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RENEWAL AGREEMENT FOR THE ACQUISITION OF CAPACITY

between the

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

and the

DEPARTMENT OF WATER AND POWER  
OF THE CITY OF LOS ANGELES

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Dated as of \_\_\_\_\_ 1, 2021

relating to the

SOUTHERN TRANSMISSION SYSTEM

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THIS RENEWAL AGREEMENT FOR THE ACQUISITION OF CAPACITY (the "Agreement") dated as of \_\_\_\_\_ 1, 2021 by and between the SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY ("SCPPA") and the DEPARTMENT OF WATER AND POWER OF THE CITY OF LOS ANGELES (the "Renewal Transmission Project Participant");

W I T N E S S E T H

WHEREAS, the Renewal Transmission Project Participant has certain rights and interests in the Existing Southern Transmission System (capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Renewal Transmission Service Contracts, as defined below);

WHEREAS, the Existing Southern Transmission System is integrated with an electric generation facility known as the Intermountain Power Project, all of which is owned by IPA;

WHEREAS, SCPPA and IPA have heretofore entered into the Original Southern Transmission System Agreement, pursuant to which SCPPA has made payments-in-aid of construction on behalf of the Original Transmission Service Purchasers to assist with financing the acquisition and construction of the Existing Southern Transmission System;

WHEREAS, IPA has heretofore entered into Original Power Sales Contracts with each of the Original Transmission Service Purchasers, pursuant to which each Original Transmission Service Purchaser is entitled to schedule, without regard to source or origin and in accordance with the terms of its Original Power Sales Contract, the use of a portion of the operating capabilities of the Existing Southern Transmission System;

WHEREAS, as permitted by the Original Power Sales Contracts, the Original Transmission Service Purchasers have heretofore entered into the Original Agreements for the Acquisition of Capacity, pursuant to which each Original Transmission Service Purchaser assigned its capacity right in the Existing Southern Transmission System to SCPPA;

WHEREAS, concurrently with the execution and delivery of the Original Agreements for the Acquisition of Capacity, the Original Transmission Service Purchasers have heretofore entered into the Original Transmission Service Contracts with SCPPA pursuant to which SCPPA provides transmission service to each Original Transmission Service Purchaser utilizing the Existing Southern Transmission System and such Original Transmission Service Purchaser makes monthly payments to SCPPA for such transmission service;

WHEREAS, SCPPA has heretofore issued bonds, notes and other evidences of indebtedness to finance and refinance the payments-in-aid of construction required under the Original Southern Transmission System Agreement, payable from revenues received under the Original Transmission Service Contracts;

WHEREAS, the Original Power Sales Contracts were last amended by the Second Amendatory Power Sales Contracts which provide for the construction and installation of natural gas-fired combined cycle power blocks and related equipment and facilities as an improvement of the Intermountain Power Project to replace the existing coal-fired generating units

of the Intermountain Power Project, and the Original Power Sales Contracts, as amended to the date hereof, contemplate significant improvements to the Existing Southern Transmission System;

WHEREAS, each of the Original Power Sales Contracts, as amended by the Second Amendatory Power Sales Contract, provides for IPA to make the Renewal Offer to the Original Transmission Service Purchasers which is to include offers to renew, and under certain circumstances may include offers to increase, the entitlements of Original Transmission Service Purchasers to the gas-fired generation capacity of the improved Intermountain Power Project and the related transmission capacity of the Southern Transmission System for a term subsequent to the Transition Date, all upon the terms set forth or described in such amended Original Power Sales Contracts;

WHEREAS, IPA made the initial Renewal Offer to the Original Transmission Service Purchasers, and three of the Original Transmission Service Purchasers (referred to herein as the Renewal Transmission Service Purchasers), including the Renewal Transmission Project Participant, ultimately have accepted on the terms set forth in the Renewal Offer with respect to the Generation Entitlement Share, the Generation Cost Share and the Transmission Cost Share, as applicable, as defined and set forth in each Renewal Power Sales Contract;

WHEREAS, the term of each of the Original Power Sales Contracts is to end on the Transition Date, and upon such termination each of the Renewal Power Sales Contracts will govern the rights and interests in the Southern Transmission System;

WHEREAS, SCPPA and IPA, together with the Renewal Transmission Project Participant and the other Renewal Transmission Service Purchasers, have discussed the desirability of SCPPA financing the costs of construction of and improvements associated with the STS Renewal Project for the continued reliable operation of the Southern Transmission System;

WHEREAS, SCPPA and IPA have concurrently herewith executed and delivered the Second Amendment to Original Southern Transmission System Agreement to assist with financing the costs of the STS Renewal Project;

WHEREAS, concurrently herewith, SCPPA and IPA are entering into the Renewal Southern Transmission System Agreement pursuant to which SCPPA, on behalf of the Renewal Transmission Service Purchasers, may make payments-in-aid of construction of the Southern Transmission Capital Improvements (including but not limited to those relating to the STS Renewal Project to the extent that the STS Renewal Project becomes a Southern Transmission Capital Improvement thereunder) to IPA on behalf of the Renewal Transmission Service Purchasers;

WHEREAS, SCPPA intends to issue Bonds, Notes and other evidences of indebtedness under the Act sufficient to generate funds for the payments-in-aid of construction of the STS Renewal Project described above, and in order to enable SCPPA to issue such Bonds, Notes and other evidences of indebtedness it is necessary for the Renewal Transmission Service Purchasers, including the Renewal Transmission Project Participant, to assign their rights to

capacity in the Southern Transmission System pursuant to this Agreement and the other Renewal Agreements for the Acquisition of Capacity' thereby providing SCPPA with the SCPPA Capacity;

WHEREAS, the Renewal Transmission Project Participant and the other Renewal Transmission Project Purchasers intend to contract for transmission service utilizing the SCPPA Capacity so as to provide for transmission of capacity and energy from the Intermountain Power Project and other resources, and SCPPA intends to sell transmission service utilizing SCPPA Capacity to the Renewal Transmission Project Participant and the other Renewal Transmission Service Purchasers pursuant to the Renewal Transmission Service Contracts;

WHEREAS, the Bonds and other debt obligations issued by SCPPA described above shall be payable from and secured by revenues generated by the Renewal Transmission Service Contracts; and

WHEREAS, the parties acknowledge that the date of initial issuance of such Bonds to finance the costs of acquiring SCPPA Capacity (the "SCPPA First Bonding Date") will precede the Transition Date, and that (i) payments-in-aid of construction to fund the STS Renewal Project will be governed by the Original Southern Transmission System Agreement prior to the Transition Date, and payments-in-aid of construction to fund Capital Improvement Acquisition and Construction Costs (including but not limited to those relating to the STS Renewal Project) will be governed by Section 3 of the Renewal Southern Transmission System Agreement commencing upon, and not prior to, the Transition Date and (ii) debt service on Bonds and other debt obligations issued or incurred by SCPPA to finance Capital Improvement Acquisition and Construction Costs (including but not limited to those relating to the STS Renewal Project) due before the Transition Date will be payable from amounts paid to SCPPA by IPA under Section 3.8 of the Original Southern Transmission System Agreement, and such debt service due on and after the Transition Date will be payable from revenues generated by the Renewal Transmission Service Contracts.

NOW, THEREFORE, for and in consideration of the premises and mutual covenants and agreements hereafter set forth it is agreed by and between the parties hereto as follows:

Section 1. The Renewal Transmission Project Participant does (subject to Section 6) hereby assign, transfer, convey, set over and relinquish to SCPPA in accordance with this Agreement all of the Renewal Transmission Project Participant's rights and interests in the Southern Transmission System in accordance with its Renewal Power Sales Contract, being its right to capacity of the Southern Transmission System and all the Renewal Transmission Project Participant's contract rights under its Renewal Power Sales Contract relating to the Southern Transmission System; provided, however, that the Renewal Transmission Project Participant retains the right to appoint its representative to and to otherwise participate in, the Renewal Contract Coordinating Committee (as defined in the Renewal Power Sales Contract).

