costs, to the extent attributable to SCPPA Capacity and to the extent not paid from the proceeds of Bonds or Notes, resulting from the acquisition and financing or refinancing of SCPPA Capacity. There shall be applied, as a credit against Monthly Transmission Costs, any interest earned on investments if and to the extent not credited against the Cost of Acquisition of Capacity. Monthly Transmission Costs shall include, but not be limited to, the items of cost and expense referred to in this Section 4.25 that are attributable to SCPPA Capacity and are accrued or paid during each Month of each Transmission Service Year. In the event any Transmission Service Year shall embrace fewer than 12 Months, the fraction expressed in the following Sections 4.25.4, 4.25.5 and 4.25.6 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 the following Sections 4.25.4, 4.25.5 and 4.25.6 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. Monthly Transmission Costs shall include without duplication:

4.25.1 The Monthly Power Costs (as defined in the Power Sales Contracts) allocable to the Transmission Project.

4.25.2 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.

4.25.3 The amount which is required to be paid or deposited during such Month into any fund or account established by the Indenture of Trust or otherwise for the payment of interest (net of any interest subsidy with respect to Bonds paid to or for the account of SCPPA by any governmental body or agency) on Notes.



- 4.25.4 One-twelfth of the amount (not otherwise included under any item in this Section 4.25) which is required under the Indenture of Trust to be paid or deposited during such Transmission Service Year into any other fund established by the Indenture of Trust, and shall include, without limitation, amounts required to make up a deficiency in any such fund whether or not resulting from a default in payments by any Transmission Service Purchaser of amounts due under any Transmission Service Contract.
- 4.25.5 One-twelfth of the amount necessary during such Transmission Service Year to pay costs of providing transmission service during such Transmission Service Year (including SCPPA Expenses) to the extent not included in Section 4.25.1 hereof.
- 4.25.6 One-twelfth of the amount necessary during such Transmission Service Year to pay or provide reserves for all taxes required to be paid by SCPPA with respect to SCPPA Capacity to the extent not included in Section 4.25.1 hereof.
- 4.26 Notes: Notes or other evidences of indebtedness referred to in, and complying with the provisions of, Section 513 of the Indenture of Trust.
- 4.27 Power Sales Contracts: The several Power Sales Contracts entered into between IPA and certain suppliers of electric energy, including the Transmission Service Purchasers, as heretofore amended or supplemented and as hereafter from time to time amended and supplemented in accordance with their terms and the terms of the Bond Resolution.
- 4.28 Project Manager: The Project Manager as defined in the Power Sales Contracts.
- 4.29 SCPPA Capacity: The right of SCPPA to capacity in the Transmission Project, pursuant to the Agreements for the Acquisition of Capacity.
- 4.30 SCPPA Construction Fund: The Construction Fund established in the Indenture of Trust.
- 4.31 SCPPA Expenses: The costs, expenses and fees incurred by SCPPA in carrying out its duties, responsibilities and obligations, and exercising its rights, under the Act and

- the Transmission Project Agreements. These costs, expenses and fees shall include but not be limited to the following:
- 4.31.1 All costs and expenses incurred by SCPPA pursuant to Section 18.2 of the Transmission Service Contracts.
  - 4.31.2 All costs and expenses (including those of SCPPA's legal counsel) payable in accordance with Section 10.4 of the Transmission Service Contracts.
  - 4.31.3 All costs and expenses incurred by Los Angeles pursuant to Section 5.13 of the Transmission Service Contracts.
  - 4.31.4 All other costs related to the conducting of the business of SCPPA with respect to SCPPA Capacity (including costs related to financing or refinancing) including salaries, fees for legal, engineering, financial and other services, insurance costs and all other expenses properly related to the conduct of such business.
- 4.32 Southern Transmission System Agreement: The Southern Transmission System Agreement between SCPPA and IPA, as the same may be hereafter amended or supplemented.
- 4.33 Transmission Project: The Initial Facilities and any Capital Improvements.
- 4.34 Transmission Project Agreements: The Indenture of Trust, the Transmission Service Contracts, the Southern Transmission System Agreement, the Agreements for the Acquisition of Capacity, the Power Sales Contracts, the Bond Resolution and any other contract designated a Transmission Project Agreement by the Board of Directors.
- 4.35 Transmission Service Contracts: This contract or any contract with terms which shall be similar in substance to the terms of this contract and which may contain such variations or differences from the terms of this contract as shall be approved by SCPPA as not deviating from the substance of this contract, together with amendments thereto, entered into by SCPPA and a Transmission Service Purchaser.