Section 2. SCPPA hereby agrees to issue Bonds or other debt obligations to provide funds to make payments-in-aid of construction with respect to (i) the STS Renewal Project on behalf of the Renewal Transmission Project Participant pursuant to the terms of the Original Southern Transmission System Agreement (including as amended by the Second Amendment to Original Southern Transmission System Agreement) and (ii) the Southern Transmission Capital

Improvements on behalf of the Renewal Transmission Project Participant pursuant to the terms of the Renewal Southern Transmission System Agreement.

Section 3. The Renewal Transmission Project Participant hereby agrees that all payments of Monthly Power Costs (as defined in the Renewal Power Sales Contracts) with respect to the Southern Transmission System to be made by the Renewal Transmission Project Participant which shall be made by SCPPA to IPA pursuant to the Renewal Southern Transmission System Agreement and received by IPA shall be applied in discharge of the Renewal Transmission Project Participant's obligation to make such payments of Monthly Power Costs under the Renewal Power Sales Contract and the Renewal Transmission Project Participant's obligation to pay such Monthly Power Costs shall be discharged only to the extent of such receipt. Except as discharged as herein provided, the obligation of the Renewal Transmission Project Participant to pay Monthly Power Costs under the Renewal Power Sales Contract shall continue and shall not otherwise be affected by the Renewal Southern Transmission System Agreement or this Agreement.

Section 4. The Renewal Transmission Project Participant hereby agrees that it will not consent to any amendment to its Renewal Power Sales Contract without the prior written consent of SCPPA.

Section 5. SCPPA and the Renewal Transmission Project Participant recognize that the Renewal Transmission Project Participant in accordance with its Renewal Power Sales Contract has entered into or may enter into agreements with other entities pursuant to which such entities shall have rights, including the right to use the Renewal Transmission Project Participant's Renewal Transmission Service Share (as defined in the Renewal Transmission Service Contract) which may be in excess of the needs of the Renewal Transmission Project Participant which exist from time to time. The assignment hereunder of the Renewal Transmission Project Participant's rights and interests shall not affect the rights of any such entity or entities as aforesaid. 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 the Renewal Transmission Project Participant's Renewal Transmission Service Share (as defined in the Renewal Transmission Service Contract). SCPPA shall, on behalf of the Renewal Transmission Project Participant, provide portions of the Renewal Transmission Project Participant's Renewal Transmission Service Share to the entities on such terms as shall be agreed upon by the Renewal Transmission Project Participant consistent with the rights of such entities; provided, however, that no such arrangement shall release the Renewal Transmission Project Participant from any obligation hereunder or under its Renewal Transmission Service Contract, and provided further, that no such arrangement shall affect or alter the rights of the other Renewal Transmission Service Purchasers (City of Burbank and City of Glendale).

Section 6. This Agreement shall become binding upon execution and delivery hereof by the parties hereto. The assignment in Section 1 hereof shall be effective on the Transition Date.

Section 7. This Agreement shall terminate concurrently with the termination of the Renewal Transmission Service Contract between SCPPA and the Renewal Transmission Project Participant. Upon such termination, the rights and interests of SCPPA derived hereunder shall cease and terminate and such rights and interests shall revert to the Renewal Transmission Project Participant.

Section 8. In case any one or more of the provisions of this Agreement 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 Agreement 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 Agreement.

Section 9. This Agreement 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.

Section 10. This Agreement may be executed in counterparts. Each of the parties hereto agrees that the transaction consisting of this Agreement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Agreement using an electronic signature, it is signing, adopting, and accepting this Agreement and that signing this Agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Agreement in a usable format.

[SIGNATURES ON NEXT PAGE.]

Renewal Agreement for the Acquisition of Capacity Signature page:

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf by its duly authorized officer.

SOUTHERN CALIFORNIA PUBLIC  
POWER AUTHORITY

Attest: \_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
President

DEPARTMENT OF WATER AND POWER  
OF THE CITY OF LOS ANGELES BY  
BOARD OF WATER AND POWER  
COMMISSIONERS

By: \_\_\_\_\_  
MARTIN L. ADAMS  
General Manager and Chief Engineer

Date: \_\_\_\_\_

And: \_\_\_\_\_  
CHANTE L. MITCHELL  
Board Secretary

APPROVED AS TO FORM:

By: \_\_\_\_\_  
General Counsel  
Southern California Public Power Authority

APPROVED AS TO FORM AND LEGALITY  
MICHAEL N FEUER CITY ATTORNEY

By:  \_\_\_\_\_  
JUN 22 2022  
VAUGHN MINASSIAN  
DEPUTY CITY ATTORNEY

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RENEWAL TRANSMISSION SERVICE CONTRACT

between

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

and

DEPARTMENT OF WATER AND POWER OF THE CITY OF LOS ANGELES,

\_\_\_\_\_

Dated as of \_\_\_\_\_ 1, 2021

relating to the

SOUTHERN TRANSMISSION SYSTEM

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**APPENDIX A** – Renewal Transmission Service Purchasers and Renewal Transmission Service Shares

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## **RENEWAL TRANSMISSION SERVICE CONTRACT**

1. **PARTIES:** The parties to this **RENEWAL TRANSMISSION SERVICE CONTRACT**, dated as of \_\_\_\_\_ 1, 2021 (this "Contract"), are the **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY ("SCPPA")** and 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 ("Los Angeles").
2. **RECITALS:** This Contract is made with reference to the following facts (capitalized terms not previously defined shall have the meanings ascribed to them in Section 3 hereof):
  - 2.1 Los Angeles has certain rights and interests in the Existing Southern Transmission System.
  - 2.2 The Existing Southern Transmission System is integrated with an electric generation facility known as the Intermountain Power Project, all of which is owned by IPA.
  - 2.3 SCPPA and IPA have heretofore entered into the Original Southern Transmission System Agreement, pursuant to which SCPPA has made payments-in-aid of construction on behalf of the Original Transmission Service Purchasers to assist with financing the acquisition and construction of the Existing Southern Transmission System.
  - 2.4 IPA has heretofore entered into Original Power Sales Contracts with each of the Original Transmission Service Purchasers, pursuant to which each Original Transmission Service Purchaser is entitled to schedule, without regard to source or origin and in accordance with the terms of its Original Power Sales Contract, the use of a portion of the operating capabilities of the Existing Southern Transmission System.
  - 2.5 As permitted by the Original Power Sales Contracts, the Original Transmission Service Purchasers have heretofore entered into the Original Agreements for the Acquisition of Capacity, pursuant to which each Original Transmission Service Purchaser assigned its capacity right in the Existing Southern Transmission System to SCPPA.
  - 2.6 Concurrently with the execution and delivery of the Original Agreements for the Acquisition of Capacity, the Original Transmission Service Purchasers have heretofore entered into the Original Transmission Service Contracts with SCPPA pursuant to which SCPPA provides transmission service to each Original Transmission Service Purchaser utilizing the Existing Southern Transmission System and such Original Transmission Service Purchaser makes monthly payments to SCPPA for such transmission service.
  - 2.7 SCPPA has heretofore issued bonds, notes and other debt obligations to finance and refinance the payments-in-aid of construction required under the Original

Southern Transmission System Agreement, payable from revenues received under the Original Transmission Service Contracts.

- 2.8 The Original Power Sales Contracts were last amended by the Second Amendatory Power Sales Contracts which provide for the construction and installation of natural gas-fired combined cycle power blocks and related equipment and facilities as an improvement of the Intermountain Power Project to replace the existing coal-fired generating units of the Intermountain Power Project, and the Original Power Sales Contracts, as amended to the date hereof, contemplate significant improvements to the Existing Southern Transmission System.
- 2.9 Each of the Original Power Sales Contracts, as amended by the Second Amendatory Power Sales Contract, provides for IPA to make the Renewal Offer to the Original Transmission Service Purchasers which is to include offers to renew, and under certain circumstances may include offers to increase, the entitlements of Original Transmission Service Purchasers to the gas-fired generation capacity of the improved Intermountain Power Project and the related transmission capacity of the Southern Transmission System (as defined herein) for a term subsequent to the Transition Date, all upon the terms set forth or described in such amended Original Power Sales Contracts.
- 2.10 IPA made the initial Renewal Offer to the Original Transmission Service Purchasers, and three of the Original Transmission Service Purchasers (referred to herein as the Renewal Transmission Service Purchasers), including Los Angeles, ultimately have accepted the terms set forth in the Renewal Offer with respect to the Generation Entitlement Share, the Generation Cost Share and the Transmission Cost Share, as applicable, as defined and set forth in each Renewal Power Sales Contract.
- 2.11 The term of each of the Original Power Sales Contracts is to end on the Transition Date, and upon such termination each of the Renewal Power Sales Contracts will govern the rights and interests in the Southern Transmission System.
- 2.12 SCPPA and IPA, together with Los Angeles and the other Renewal Transmission Service Purchasers, have discussed the desirability of SCPPA financing the costs of construction of and improvements associated with the STS Renewal Project (as defined herein) for the continued reliable operation of the Southern Transmission System.
- 2.13 SCPPA and IPA have concurrently herewith executed and delivered the Second Amendment to Original Southern Transmission System Agreement in order to assist with financing the costs of construction of the STS Renewal Project.
- 2.14 Concurrently herewith, SCPPA and IPA are entering into the Renewal Southern Transmission System Agreement pursuant to which SCPPA, on behalf of the Renewal Transmission Service Purchasers, may make payments-in-aid of

construction of the for Southern Transmission Capital Improvements (including but not limited to those relating to the STS Renewal Project to the extent that the STS Renewal Project becomes a Southern Transmission Capital Improvement thereunder) to IPA.

- 2.15 Each Renewal Transmission Service Purchaser has assigned its right to capacity in the Southern Transmission System to SCPPA in accordance with the terms of the Renewal Agreements for the Acquisition of Capacity, thereby providing SCPPA with the SCPPA Capacity.
- 2.16 The Renewal Transmission Service Purchasers listed in Appendix A 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 A hereto as their Renewal Transmission Service Shares.
- 2.17 Los Angeles 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 Los Angeles and to the other entities contracting with SCPPA therefor pursuant to the Renewal Transmission Service Contracts.
- 2.18 SCPPA intends to issue Bonds and issue or incur other debt obligations under the Act sufficient to finance or refinance the costs of acquiring SCPPA Capacity. In order to enable SCPPA to issue such Bonds and issue or incur such other debt obligations it is necessary for SCPPA to have binding contracts with Renewal 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 other debt obligations and the interest thereon, subject to the application thereof to such purposes and on such terms as provided in the Renewal Indenture of Trust.
- 2.19 The parties acknowledge that the date of initial issuance of such Bonds to finance the costs of acquiring SCPPA Capacity (the "SCPPA First Bonding Date") will precede the Transition Date, and that (i) payments-in-aid of construction to fund the STS Renewal Project will be governed by the Original Southern Transmission System Agreement prior to the Transition Date, and payments-in-aid of construction to fund Capital Improvement Acquisition and Construction Costs (including but not limited to those relating to the STS Renewal Project) will be governed by Section 3 of the Renewal Southern Transmission System Agreement commencing upon, and not prior to, the Transition Date and (ii) debt service on Bonds and other debt obligations issued or incurred by SCPPA to finance Capital Improvement Acquisition and Construction Costs (including but not limited to those relating to the STS Renewal Project) due before the Transition Date will be payable from amounts paid to SCPPA by IPA under Section 3.8 of the Original Southern Transmission System Agreement, and such debt service due on and after

the Transition Date will be payable from revenues generated by the Renewal Transmission Service Contracts.

- 2.20 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 Los Angeles under this Contract, it is agreed by and between the parties hereto as follows:

### 3. DEFINITIONS:

- 3.1 **Act:** The Joint Exercise of Powers Act of the State of California, being California Government Code §§ 6500-6599.3, inclusive, as amended and supplemented.
- 3.2 **Annual Budget:** The budget adopted by the Board of Directors pursuant to Section 4.3 hereof not less than thirty (30) nor more than forty-five (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.
- 3.3 **Available Transmission Capability:** At any point in time, the operating capability of the Southern Transmission System as determined in accordance with the Renewal Power Sales Contracts.
- 3.4 **Billing Statement:** The written statement prepared (or caused to be prepared) each Month by SCPPA pursuant to Section 5.3 which shall be based upon the Annual Budget and which shall show for such Month the amount to be paid to the Trustee by Los Angeles in accordance with the provisions of Sections 6 and 8 hereof.
- 3.5 **Board of Directors:** The Board of Directors of SCPPA, as constituted from time to time. **Bond Counsel:** An attorney or firm of attorneys of recognized national standing in the field of law relating to municipal bonds selected by SCPPA.
- 3.7 **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 Renewal Power Sales Contracts.
- 3.8 **Bonds:** The bonds and other debt obligations issued or incurred from time to time by SCPPA and outstanding pursuant to the provisions of the Renewal Indenture of Trust to finance or refinance the Cost of Acquisition of Capacity. Bonds shall include refunding Bonds issued pursuant to the provisions of Section 9.5 hereof.

3.9 **Capital Improvement Acquisition and Construction Cost:** Capital Improvement Acquisition and Construction Cost as defined in the Renewal Southern Transmission System Agreement.

3.10 **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 Renewal Southern Transmission System Agreement which are applied or are to be applied thereunder to the payment of the Capital Improvement Acquisition and Construction Cost, 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: Capital Improvement Acquisition and Construction Costs, and any other amounts paid or to be paid to IPA, or to be reimbursed to IPA, pursuant to the Renewal Southern Transmission System Agreement;

3.10.1 SCPPA Expenses;

3.10.2 Financial and legal costs and expenses and such amounts of reserves as are required by the Renewal Indenture of Trust;

3.10.3 Subject to the requirements of the Act, interest accruing in whole or in part on Bonds prior to and during construction of the STS Renewal 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 Renewal Indenture of Trust;

3.10.4 Amounts, if any, required by the Renewal 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 Renewal Indenture of Trust;

3.10.5 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 Bond or other debt obligation issued or incurred pursuant to the Renewal Indenture of Trust;

3.10.6 To the extent not included in Capital Improvement Acquisition and Construction Costs, all costs of insurance applicable to the period of construction of the STS Renewal Project;

3.10.7 To the extent not included in Capital Improvement Acquisition and Construction Costs, all costs relating to injury and damage claims arising out of the construction of the STS Renewal Project, less proceeds of insurance; and



- 3.10.8 All other costs properly allocable to the acquisition and financing or refinancing of SCPPA Capacity.
- 3.11 **Date of Renewal Operation:** With respect to the Southern Transmission System, the Transition Date.
- 3.12 **Debt Service:** With respect to any period, the aggregate of the amounts required by the Renewal Indenture of Trust to be paid during said period into any fund or account created by the Renewal 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.
- 3.13 **Default Invoice:** An invoice issued, concurrently with its Billing Statement, to a Defaulting Renewal Transmission Service Purchaser that identifies the total defaulted amount owed, including late payment interest and amounts not paid under its Step-Up Invoices, if any.
- 3.14 **Defaulting Renewal Transmission Service Purchaser:** A Renewal Transmission Service Purchaser that causes a Payment Default and that has not remedied such Payment Default within five days of the Payment Default.
- 3.15 **Existing Southern Transmission System:** The Southern Transmission System as described in the Original Southern Transmission System Agreement, as amended prior to, and not including, the Second Amendment to Original Southern Transmission System Agreement.
- 3.16 **Federal Tax Exemption:** The exemption from Federal income taxation of interest paid or to be paid on the Bonds or other debt obligations that purport to bear such tax-exempt interest issued by SCPPA to acquire SCPPA Capacity.
- 3.17 **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.
- 3.18 **Fiscal Year:** The twelve-month period commencing on July 1 of each year and ending on the following June 30.
- 3.19 **Generation Station:** The generation station described in Appendix C to the Renewal Power Sales Contracts.
- 3.20 **IPA:** The Intermountain Power Agency, a political subdivision of the State of Utah.