- 4.36 **Transmission Service Purchasers:** Those entities (excluding SCPPA) executing Transmission Service Contracts, together in each case with their respective successors or assigns, listed in Appendix B hereto.
- 4.37 **Transmission Service Share:** The percentage of the total transmission service utilizing SCPPA Capacity to which a particular Transmission Service Purchaser is entitled in accordance with the terms of its Transmission Service Contract. The Transmission Service Shares for the Transmission Service Purchasers are listed in Appendix B, as the same may be changed from time to time in accordance with the Transmission Service Contracts.
- 4.38 **Transmission Service Year:** The Fiscal Year, except that the first Transmission Service Year shall begin on the first to occur of (i) the date to which all interest is capitalized with respect to all Bonds and Notes, or (ii) the date which is one year prior to the first principal installment date for any Bonds, (iii) the Date of Firm Operation, or (iv) the date upon which the first Power Supply Year begins under the Power Sales Contracts.
- 4.39 **Trustee:** The Trustee, from time to time, under the Indenture of Trust.
- 4.40 **Uncontrollable Forces:** Any cause beyond the control of SCPPA, and which by the exercise of due diligence, SCPPA 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, 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 IPA or any person or entity engaged in work on the Transmission Project to obtain or ship materials or equipment because of the effect of similar causes on suppliers or carriers, or inability of SCPPA to sell or issue its Bonds.

## 5. OBLIGATIONS OF SCPPA AND RIVERSIDE:

- 5.1 **Obligation to Provide Transmission Service.** SCPPA shall provide or cause to be provided and Riverside shall obtain its entire share of transmission service utilizing SCPPA Capacity pursuant to the terms of this contract.



- 5.2 Southern Transmission System Agreement. SCPPA has completed or will, as soon as possible after the execution of this contract by SCPPA, complete the Southern Transmission System Agreement for execution by IPA and SCPPA.
- 5.3 Adoption of Annual Budget. In each case reflecting the most recent available budgeting and other information provided to SCPPA under the Southern Transmission System Agreement or otherwise, SCPPA will prepare or cause to be prepared, and submit to Riverside and the other Transmission Service Purchasers, at least 60 days prior to the beginning of each Transmission Service Year, a proposed Annual Budget for such Transmission Service Year. Riverside and the other Transmission Service Purchasers may submit to SCPPA, 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 30 nor more than 45 days prior to the beginning of such Transmission Service Year and shall cause copies of such adopted Annual Budget to be delivered to Riverside, the Trustee and the other Transmission Service Purchasers; provided, however, the Annual Budget for the first Transmission Service Year shall be prepared, 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 Monthly Transmission Costs for such Transmission Service Year and other items required by Section 709 of the Indenture of Trust. As required from time to time during any Transmission Service Year after 30 days notice to Riverside and all other Transmission Service Purchasers, the Board of Directors may, pursuant to the foregoing provisions for adopting the Annual Budget, adopt an amended Annual Budget for and applicable to such Transmission Service Year for the remainder of such Transmission Service Year. In addition, SCPPA shall comply with Section 709 of the Indenture of Trust regarding quarterly review and amendments to the Annual Budgets. The Annual Budget shall establish the basis for the billing of Monthly Transmission Costs.
- 5.4 Reports. Subject to the Southern Transmission System Agreement and the Power Sales Contracts, SCPPA will prepare or cause to be prepared and issue to Riverside and the other Transmission Service Purchasers the following reports each calendar quarter of the Transmission Service Year:



- 5.4.1 Financial and operating statements relating to the Transmission Project.
  - 5.4.2 Status of Annual Budget.
  - 5.4.3 Status of construction budget of the Transmission Project during construction.
  - 5.4.4 Analysis of operations relating to the Transmission Project.
- 5.5 **Records and Accounts.** SCPPA will keep or cause to be kept accurate records and accounts with respect to SCPPA Capacity 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 SCPPA. Such audit shall be completed and submitted to SCPPA within 120 days after the close of each Fiscal Year. All transactions of SCPPA with IPA relating to SCPPA Capacity with respect to each Fiscal Year shall be subject to such an audit. There shall be promptly furnished to Riverside and the other Transmission Service Purchasers copies of each such annual audits. Riverside shall have the right at its own expense to examine and copy the records and accounts referred to above on reasonable notice during regular business hours and at the office where such records are located.
- 5.6 **Adjustment of Billing.** On or before 120 days after the end of each Transmission Service Year, SCPPA will submit to Riverside and the other Transmission Service Purchasers a detailed statement of the actual aggregate Monthly Transmission 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 Monthly Transmission 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 Monthly Transmission Costs and other amounts payable for any Transmission Service Year exceed the amount thereof which Riverside and the other Transmission Service Purchasers have been billed, Riverside shall promptly pay to the Trustee its share of such excess. If, on the basis of the statement submitted pursuant to this Section 5.6, the actual aggregate Monthly Transmission Costs or other amounts payable for any Transmission Service Year are less than the amount therefor which Riverside and the other