- 3.21 **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.
- 3.22 **Month:** A calendar month.
- 3.23 **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 other debt obligations, 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 3.23 that are attributable to SCPPA Capacity and are accrued or paid during each Month of each Transmission Service Year; provided, however, that such costs shall not include any amounts that are included or to be included in a Step-Up Invoice as provided in Section 11.3 hereof. In the event any Transmission Service Year shall embrace fewer than 12 Months, the fraction expressed in the following Sections 3.23.3, 3.23.4 and 3.23.5 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 3.23.3, 3.23.4 and 3.23.5 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:
- 3.23.1 The Monthly Power Costs (as defined in the Renewal Power Sales Contracts) allocable to the Southern Transmission System.
- 3.23.2 The amount which is required under the Renewal Indenture of Trust to be paid or deposited during such Month into any funds or accounts established by the Renewal Indenture of Trust for Debt Service and for any reserve requirements or other requirements for Bonds or other debt obligations issued or incurred under the Renewal Indenture of Trust; provided, however, such amounts shall not include any amounts included or to be included in a Step-Up Invoice as provided in Section 11.3 hereof.
- 3.23.3 One-twelfth of the amount (not otherwise included under any item in this Section 3.23) which is required under the Renewal Indenture of Trust to be paid or deposited during such Transmission Service Year into any funds or accounts established by the Renewal Indenture of Trust; and shall include, without limitation, amounts required to make up a deficiency in any such fund or account whether or not resulting from a default in payments by any Renewal Transmission Service Purchaser; provided, however, such

amounts shall not include any amounts included or to be included in a Step-Up Invoice as provided in Section 11.3 hereof.

- 3.23.4 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 3.23.1 hereof.
- 3.23.5 One-twelfth of the amount necessary during such Transmission Service Year to pay or provide reserves for all taxes required to be paid by SCPPA with respect to SCPPA Capacity to the extent not included in Section 3.23.1 hereof.
- 3.24 **Original Agreements for the Acquisition of Capacity:** The several Agreements for the Acquisition of Capacity, each dated as of May 1, 1983, between SCPPA and the Original Transmission Service Purchasers, as heretofore amended or supplemented and as hereafter from time to time amended and supplemented in accordance with their terms.
- 3.25 **Original Power Sales Contracts:** The several Power Sales Contracts entered into between IPA and certain municipal utilities and electric cooperatives, including the Power Sales Contracts, each dated August 6, 1980, between IPA and the Original 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.
- 3.26 **Original Southern Transmission System Agreement:** The Southern Transmission System Agreement, dated as of May 1, 1983, between IPA and SCPPA, as heretofore amended or supplemented, including as amended by the Second Amendment to Original Southern Transmission System Agreement and as hereafter from time to time amended and supplemented in accordance with its terms.
- 3.27 **Original Transmission Service Contracts:** The several Transmission Service Contracts, each dated as of May 1, 1983, between SCPPA and the Original Transmission Service Purchasers, as heretofore amended or supplemented and as hereafter from time to time amended and supplemented in accordance with their terms.
- 3.28 **Original Transmission Service Purchasers:** The Department of Water and Power of The City of Los Angeles and the California cities of Anaheim, Burbank, Glendale, Pasadena and Riverside, and any successors thereto under the Original Transmission Service Contracts.
- 3.29 **Payment Default:** A failure by a Renewal Transmission Service Purchaser to pay when due all of its Billing Statement (and Step-Up Invoice, if applicable) for any Month.

- 3.30 **Project Manager:** The Project Manager as defined in the Renewal Power Sales Contracts.
- 3.31 **Renewal Agency Agreement:** The Renewal Agency Agreement, dated as of \_\_\_\_\_, 2021, between SCPPA and Los Angeles, as Renewal Agent thereunder, as hereafter from time to time amended and supplemented in accordance with its terms.
- 3.32 **Renewal Agreements for the Acquisition of Capacity:** The several Renewal Agreements for the Acquisition of Capacity between SCPPA and the Renewal Transmission Service Purchasers, as the same may be amended and supplemented from time to time in accordance with their terms.
- 3.33 **Renewal Contract Coordinating Committee:** The Renewal Contract Coordinating Committee established under the Renewal Power Sales Contracts.
- 3.34 **Renewal Indenture of Trust:** The Indenture of Trust dated as of \_\_\_\_\_ 1, 2021 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 Renewal Transmission Service Contracts.
- 3.35 **Renewal Offer:** Renewal Offer shall have the meaning ascribed thereto in the Second Amendatory Power Sales Contracts.
- 3.36 **Renewal Power Sales Contracts:** The several Renewal Power Sales Contracts entered into between IPA and certain municipal utilities and electrical cooperatives, including the Renewal Transmission Service Purchasers, as hereafter from time to time amended and supplemented in accordance with their terms and the terms of the Bond Resolution.
- 3.37 **Renewal Southern Transmission System Agreement:** The Renewal Southern Transmission System Agreement, dated as of \_\_\_\_\_, 2021, between IPA and SCPPA, as the same may be hereafter amended or supplemented.
- 3.38 **Renewal Transmission Project Agreements:** The Renewal Indenture of Trust, the Renewal Transmission Service Contracts, the Renewal Agreements for the Acquisition of Capacity, the Renewal Southern Transmission System Agreement, the Original Southern Transmission System Agreement, the Renewal Power Sales Contracts, the Bond Resolution and any other contract designated a Renewal Transmission Project Agreement by the Board of Directors.
- 3.39 **Renewal Transmission Service Contracts:** This Contract or any contract relating to the Southern Transmission System 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 Renewal Transmission Service Purchaser.

- 3.40 **Renewal Transmission Service Purchasers:** Those entities (excluding SCPPA) executing Renewal Transmission Service Contracts, together in each case with their respective successors or assigns, listed in Appendix A hereto.
- 3.41 **Renewal Transmission Service Share:** The percentage of the total transmission service utilizing SCPPA Capacity to which a particular Renewal Transmission Service Purchaser is entitled in accordance with the terms of its Renewal Transmission Service Contract. The Renewal Transmission Service Shares for the Renewal Transmission Service Purchasers are listed in Appendix A hereto, as the same may be changed from time to time in accordance with the Renewal Transmission Service Contracts.
- 3.42 **Retirement Election:** A Retirement Election as defined in the Renewal Power Sales Contracts.
- 3.43 **SCPPA Capacity:** The right of SCPPA to capacity in the Southern Transmission System, pursuant to the Renewal Agreements for the Acquisition of Capacity.
- 3.44 **SCPPA Construction Fund:** The Construction Fund established in the Renewal Indenture of Trust.
- 3.45 **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 Renewal Transmission Project Agreements. These costs, expenses and fees shall include but not be limited to the following:
- 3.45.1 All costs and expenses incurred by SCPPA pursuant to Section 17.2 of the Renewal Transmission Service Contracts.
- 3.45.2 All costs and expenses (including those of SCPPA's legal counsel) payable in accordance with Section 9.4 of the Renewal Transmission Service Contracts.
- 3.45.3 All costs and expenses incurred by Los Angeles pursuant to Section 4.13 of the Renewal Transmission Service Contracts.
- 3.45.4 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.
- 3.46 **Second Amendatory Power Sales Contracts:** The Second Amendatory Power Sales Contracts, each dated as of December 8, 2015, between IPA and each of the parties to the Original Power Sales Contracts, amending the Original Power Sales Contracts.

- 3.47 **Second Amendment to Original Southern Transmission System Agreement:** The Second Amendment to Southern Transmission System Agreement, dated as of \_\_\_\_\_, 2021, between IPA and SCPPA, amending the Original Southern Transmission System Agreement.
- 3.48 **Southern Transmission System:** The Southern Transmission System as defined in the Renewal Power Sales Contracts.
- 3.49 **Step-Up Invoice:** An invoice sent to a Renewal Transmission Service Purchaser as a result of one or more Payment Defaults, which invoice shall separately identify any amount owed with respect to the monthly Billing Statement of one or more Defaulting Renewal Transmission Service Purchasers as determined in accordance with Section 11.3.
- 3.50 **STS Renewal Project:** The STS Renewal Project as defined in the Second Amendment to Original Southern Transmission System Agreement.
- 3.51 **Term:** The Term as defined in Section 16.1 of this Agreement.
- 3.52 **Transition Date:** The Transition Date as defined in the Renewal Power Sales Contracts.
- 3.53 **Transmission Service Year:** The Fiscal Year, except that the first Transmission Service Year shall begin on the Date of Renewal Operation and that the last Transmission Service Year shall end on the last date of the Term.
- 3.54 **Trustee:** The Trustee, from time to time, under the Renewal Indenture of Trust.
- 3.55 **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, epidemic, 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 STS Renewal 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 or other debt obligations under the Renewal Indenture of Trust.

#### **4. OBLIGATIONS OF SCPPA AND LOS ANGELES:**

- 4.1 **Obligation to Provide Renewal Transmission Service.** Commencing on the Date of Renewal Operation and for every Transmission Service Year throughout the Term, SCPPA shall provide or cause to be provided and Los Angeles shall obtain Los Angeles' Renewal Transmission Service Share utilizing SCPPA Capacity pursuant to the terms of this Contract.

- 4.2 **Renewal Southern Transmission System Agreement.** SCPPA shall have executed and delivered the Renewal Southern Transmission System Agreement and the Second Amendment to Original Southern Transmission System Agreement.
- 4.3 **Adoption of Annual Budget.** In each case reflecting the most recent available budgeting and other information provided to SCPPA under the Renewal Southern Transmission System Agreement or otherwise, SCPPA will prepare or cause to be prepared, and submit to Los Angeles and the other Renewal 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. Los Angeles and the other Renewal 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 Los Angeles, the Trustee and the other Renewal 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 any other items required by the Renewal Indenture of Trust. As required from time to time during any Transmission Service Year after 30 days' notice to Los Angeles and all other Renewal 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. The Annual Budget shall establish the basis for the billing of Monthly Transmission Costs.
- 4.4 **Reports.** Subject to the Renewal Southern Transmission System Agreement and the Renewal Power Sales Contracts, SCPPA will prepare or cause to be prepared and issue to Los Angeles and the other Renewal Transmission Service Purchasers the following reports each calendar quarter of the Transmission Service Year:
- 4.4.1 Financial and operating statements relating to the Southern Transmission System.
- 4.4.2 Status of Annual Budget.
- 4.4.3 Analysis of operations relating to the Southern Transmission System.
- 4.5 **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 Los Angeles and the other Renewal Transmission Service Purchasers copies of each such annual audits. Los Angeles 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.

- 4.6 **Adjustment of Billing.** On or before 150 days after the end of each Transmission Service Year, SCPPA will submit to Los Angeles and the other Renewal 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 4.5 hereof. If, on the basis of the statement submitted as provided in this Section 4.6, the actual aggregate Monthly Transmission Costs or other amounts payable for any Transmission Service Year exceed the amount thereof which Los Angeles and the other Renewal Transmission Service Purchasers have been billed, Los Angeles shall promptly pay to the Trustee its share of such excess. If, on the basis of the statement submitted as provided in this Section 4.6, the actual aggregate Monthly Transmission Costs or other amounts payable for any Transmission Service Year are less than the amount therefor which Los Angeles and the other Renewal Transmission Service Purchasers have been billed, SCPPA shall credit such excess to Los Angeles' and the other Renewal Transmission Service Purchasers, as applicable, in accordance with its customary procedures. In the event that the failure of Los Angeles to make its payments in accordance with this Contract shall have resulted in the application of amounts in any fund under the Renewal Indenture of Trust to the payment of costs payable from such fund and the other Renewal 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 Los Angeles 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 Renewal Transmission Service Purchasers in the next Month or Months as shall be appropriate.
- 4.7 **Disputed Billing Statement.** In case any portion of any Billing Statement received by Los Angeles from SCPPA shall be in bona fide dispute, Los Angeles 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 Los Angeles 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 Los Angeles 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 Los Angeles with regard to the position of SCPPA relative



thereto within 30 days following written notification by Los Angeles of such dispute.

- 4.8 **Source of Payments.** The obligations of Los Angeles to make the payments under this Contract shall constitute a cost of transmission service and an operating expense of the electric utility system of Los Angeles payable solely from its electric revenue funds. Los Angeles shall not be required to make any such payment from tax revenues or its general or other funds (except the aforesaid electric revenue funds). Los Angeles will annually in each and every fiscal year of Los Angeles 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.
- 4.9 **Renewal Transmission Service Purchaser to Supply Information.** Los Angeles agrees to supply SCPPA in a timely manner 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 Renewal Transmission Project Agreements, including but not limited to information required under any continuing disclosure undertaking of SCPPA pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, and information reasonably available to allow SCPPA to respond to requests for such information from any Federal, state or local regulatory or other authority.
- 4.10 **Rate Covenant.** Los Angeles 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 Los Angeles 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.
- 4.11 **Audits.** SCPPA shall promptly furnish each Renewal Transmission Service Purchaser copies of audits and other records and information relating to SCPPA Capacity which are provided to SCPPA pursuant to the Renewal Southern Transmission System Agreement.
- 4.12 **Compliance with Renewal 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 Renewal 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.
- 4.13 **Performance by Los Angeles, as Renewal Agent, of Certain Obligations.** Los Angeles 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 pursuant to the Renewal Agency Agreement.

**5. CHARGES AND BILLINGS:**

- 5.1 **Computation of Monthly Payments.** The amount of the Monthly Transmission Costs to be paid by Los Angeles for any Month shall be the Los Angeles Renewal Transmission Service Share times the Monthly Transmission Costs for such Month.
- 5.2 **Basis and Billing of Monthly Transmission Costs.** For billing purposes, the amount of Monthly Transmission Costs to be paid by Los Angeles each Month pursuant to Section 5.1 hereof shall be billed for the current Month and shall be based on the then current Annual Budget.
- 5.3 **Time of Billings and Payment Thereof; Billing Statement.** By the tenth calendar day of each Month during each Transmission Service Year, SCPPA shall bill Los Angeles for the amount of the Monthly Transmission Costs to be paid by Los Angeles for the then current Month by providing Los Angeles 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 3.23 hereof. Each such Billing Statement shall be paid by Los Angeles on or before ten days after receipt by Los Angeles of such Billing Statement.
- 5.4 **Interest on Unpaid Bills.** If Los Angeles fails to pay any Billing Statement or Step-Up Invoice when due, such failure shall constitute a Payment Default and interest shall accrue on the unpaid amount of the Billing Statement or Step-Up Invoice at the rate of one and one-half percent per Month. SCPPA shall provide by the fifth day of the month following such Payment Default a separate Default Invoice to Los Angeles that identifies the total defaulted amount owed, including late payment interest. Moneys received by or on behalf of SCPPA from the payment of Default Invoices shall be applied in accordance with Section 11.3.5 hereof.

**6. COMMENCEMENT OF PAYMENT OBLIGATION; OBLIGATION UNCONDITIONAL:** Beginning with the Transition Date, Los Angeles shall pay directly to the Trustee the amounts of Monthly Transmission Costs set forth in the Billing Statements submitted by SCPPA to Los Angeles in accordance with the provisions of Section 5 hereof, together with the amounts set forth in any Step-Up Invoice or Default Invoice submitted by SCPPA to Los Angeles, whether or not the STS Renewal Project or any part thereof has been completed, whether or not the Southern Transmission System 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.