Transmission Service Purchasers have been billed, SCPPA shall credit such excess against Riverside's and the other Transmission Service Purchasers' next monthly payment. In the event that the failure of Riverside to make its payments in accordance with this contract shall have resulted in the application of amounts in any fund under the Indenture of Trust to the payment of costs payable from such fund and the other Transmission Service Purchasers shall have made up the deficiency created by such application or paid additional amounts into such fund, amounts thereafter paid to the Trustee by Riverside for application to such past due payments including interest at one and one-half percent per Month shall be credited on the Billing Statements of such other Transmission Service Purchasers in the next Month or Months as shall be appropriate.

- 5.7 **Disputed Monthly Billing Statement.** In case any portion of any Billing Statement received by Riverside from SCPPA shall be in bona fide dispute, Riverside shall pay the Trustee the full amount of such Billing Statement, and, upon determination of the correct amount, the difference between such correct amount and such full amount, if any, including interest at one and one-half percent per Month on any overpayment, will be credited to Riverside by SCPPA after such determination; provided, however that such interest shall not accrue on any overpayment that is acknowledged by or on behalf of SCPPA and returned to Riverside by the fifth business day following the receipt by SCPPA of the disputed overpayment. In the event such Billing Statement is in dispute, SCPPA will give consideration to such dispute and will advise Riverside with regard to the position of SCPPA relative thereto within 30 days following written notification by Riverside of such dispute.
- 5.8 **Source of Payments.** The obligations of Riverside to make the payments under this contract shall constitute a cost of transmission service and an operating expense of the electric utility system of Riverside payable solely from its electric revenue funds. Riverside shall not be required to make any such payment from tax revenues or its general or other funds (except the aforesaid electric revenue funds). Riverside will annually in each and every fiscal year of Riverside during the term of this contract include in its electric 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 **Transmission Service Purchaser to Supply Information.** Riverside agrees to supply SCPPA with such information and documentation as SCPPA shall reasonably determine to be requisite to and necessary for the acquisition of SCPPA Capacity and for SCPPA to carry out its obligations under the Transmission Project Agreements, including information reasonably available to allow SCPPA to respond to requests for such information from any Federal, state or local regulatory or other authority.
- 5.10 **Rate Covenant.** Riverside 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 Riverside 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 **Audits.** SCPPA shall promptly furnish each Transmission Service Purchaser copies of audits and other records and information relating to SCPPA Capacity which are provided to SCPPA pursuant to the Southern Transmission System Agreement.
- 5.12 **Compliance with Indenture of Trust and Permits; SCPPA Not to Act Inconsistent Therewith.** It is recognized by the parties hereto that the acquisition and financing or refinancing of SCPPA Capacity must comply with the requirements of the Indenture of Trust and all licenses, permits and regulatory provisions necessary for such acquisition and financing and refinancing. It is therefore agreed that, notwithstanding any provision of this contract, SCPPA shall not be required to act in any manner inconsistent with any such requirements or to refrain from acting as thereby required.
- 5.13 **Performance by Los Angeles, as Agent, of Certain Obligations.** Riverside and SCPPA hereby authorize Los Angeles to perform, as the agent of SCPPA, such duties and obligations of SCPPA contained in this contract as shall be requested by SCPPA; provided, that, prior to performing any such duties and obligations, Los Angeles shall have entered into an agreement with SCPPA providing for such performance and for payment to Los Angeles of its costs in connection therewith.



6. CHARGES AND BILLINGS:

- 6.1 Computation of Monthly Payments. The amount of the Monthly Transmission Costs to be paid by Riverside for any Month shall be the Riverside Transmission Service Share times the Monthly Transmission Costs for such Month.
- 6.2 Basis and Billing of Monthly Transmission Costs. For billing purposes, the amount of Monthly Transmission Costs to be paid by Riverside each Month pursuant to Section 6.1 hereof shall be billed for the current Month and shall be based on the then current Annual Budget.
- 6.3 Time of Billings and Payment Thereof; Billing Statement. By the tenth calendar day of each Month during each Transmission Service Year, SCPPA shall bill Riverside for the amount of the Monthly Transmission Costs to be paid by Riverside for the then current Month by providing Riverside with a Billing Statement in accordance with the charges established pursuant to the provisions of this contract. Each such Billing Statement shall detail the matters covered in Section 4.25 hereof. Each such Billing Statement shall be paid by Riverside on or before ten days after receipt by Riverside of such Billing Statement.
- 6.4 Interest on Unpaid Bills. If Riverside fails to pay any bill when due, interest shall accrue on the unpaid amount of the bill at the rate of one and one-half percent per Month.
- 6.5 Cost, Billing and Payment for Service Provided Prior to Date of Firm Operation. In the event transmission service is provided to Riverside and the other Transmission Service Purchasers utilizing SCPPA Capacity prior to the Date of Firm Operation, the Board of Directors shall determine the rate, if any, for such service.