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

- 7.1 **Scheduling of Entitlements.** All transmission service utilizing SCPPA Capacity shall be scheduled in accordance with the practices and procedures established pursuant to the Renewal Transmission Project Agreements. At all times after the Date of Renewal Operation Los Angeles shall be entitled to schedule transmission service utilizing SCPPA Capacity up to the amount obtained by multiplying its Renewal Transmission Service Share by the Available Transmission Capability.
- 7.2 **Operation Subject to Certain Matters.** Operation of the Southern Transmission System shall be subject to scheduled outages or curtailments, restrictions imposed by any regulatory authority and Uncontrollable Forces.
- 7.3 **Transmission To and From Terminal Points.** It is the obligation of Los Angeles, at its own expense, to secure access to the main AC bus adjacent to each converter terminal of the Southern Transmission System, which are the terminal points for the Southern Transmission System. 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 Renewal Transmission Service Purchaser.

8. **PLEDGE OF PAYMENTS:** All payments required to be made by Los Angeles in accordance with or pursuant to any provision of this Contract are hereby pledged by SCPPA to secure the payment of the Bonds and the interest thereon, and the principal and interest with respect to any other debt obligations issued or incurred pursuant to the Renewal Indenture of Trust, and any other payment obligations or expenses incurred pursuant to the Renewal Indenture of Trust, subject to the application thereof to such purposes and on such terms as provided in the Renewal Indenture of Trust. SCPPA hereby assigns the payments mentioned in Section 6 of this Contract to the Trustee and directs Los Angeles to pay such amounts directly to the Trustee.

9. **ISSUANCE OF BONDS:**

- 9.1 **Bonds for Cost of Acquisition of Capacity .** Bonds will be issued by SCPPA in accordance with this Contract and the provisions of the Renewal Indenture of Trust for the purpose of financing the Cost of Acquisition of Capacity, including without limitation any Costs of Acquisition of Capacity associated with any portion of the STS Renewal Project.
- 9.2 **Reserved.**
- 9.3 **Obligation of SCPPA to Issue Bonds.** As determined by the Board of Directors from time to time, SCPPA hereby agrees that it will, subject to the provisions hereof and of the Renewal Indenture of Trust, issue Bonds and issue or incur other debt obligations in accordance with the Renewal 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 Southern Transmission Capital Improvements.

9.4 **Rights to Enforce SCPPA Obligations; Expenses of Defense.** Each Renewal Transmission Service Purchaser shall be entitled as of right to the enforcement of the obligations of SCPPA set forth in Section 9.3 of the Renewal Transmission Service Contracts by mandamus or other suit, action or proceeding, including, without limitation, specific performance, at law or in equity to compel SCPPA, its Board of Directors or other appropriate officer to perform such obligations. All costs and expenses of SCPPA incurred in defending any action brought pursuant to this Section 9.4 shall be part of SCPPA Expenses.

9.5 **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, SCPPA shall issue and sell refunding Bonds.

9.6 **Renewal Transmission Service Purchaser to Furnish Information.** Los Angeles agrees to supply SCPPA, upon request, with such additional information and documentation, including but not limited to opinions of counsel for Los Angeles and such information, from time to time, as may be necessary for SCPPA to comply with its obligations under any continuing disclosure resolution, agreement or certificate adopted or executed and delivered pursuant to SEC Rule 15c2-12, as SCPPA, its municipal advisor or Bond Counsel shall reasonably determine to be necessary to facilitate the issuance of Bonds, additional Bonds, refunding Bonds or other debt obligations for the purposes described in this Section 9.

10. **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 Renewal 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.

11. **DEFAULT:**

11.1 **Remedies.** If Los Angeles 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 Los Angeles, discontinue transmission service to Los Angeles under this Contract during the period of such default, without reduction of the obligation of Los Angeles to make payments under this Contract except to the extent provided in Section 11.2 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 Los Angeles, or (iii) take

any action permitted by law to enforce its rights under this Contract or recover damages for breach thereof.

**11.2 Transfer of Rights of Defaulting Renewal Transmission Service Purchasers.**

In the event of a default by a Renewal Transmission Service Purchaser and the discontinuance, pursuant to Section 11.1 hereof, of transmission service, SCPPA shall transfer on a pro rata basis to all requesting Renewal Transmission Service Purchasers which are not in default and pursuant to procedures established by the Board of Directors, the defaulting Renewal Transmission Service Purchaser's rights to transmission service which shall have been discontinued by reason of such default, and such requesting Renewal Transmission Service Purchasers shall assume the defaulting Renewal Transmission Service Purchaser's obligations with respect to such rights so transferred, and if any of the defaulting Renewal 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 Renewal 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 Renewal Transmission Service Purchaser to make payments under its Renewal 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 Renewal Transmission Service Purchaser's rights with respect to transmission service which are so transferred or disposed.

**11.3 Step-Up Invoices.**

11.3.1 In the event of a Payment Default by one or more Renewal Transmission Service Purchasers, SCPPA shall provide by the fifth day of the month following such Payment Default(s) a separate Step-Up Invoice to each non-defaulting Renewal Transmission Service Purchaser that specifies such party's pro rata share, based upon the Renewal Transmission Service Shares of all non-defaulting Renewal Transmission Service Purchasers, of the amount of the Payment Default(s) set forth in the Billing Statement(s) for the defaulting Renewal Transmission Service Purchaser(s). Notwithstanding the previous sentence, the amount of a Step-Up Invoice provided to a non-defaulting Renewal Transmission Service Purchaser shall not exceed 15% of the amount that such non-defaulting Renewal Transmission Service Purchaser was billed in its Billing Statement (excluding amounts billed under any prior Step-Up Invoice) for the Month preceding such monthly Step-Up Invoice; provided, however, that upon payment in full of all Bonds and termination of this Contract, a non-defaulting Renewal Transmission Service Purchaser shall not be obligated or otherwise liable for any amounts owed by any other Renewal Transmission Service Purchaser.

11.3.2 Step-Up Invoices shall be due and payable within 20 days of the receipt thereof, and payments to SCPPA with respect to Step-Up Invoices shall be separate from any other payments due under each Renewal Transmission Service Purchaser's Renewal Transmission Service Contract, including but not limited to monthly Billing Statement payments.

11.3.3 Moneys received by or on behalf of SCPPA from the payment of Step-Up Invoices relating to a Payment Default of a Renewal Transmission Service Purchaser shall be applied in the following manner:

(A) Moneys received from Renewal Transmission Service Purchasers in respect of the Monthly Power Costs (described in Section 3.23.1 hereof) and the operating costs of transmission service utilizing SCPPA Capacity (described in Sections 3.23.4 and 3.23.5 hereof), as set forth in the Step-Up Invoice, shall be forwarded to the Trustee for deposit into the revenue fund under the Renewal Indenture of Trust.

(B) Moneys received from Renewal Transmission Service Purchasers in respect of Renewal Indenture of Trust costs (described in Sections 3.23.2 and 3.23.3 hereof), as set forth in the Step-Up Invoices shall be forwarded to the Trustee for deposit directly into the debt service fund under the Renewal Indenture of Trust.

11.3.4 In the event a Renewal Transmission Service Purchaser pays less than the total amount of its Step-Up Invoice, such Renewal Transmission Service Purchaser shall be a Defaulting Renewal Transmission Service Purchaser and its partial payment shall be applied in the following order: (i) first to the payment of Monthly Power Costs (described in Section 3.23.1 hereof) and transmission service operating costs (described in Sections 3.23.4 and 3.23.5 hereof), on a pro rata basis in the event of any deficiency, and (ii) thereafter to the payment of Renewal Indenture of Trust costs (described in Sections 3.23.2 and 3.23.3 hereof).