7. COMMENCEMENT OF PAYMENT OBLIGATION; OBLIGATION UNCONDITIONAL:

Beginning with the first to occur of (i) the date to which all interest is capitalized with respect to all Bonds and Notes, or (ii) the date which is one year prior to the first principal installment date for any Bonds, (iii) the Date of Firm Operation, or (iv) the date upon which the first Power Supply Year begins under the Power Sales Contracts, Riverside shall pay directly to the Trustee the amounts of Monthly Transmission Costs set forth in the Billing Statements submitted by SCPPA to



Riverside in accordance with the provisions of Section 6 hereof, whether or not the Transmission Project or any part thereof has been completed, 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 whatever.

8. TRANSMISSION SERVICE SHARES: SCPPA will provide transmission service utilizing SCPPA Capacity to the Transmission Service Purchasers in accordance with the following:

8.1 Scheduling of Entitlements. All transmission service utilizing SCPPA Capacity shall be scheduled in accordance with the practices and procedures established pursuant to the Transmission Project Agreements. At all times after the Date of Firm Operation Riverside shall be entitled to schedule transmission service utilizing SCPPA Capacity up to the amount obtained by multiplying its Transmission Service Share by the Available Transmission Capability.

8.2 Operation Subject to Certain Matters. Operation of the Transmission Project shall be subject to scheduled outages or curtailments, restrictions imposed by any regulatory authority and Uncontrollable Forces.

8.3 Transmission To and From Terminal Points. It is the obligation of Riverside, at its own expense, to secure access to the main AC bus adjacent to each converter terminal of the Transmission Project, which are the terminal points for the Transmission Project. Such access may be by physical connection or by contract path. In no event shall SCPPA have any obligation to provide transmission or wheeling services from such terminal points to the electric system of the Transmission Service Purchaser.

9. PLEDGE OF PAYMENTS: All payments required to be made by Riverside in accordance with or pursuant to any provision of this contract, are pledged by SCPPA to secure the payment of the Bonds, the interest thereon, and the interest on the Notes subject to the application thereof to such purposes and on such terms as provided in the Indenture of Trust securing such Bonds. SCPPA hereby assigns the payments mentioned in Section 7 of this contract to the Trustee and directs Riverside to pay such amounts directly to the Trustee.



10. ISSUANCE OF BONDS:

- 10.1 Bonds for Cost of Acquisition of Capacity and Payment of Notes. Bonds will be issued by SCPA in accordance with this contract and the provisions of the Indenture of Trust for the purpose of financing the Cost of Acquisition of Capacity including, to the extent not otherwise provided for, payment of the Notes.
- 10.2 Additional Bonds. Additional Bonds shall be issued by SCPA in accordance with this contract and the provisions of the Indenture of Trust at any time and from time to time in the event funds are required for the purpose of financing the Cost of Acquisition of Capacity associated with any Capital Improvements.
- 10.3 Obligation of SCPA to Issue Bonds. As determined by the Board of Directors from time to time, SCPA hereby agrees that it will, subject to the provisions hereof and of the Indenture of Trust, issue Bonds and Notes, in accordance with the Indenture of Trust, in such amounts and at such times as shall be necessary to timely finance the Cost of Acquisition of Capacity relating to the Initial Facilities and any Capital Improvements.
- 10.4 Rights to Enforce SCPA Obligations; Expenses of Defense. Each Transmission Service Purchaser shall be entitled as of right to the enforcement of the obligations of SCPA set forth in Section 10.3 of the Transmission Service Contracts by mandamus or other suit, action or proceeding, including, without limitation, specific performance, at law or in equity to compel SCPA, its Board of Directors or other appropriate officer to perform such obligations. All costs and expenses of SCPA incurred in defending any action brought pursuant to this Section 10.4 shall be part of SCPA Expenses.
- 10.5 Refunding Bonds. In the event the Monthly Transmission Costs may be reduced by the refunding of any of the Bonds or in the event it shall otherwise be advantageous, in the opinion of the Board of Directors, to refund any Bonds, SCPA shall issue and sell refunding Bonds.
- 10.6 Participants to Furnish Information. Riverside agrees to supply SCPA, upon request, with such additional information and documentation, including opinions of counsel for Riverside, as SCPA, its financial advisor or Bond Counsel shall reasonably determine to be necessary to facilitate the issuance of Bonds, Notes,



additional Bonds, or refunding Bonds for the purposes described in this Section 10.

11. **ADJUSTMENT OF MONTHLY TRANSMISSION 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 shall be used to retire, by purchase or redemption, Bonds in advance of maturity, and in such event Monthly Transmission Costs shall be reduced as necessary and appropriate.

12. **DEFAULT:**

12.1 **Remedies.** If Riverside shall be unable to perform or shall default in the performance of any of its obligations under this contract, then SCPPA shall (i) in the event any payment due under this contract remains unpaid subsequent to the due date thereof, upon 90 days written notice to Riverside, discontinue transmission service to Riverside under this contract during the period of such default, without reduction of the obligation of Riverside to make payments under this contract except to the extent provided in Section 12.2 hereof, (ii) bring any suit, action or proceeding at law or in equity as may be necessary or appropriate to enforce any covenant, agreement or obligation against Riverside, or (iii) take any action permitted by law to enforce its rights under this contract or recover damages for breach thereof.

12.2 **Transfer of Rights of Defaulting Transmission Service Purchasers.** In the event of a default by a Transmission Service Purchaser and the discontinuance, pursuant to Section 12.1(i) hereof, of transmission service, SCPPA shall transfer on a pro rata basis to all requesting Transmission Service Purchasers which are not in default and pursuant to procedures established by the Board of Directors, the defaulting Transmission Service Purchaser's rights to transmission service which shall have been discontinued by reason of such default, and such requesting Transmission Service Purchasers shall assume the defaulting Transmission Service Purchaser's obligations with respect to such rights so transferred, and if any of the defaulting Transmission Service Purchaser's rights with respect to transmission service are not so transferred, SCPPA shall, to the extent possible, dispose of such remaining portion on the best terms readily available; provided, however, that SCPPA may not



transfer or dispose of such defaulting Transmission Service 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 Transmission Service Purchaser to make payments under its Transmission Service Contract including the costs to SCPPA 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 Transmission Service Purchaser's rights with respect to transmission service which are so transferred or disposed.

**13. CHARACTER, CONTINUITY OF SERVICE AND INTERCONNECTIONS:**

- 13.1 **Curtailement for Contingencies or Repairs.** The delivery of transmission service to Riverside and the other Transmission Service Purchasers may be temporarily interrupted or curtailed as provided in the Power Sales Contracts; provided, however, that such interruption or curtailment shall not relieve Riverside or any other Transmission Service Purchaser of their obligations to make payments under the Transmission Service Contracts.
- 13.2 **Uncontrollable Forces.** SCPPA shall not be required to provide, and SCPPA 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 by the inability of SCPPA to obtain any required governmental approvals to enable SCPPA to acquire SCPPA Capacity; provided, however, that Riverside and the other Transmission Service Purchasers shall not thereby be relieved of their obligations to make payments under the Transmission Service Contracts.

**14. SEVERAL LIABILITY; LIABILITY; EXCULPATION; INDEMNIFICATION:**

- 14.1 **Transmission Service Purchasers' Obligation Several.** Riverside and each of the other Transmission Service Purchasers shall be solely responsible and liable for performance under their respective Transmission Service Contracts and for the maintenance and operation of their respective properties. The obligation of Riverside to make payments under this Transmission Service Contract is a several obligation and not a joint obligation with those of the other Transmission Service Purchasers under the other Transmission Service Contracts.