11.3.5 Moneys received by or on behalf of SCPPA from the payment of Default Invoices shall be applied in the following manner:

(A) SCPPA shall credit on each non-defaulting Renewal Transmission Service Purchaser's next Billing Statement an amount equal to the aggregate amount such non-defaulting Renewal Transmission Service Purchaser paid as a result of Step-Up Invoices with respect to such Default Invoice, plus a pro rata share, based upon the Renewal Transmission Service Shares of the non-defaulting Renewal Transmission Service Purchasers, of the amount SCPPA received regarding late payment interest charges. In the event a Defaulting Renewal Transmission Service Purchaser pays less than the full amount of its Default Invoice, the credit to each non-defaulting Renewal Transmission Service Purchaser shall be adjusted proportionately. Upon the termination of this Contract, any

amounts held by the Trustee representing moneys received from the payment of Default Invoices that are released to SCPPA shall be applied by SCPPA to reimburse Renewal Transmission Service Purchasers for their payments made under any Step-Up Invoices, to the extent not credited on their Billing Statements.

- (B) SCPPA shall forward or cause to be forwarded to the Trustee for deposit into the revenue fund of the Renewal Indenture of Trust moneys received with respect to the payment of Default Invoices.

## **12. CHARACTER, CONTINUITY OF SERVICE AND INTERCONNECTIONS:**

- 12.1 **Curtailment for Contingencies or Repairs.** The delivery of transmission service to Los Angeles and the other Renewal Transmission Service Purchasers may be temporarily interrupted or curtailed as provided in the Renewal Power Sales Contracts; provided, however, that such interruption or curtailment shall not relieve Los Angeles or any other Renewal Transmission Service Purchaser of their obligations to make payments under the Renewal Transmission Service Contracts.
- 12.2 **Precluded Services.** 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 Los Angeles and the other Renewal Transmission Service Purchasers shall not thereby be relieved of their obligations to make payments under the Renewal Transmission Service Contracts.
- 12.3 **Retirement Election Restriction.** Los Angeles hereby agrees that it shall not take any action to effect a Retirement Election with respect to the Southern Transmission System so long as any of the Bonds or other debt obligations issued or incurred under the Renewal Indenture of Trust are outstanding or until adequate provision for the payment thereof have been made in accordance with the provisions of the Renewal Indenture of Trust.

## **13. SEVERAL LIABILITY; LIABILITY; EXCULPATION; INDEMNIFICATION:**

- 13.1 **Renewal Transmission Service Purchasers' Obligation Several.** Los Angeles and each of the other Renewal Transmission Service Purchasers shall be solely responsible and liable for performance under their respective Renewal Transmission Service Contracts and for the maintenance and operation of their respective properties. The obligation of Los Angeles to make payments under this Contract is a several obligation and not a joint obligation with those of the other Renewal Transmission Service Purchasers under the other Renewal Transmission Service Contracts.
- 13.2 **No Liability of SCPPA, Directors, Officers, Etc.** Los Angeles agrees that neither SCPPA nor any of its directors, officers, employees and agents shall be liable to

Los Angeles for direct or consequential loss or damage suffered by Los Angeles as a result of (i) the performance or non-performance by IPA or any of its directors, officers, employees and agents under any Renewal 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. Los Angeles 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 Renewal Transmission Project Agreement. The provisions of this Section 13.2 shall not be construed so as to relieve IPA from any obligation under any Renewal Transmission Project Agreement, nor shall it be construed so as to relieve SCPPA of any of its obligations under this Contract.

**13.3 Extent of Exculpation; Enforcement of Rights in Equity.** The exculpation provision set forth in Section 13.2 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, Los Angeles 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 Los Angeles shall at all times retain the right to recover, by appropriate legal proceedings, any amount determined to have been an overpayment by Los Angeles in accordance with Section 4.6 hereof.

**13.4 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.

#### **14. RESTRICTIONS ON DISPOSITION:**

**14.1 Restrictions on Disposition of Renewal Transmission Service Purchaser's Entire System.** Los Angeles 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 SCPPA and, in any event, shall not so sell, lease or otherwise dispose of the same unless the following conditions shall be met: (i) Los Angeles 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 Los Angeles 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 SCPPA, 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.

**14.2 Restriction on Disposition of Renewal Transmission Service Share.**

Notwithstanding anything in this Contract to the contrary, Los Angeles shall not sell, assign or otherwise dispose of any portion of its Renewal Transmission Service Share except on 90 days prior written notice to SCPPA 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 Los Angeles may (without giving such notice or obtaining such opinion) contract to provide transmission service utilizing its Renewal Transmission Service Share to (i) only an entity that is a "governmental person" within the meaning of Treasury Regulations Section 1.141-1(b), or (ii) any entity that is not such a "governmental person" if the contract to provide the transmission service satisfies rules, procedures and protocols regarding the Federal Tax Exemption adopted by SCPPA and approved by Bond Counsel. No such sale, assignment or other disposition shall release Los Angeles from its obligations under this Contract.

**14.3 Excess Renewal Transmission Service Share.**

SCPPA and Los Angeles recognize that Los Angeles in accordance with the Renewal 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 Los Angeles' Renewal Transmission Service Share that may be in excess of the needs of Los Angeles that exist from time to time. It is further recognized that such rights of said entities may, if exercised or otherwise effectuated, result in rights for such entities with respect to Los Angeles' Renewal Transmission Service Share. SCPPA shall, on behalf of Los Angeles, provide portions of Los Angeles' Renewal Transmission Service Share to such entities on such terms as shall be agreed upon by Los Angeles consistent with the rights of such entities; provided, however, that no such arrangement shall release Los Angeles from any obligation hereunder, and provided further, that no such arrangement shall affect or alter the rights of the other Renewal Transmission Service Purchasers (City of Burbank and City of Glendale).

**15. 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 14 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 or other debt obligations issued or incurred under the Renewal Indenture

of Trust are outstanding or until adequate provision for the payment thereof have been made in accordance with the provisions of the Renewal Indenture of Trust except that the payments by Los Angeles under this Contract shall be assigned by SCPPA to the Trustee as contemplated by Section 8 hereof.

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

**16.1 Effective Date of Renewal Transmission Service Contracts.** This Contract shall become effective only when (i) it has been executed and delivered on behalf of SCPPA and Los Angeles, (ii) Los Angeles shall have delivered to SCPPA an opinion of an attorney or firm of attorneys addressing the items described in Appendix B hereto, subject to customary assumptions, qualifications and exceptions, in form and substance reasonably satisfactory to Bond Counsel, (iii) Renewal Transmission Service Contracts between SCPPA and the Renewal Transmission Service Purchasers listed in Appendix A hereto providing for Renewal 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 Second Amendment to Original Southern Transmission System Agreement shall have been duly executed and delivered by the parties thereto and approved by all necessary regulatory agencies, (v) the Renewal Southern Transmission System Agreement shall have been duly executed and delivered by the parties thereto and approved by all necessary regulatory agencies and (vi) the first series of Bonds 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, 2077 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 (the "Term").

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

**17. RELATIONSHIP TO AND COMPLIANCE WITH OTHER INSTRUMENTS:**

**17.1 Acquisition Subject to Renewal 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 Renewal 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 Renewal Indenture of Trust and all such licenses, permits and regulatory approvals.

**17.2 SCPPA to Comply with Renewal Indenture of Trust, Licenses, Etc.; Expenses of Enforcement.** SCPPA covenants and agrees for the benefit of Los Angeles to comply in all respects with all terms, conditions and covenants of the Renewal Indenture of Trust and the other Renewal 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 Renewal Transmission Project Agreement or in defending any action brought against SCPPA under any Renewal Transmission Project Agreement shall be SCPPA Expenses.

18. **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.

19. **TERMINATION OR AMENDMENT:**

- 19.1 **Limitation on Amendment Effecting Bond Security.** So long as any Bonds are outstanding or until adequate provisions for the payment thereof have been made in accordance with the provisions of the Renewal 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 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.

- 19.2 **Limitation on Amendments Affecting Renewal Transmission Service Purchasers.** None of the Renewal Transmission Service Contracts may be terminated as to any one or more of the Renewal Transmission Service Purchasers or be amended as to any one or more of the Renewal Transmission Service Purchasers so as to provide terms and conditions materially different from those herein contained except, subject to the provisions of Section 19.1 hereof and consistent with the Renewal Indenture of Trust, upon written notice to and written consent or waiver by each of the other Renewal Transmission Service Purchasers and upon similar amendment being made to the Renewal Transmission Service Contract of any other Renewal Transmission Service Purchaser requesting such amendment after receipt by such Renewal Transmission Service Purchaser of notice of such amendment.