- 14.2 **No Liability of SCPPA, Directors, Officers, Etc.**  
Riverside agrees that neither SCPPA nor any of its directors, officers, employees and agents shall be liable to Riverside for direct or consequential loss or damage suffered by Riverside as a result of (i) the performance or non-performance by IPA or any of its directors, officers, employees and agents under any Transmission Project Agreement (whether negligent or otherwise) or (ii) the performance or non-performance (whether negligent or otherwise) of SCPPA or any of its directors, officers, employees or agents under this contract. Riverside releases SCPPA and its directors, officers, employees and agents from any claim or liability (whether negligent or otherwise) as a result of any actions or inactions of SCPPA under this contract or the performance or non-performance by IPA under any Transmission Project Agreement. The provisions of this Section 14.2 shall not be construed so as to relieve IPA from any obligation under any Transmission Project Agreement.
- 14.3 **Extent of Exculpation; Enforcement of Rights in Equity.**  
The exculpation provision set forth in Section 14.2 hereof shall apply to all types of claims or actions including, but not limited to, claims or actions based on contract, tort, patent or trademark. Notwithstanding the foregoing, Riverside may protect and enforce its rights under this contract by a suit or suits in equity for specific performance of any obligations or duty of SCPPA and Riverside shall at all times retain the right to recover, by appropriate legal proceedings, any amount determined to have been an overpayment by Riverside in accordance with Section 5.6 hereof.
- 14.4 **Limitation of Liability of SCPPA, Employees, Etc.**  
The obligations of SCPPA under this contract as well as any costs or expenses of SCPPA incurred in respect of its obligations and duties hereunder shall never constitute a debt or indebtedness of SCPPA within the meaning of any provision or limitation of the Constitution or statutes of the State of California, shall not constitute or give rise to a pecuniary liability of SCPPA or a charge against its general credit and shall be payable solely from the funds provided therefor pursuant to this contract. It is hereby recognized and agreed that neither the members of the Board of Directors nor any officer, employee or agent of SCPPA shall be individually liable in respect to any undertakings by SCPPA under this contract.



15. RESTRICTIONS ON DISPOSITION:

- 15.1 Restrictions on Disposition of Participant's Entire System. Riverside shall not sell, lease or otherwise dispose of all or substantially all of its electric utility system except on 90 days prior written notice to SCPA and, in any event, shall not so sell, lease or otherwise dispose of the same unless the following conditions shall be met: (i) Riverside shall assign this contract and its rights and interests hereunder to such purchaser or lessee of said electric system, and such purchaser or lessee shall assume all obligations of Riverside under this contract; (ii) the senior debt of such purchaser or lessee is rated in one of the two highest rating categories by at least one nationally-recognized bond 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 SCPA, shall deliver an opinion, which may be based on assumptions deemed reasonable by such engineer or engineering firm, that such purchaser or lessee 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.
- 15.2 Restriction on Disposition of Transmission Service Share. Notwithstanding anything in this contract to the contrary, Riverside shall not sell, assign or otherwise dispose of any portion of its Transmission Service Share except on 90 days prior written notice to SCPA and, in any event, shall not sell, assign or otherwise dispose of the same unless, in the opinion of Bond Counsel, such sale, assignment or other disposition will not adversely affect the Federal Tax Exemption; provided, however, that Riverside may (without giving such notice or obtaining such opinion) contract to provide transmission service utilizing its Transmission Service Share to (i) any entity which is an "exempt person" within the meaning of Section 103(b)(3) of the Internal Revenue Code of 1954, as amended, or (ii) any entity which is not such an "exempt person" if the transmission service to be provided pursuant to the contract is at rates and charges



which are not less than substantially equivalent to those prevailing in the general area for comparable transmission service considering the nature, duration, purpose and type of transmission service and is either (a) interruptible or (b) non-interruptible and for a period of 60 days or less. No such sale, assignment, or other disposition shall release Riverside from its obligations under this contract.

- 15.3 **Excess Transmission Service Share.** S C P P A a n d Riverside recognize that Riverside in accordance with the Power Sales Contracts has entered into or may enter into agreements with other entities pursuant to which such entities shall have rights, including the right to use capacity in the Southern Transmission Service available to Riverside which may be in excess of the needs of Riverside which exist from time to time. It is further recognized that such rights of said entities may, if exercised or otherwise effectuated, result in rights of such entities with respect to Riverside's Transmission Service Share. SCPPA shall, on behalf of Riverside, provide portions of Riverside's Transmission Service Share to such entities on such terms as shall be agreed upon by Riverside consistent with the rights of such entities; provided, however, that no such arrangement shall release Riverside from any obligation hereunder.

16. **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 Section 15 hereof, neither this contract nor any right or interest herein shall be transferred or assigned by either party hereto so long as any of the Bonds are outstanding or until adequate provision for the payment thereof have been made in accordance with the provisions of the Indenture of Trust except that the payments by Riverside under this contract shall be assigned by SCPPA to the Trustee as contemplated by Section 9 hereof.

17. **EFFECTIVE DATE AND TERM; DISPOSITION UPON TERMINATION:**

- 17.1 **Effective Date of Transmission Service Contracts.**  
This contract shall become effective only when (i) it has been executed and delivered on behalf of SCPPA and Riverside, (ii) Riverside shall have delivered to SCPPA an opinion of an attorney or firm of attorneys in substantially the form attached hereto as Appendix C, (iii) Transmission Service Contracts between SCPPA and the Transmission Service Purchasers listed in Appendix B



hereto providing for Transmission Service Shares equal, in the aggregate, to one-hundred percent shall have been executed and delivered by the parties thereto and approved by all necessary regulatory agencies, (iv) the Southern Transmission System Agreement shall have been duly executed and delivered by the parties thereto and approved by all necessary regulatory agencies and (v) the first series of Bonds or Notes shall have been issued. The term of this contract shall begin and this contract shall constitute a binding obligation of the parties hereto from and after the effective date and the term of this contract shall end on June 15, 2027 or such later date as all Bonds and Notes and the interest thereon shall have been paid in full or adequate provision for such payment shall have been made.

17.2 SCPPA Capacity. It is hereby recognized that SCPPA Capacity shall be, and remain, in SCPPA during the term of the Transmission Service Contracts.

18. RELATIONSHIP TO AND COMPLIANCE WITH OTHER INSTRUMENTS:

18.1 Acquisition Subject to Indenture of Trust, Licenses, Etc. It is recognized by the parties hereto that SCPPA, in undertaking the acquisition and financing or refinancing of SCPPA Capacity, must comply in all respects with the requirements of the Indenture of Trust and all licenses, permits and regulatory approvals necessary for such acquisition and financing or refinancing and it is therefore agreed that this contract is made subject to the provisions of the Indenture of Trust and all such licenses, permits and regulatory approvals.

18.2 SCPPA to Comply with Indenture of Trust, Licenses, Etc.; Expenses of Enforcement. SCPPA covenants and agrees for the benefit of Riverside to comply in all respects with all terms, conditions and covenants of the Indenture of Trust and the other Transmission Project Agreements and all licenses, permits and regulatory approvals relating to, provided that SCPPA shall not be prevented from contesting the validity or applicability of any thereof in good faith by appropriate proceedings. All costs and expenses of SCPPA incurred in respect of enforcing or complying with any Transmission Project Agreement or in defending any action brought against SCPPA under any Transmission Project Agreement shall be SCPPA Expenses.



19. **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 separable from all other provisions of this contract.

20. **TERMINATION OR AMENDMENT:**

20.1 **Limitation on Amendment Effecting Bond Security.** So long as any Bonds or Notes are outstanding or until adequate provisions for the payment thereof have been made in accordance with the provisions of the Indenture of Trust, this contract, except as specifically provided for herein, shall not be terminated, amended, modified, or otherwise altered in any manner which will reduce the payments pledged as security for Bonds or Notes or extend the time of such payments provided herein or which will in any manner impair or adversely affect the rights or security of the holders from time to time of Bonds or Notes.

20.2 **Limitation on Amendments Affecting Transmission Service Purchasers.** None of the Transmission Service Contracts may be terminated as to any one or more of the Transmission Service Purchasers or be amended as to any one or more of the Transmission Service Purchasers so as to provide terms and conditions materially different from those herein contained except, subject to the provisions of Section 20.1 hereof and consistent with the Indenture of Trust, upon written notice to and written consent or waiver by each of the other Transmission Service Purchasers and upon similar amendment being made to the Transmission Service Contract of any other Transmission Service Purchaser requesting such amendment after receipt by such Transmission Service Purchaser of notice of such amendment.

20.3 **Limitation on Amendments to Indenture of Trust.** SCPPA shall not, without the written consent of Riverside and each of the other Transmission Service Purchasers, amend, modify, supplement or otherwise change the Indenture of Trust if such amendment, modification, supplement or change would affect the rights or obligations of Riverside or the other Transmission Service Purchasers under this contract or would be to the disadvantage of Riverside or the other Transmission Service Purchasers or



would result in increased Monthly Transmission Costs to Riverside or the other Transmission Service Purchasers; provided that this Section 20.3 shall not limit the power or authority of SCPPA to supplement the Indenture of Trust to provide for the issuance of Bonds for any of the purposes permitted under Section 10 hereof.

20.4 Termination of Transmission Service Contract Under Certain Circumstances. Notwithstanding anything in this contract to the contrary if, prior to July 1, 1984, (i) SCPPA has been unable to enter into the Southern Transmission System Agreement and Transmission Service Contracts for Transmission Service Shares equal, in the aggregate, to one-hundred percent, and (ii) SCPPA has been unable to issue the first series of Bonds or Notes to finance the acquisition of SCPPA Capacity, then, upon written notice provided by either party to the other prior to July 15, 1984, this contract may be terminated. In the event of such termination, SCPPA shall not be obligated to Riverside.

21. 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.

22. 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.

23. NOTICES: Any notice, demand, or request provided for in this contract shall be in writing and shall be deemed properly served, given, or made if delivered in person or sent by registered or certified mail, postage prepaid, to the persons specified below:

Southern California Public Power Authority  
c/o Executive Director  
613 East Broadway  
Room 300  
Glendale, California 91205

City of Riverside  
3900 Main Street  
Riverside, California 92522  
Attention: Public Utilities Director



24. HEADINGS NOT BINDING: 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.

IN WITNESS WHEREOF, the parties hereto have duly caused this contract to be executed on their respective behalfs.

[Seal]

SOUTHERN CALIFORNIA PUBLIC  
POWER AUTHORITY

Attest: Charles W. Montoye By: [Signature]  
Asst Secretary President

Attest: [Signature] By: [Signature]  
City Clerk Mayor

CITY OF RIVERSIDE

APPROVED AS TO FORM

[Signature]  
CITY ATTORNEY

APPENDIX A

DESCRIPTION OF INITIAL FACILITIES

Southern Transmission System: The Southern Transmission System shall consist of D.C. transmission and conversion facilities necessary to deliver capacity and energy from the Generation Station to the point of delivery at Adelanto. Such facilities shall terminate at appropriate switchracks and shall include rights-of-way, a microwave communication system, and all other buildings, structures, facilities and appurtenances which shall be necessary or incidental in the useful construction and operation of such facilities.



APPENDIX B

TRANSMISSION SERVICE PURCHASERS AND TRANSMISSION SERVICE SHARES

<u>Transmission Service Purchaser</u>	<u>Transmission Service Share</u>
Department of Water and Power of The City of Los Angeles.....	59.534%
City of Anaheim.....	17.647%
City of Riverside.....	10.164%
City of Pasadena.....	5.883%
City of Burbank.....	4.498%
City of Glendale.....	<u>2.274%</u>
Total.....	100.000%

[Letterhead of Counsel to Riverside]

[Date]

Dear Sirs:

I am acting as counsel to the City of Riverside, as purchaser (the "Transmission Service Purchaser") under a Transmission Service Contract dated as of May 1, 1983 (the "Transmission Service Contract") between the Transmission Service Purchaser and Southern California Public Power Authority ("SCPPA"), and I have acted as counsel to the Transmission Service 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 Transmission Service Purchaser, (ii) all necessary documentation of the Transmission Service Purchaser relating to the authorization, execution and delivery of the Transmission Service Contract and the Agreement for the Acquisition of Capacity dated as of May 1, 1983 (the "Agreement for the Acquisition of Capacity") between the Transmission Service Purchaser and SCPPA, and (iii) executed counterparts of the Transmission Service Contract and the Agreement for the Acquisition of Capacity.

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 Transmission Service Purchaser is a municipal corporation of the State of California, duly created, organized and existing under the laws of said State and duly qualified to furnish electric service within said State.

2. The Transmission Service Purchaser has full legal right, power and authority to enter into the Transmission Service Contract and the Agreement for the Acquisition of Capacity and to carry out and consummate all transactions contemplated thereby, and the Transmission Service Purchaser has complied with the provisions of applicable law in all matters relating to such transactions.

3. The Transmission Service Contract and the Agreement for the Acquisition of Capacity have been duly



authorized, executed and delivered by the Transmission Service Purchaser, are in full force and effect and, assuming that SCPPA has all the requisite power and authority, and has taken all necessary action, to execute and deliver such Transmission Service Contract and the Agreement for the Acquisition of Capacity, constitute legal, valid and binding obligations of the Transmission Service Purchaser enforceable in accordance with their respective terms, except that the rights and remedies set forth therein may be limited by or resulting from bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.

4. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the Transmission Service Purchaser of the Transmission Service Contract or the Agreement for the Acquisition of Capacity, or the performance by the Transmission Service Purchaser of its obligations thereunder.

5. The authorization, execution and delivery of the Transmission Service Contract and the Agreement for the Acquisition of Capacity and compliance with the respective provisions thereof will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the Transmission Service Purchaser, any commitment, agreement or other instrument to which the Transmission Service Purchaser is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the Transmission Service Purchaser (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California, relating to the Transmission Service Purchaser or its affairs.

6. There is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to my knowledge, threatened against or affecting the Transmission Service Purchaser or any entity affiliated with the Transmission Service 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 Transmission Service Purchaser referred to in paragraph 2 above or the validity of the proceeding taken by the Transmission Service Purchaser in connection with the authorization, execution or delivery of the Transmission Service Contract or the Agreement for the Acquisition of Capacity, or wherein any unfavorable