- 19.3 **Limitation on Amendments to Renewal Indenture of Trust.** SCPPA shall not, without the written consent of Los Angeles and each of the other Renewal Transmission Service Purchasers, amend, modify, supplement or otherwise change the Renewal Indenture of Trust if such amendment, modification, supplement or change would affect the rights or obligations of Los Angeles or the other Renewal Transmission Service Purchasers under this Contract or would be to the disadvantage of Los Angeles or the other Renewal Transmission Service Purchasers or would result in increased Monthly Transmission Costs to Los Angeles or the other Renewal Transmission Service Purchasers provided that this Section 19.3 shall not limit the power or authority of SCPPA to supplement the

Renewal Indenture of Trust to provide for the issuance of Bonds for any of the purposes permitted under Section 9 hereof.

20. **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.
21. **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, or sent by email with receipt confirmed, to the persons specified below:

Southern California Public Power Authority  
1160 Nicole Court  
Glendora, California 91740-5386  
Attention: Executive Director  
Telephone: (626) 793-9364  
Email: mwebster@scppa.org and projects@scppa.org

Department of Water and Power  
of The City of Los Angeles  
Director of Power External Energy Resources  
111 N. Hope Street, Room 1255  
Los Angeles, CA 90012  
Attention: Paul Schultz  
Telephone: (213) 367-2929  
Email: paul.schultz@ladwp.com

22. **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.
23. **EXECUTION IN COUNTERPARTS; ELECTRONIC SIGNATURES:** This Contract may be executed in counterparts. Each of the parties hereto agrees that the transaction consisting of this Contract may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Contract using an electronic signature, it is signing, adopting, and accepting this Contract and that signing this Contract using an electronic signature is the legal equivalent of having placed its handwritten signature on this Contract on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Contract in a usable format.

[SIGNATURES ON NEXT PAGE.]

Renewal Transmission Service Contract Signature page:

IN WITNESS WHEREOF, each of the parties hereto has duly caused this Contract to be executed on its behalf by its duly authorized officer.

SOUTHERN CALIFORNIA PUBLIC  
POWER AUTHORITY

Attest: \_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
President

DEPARTMENT OF WATER AND POWER  
OF THE CITY OF LOS ANGELES BY  
BOARD OF WATER AND POWER  
COMMISSIONERS

By: \_\_\_\_\_  
MARTIN L. ADAMS  
General Manager and Chief Engineer

Date: \_\_\_\_\_

And: \_\_\_\_\_  
CHANTE L. MITCHELL  
Board Secretary

APPROVED AS TO FORM:

By: \_\_\_\_\_  
General Counsel  
Southern California Public Power Authority

APPROVED AS TO FORM AND LEGALITY  
MICHAEL N. FEUER, CITY ATTORNEY

JUN 22 2022

By: \_\_\_\_\_  
VAUGHN MINASSIAN  
DEPUTY CITY ATTORNEY

**LEGAL OPINION**

The opinion of counsel to Los Angeles (the "Renewal Transmission Service Purchaser") shall be addressed to SCPPA and shall include legal conclusions in customary form covering the following matters:

1. The due creation and valid existence of the Renewal Transmission Service Purchaser under the laws of the State of California, as an entity duly qualified to furnish electric service within said State.

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

3. The Renewal Transmission Service Purchaser's due authorization, execution and delivery of its Renewal Transmission Service Contract and its Renewal Agreement for the Acquisition of Capacity, including that the Renewal Transmission Service Purchaser has taken all necessary action to execute and deliver the same and that such authorization remains in full force and effect.

4. The Renewal Transmission Service Contract and Renewal Agreement for the Acquisition of Capacity of the Renewal Transmission Service Purchaser constitute legal, valid and binding obligations of the Renewal Transmission Service Purchaser, enforceable against it in accordance with their respective terms.

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

6. The Renewal Transmission Service Purchaser's authorization, execution and delivery of its Renewal Transmission Service Contract and Renewal Agreement for the Acquisition of Capacity and performance of its obligations thereunder will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the Renewal Transmission Service Purchaser, any commitment, agreement or other instrument to which the Renewal 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 Renewal 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 Renewal Transmission Service Purchaser or its affairs.

7. 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 such counsel's knowledge, threatened against or affecting the Renewal Transmission Service Purchaser or any entity affiliated with the Renewal 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 Renewal Transmission Service Purchaser or the validity of the proceeding taken by the Renewal Transmission Service Purchaser in connection with the authorization, execution or delivery of its Renewal Transmission Service Contract or Renewal Agreement for the Acquisition of Capacity, or wherein any unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by such Renewal Transmission Service Contract or Renewal Agreement for the Acquisition of Capacity, or which, in any way, would adversely affect the validity or enforceability of its Renewal Transmission Service Contract or Renewal Agreement for the Acquisition of Capacity.

8. The obligation of the Renewal Transmission Service Purchaser to make payments under its Renewal Transmission Service Contract constitutes a cost of transmission service and an operating expense of the Renewal Transmission Service Purchaser payable solely from its electric revenue funds.

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RENEWAL AGENCY AGREEMENT

between the

SOUTHERN CALIFORNIA PUBLIC  
POWER AUTHORITY

and the

DEPARTMENT OF WATER AND POWER OF  
THE CITY OF LOS ANGELES,  
as Renewal Agent

\_\_\_\_\_

Dated as of \_\_\_\_\_ 1, 2021

relating to the

SOUTHERN TRANSMISSION SYSTEM

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## RENEWAL AGENCY AGREEMENT

1. **PARTIES:** The Parties to this **RENEWAL AGENCY AGREEMENT**, dated as of \_\_\_\_\_ 1, 2021 (this "**Agreement**"), are 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 (the "**Renewal Agent**"), and the **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**, a public entity established pursuant to the laws of the State of California ("**SCPPA**") (sometimes referred to individually as "**Party**" and jointly as "**Parties**").

2. **RECITALS:** This Agreement is made with reference to the following facts (capitalized terms not previously defined shall have the meanings ascribed to them in Section 3 hereof):

- 2.1 Los Angeles has certain rights and interests in the Existing Southern Transmission System.
- 2.2 The Existing Southern Transmission System is integrated with an electric generation facility known as the Intermountain Power Project, all of which is owned by IPA.
- 2.3 SCPPA and IPA have heretofore entered into the Original Southern Transmission System Agreement, pursuant to which SCPPA has made payments-in-aid of construction on behalf of the Original Transmission Service Purchasers to assist with financing the acquisition and construction of the Existing Southern Transmission System.
- 2.4 IPA has heretofore entered into Original Power Sales Contracts with each of the Original Transmission Service Purchasers, pursuant to which each Original Transmission Service Purchaser is entitled to schedule, without regard to source or origin and in accordance with the terms of its Original Power Sales Contract, the use of a portion of the operating capabilities of the Existing Southern Transmission System.
- 2.5 As permitted by the Original Power Sales Contracts, the Original Transmission Service Purchasers have heretofore entered into the Original Agreements for the Acquisition of Capacity, pursuant to which each Original Transmission Service Purchaser assigned its capacity right in the Existing Southern Transmission System to SCPPA.
- 2.6 Concurrently with the execution and delivery of the Original Agreements for the Acquisition of Capacity, the Original Transmission Service Purchasers have heretofore entered into the Original Transmission Service Contracts with SCPPA pursuant to which SCPPA provides transmission service to each Original Transmission Service Purchaser utilizing the Existing Southern Transmission System and such Original Transmission Service Purchaser makes monthly payments to SCPPA for such transmission service.

- 2.7 SCPPA has heretofore issued bonds, notes and other debt obligations to finance and refinance the payments-in-aid of construction required under the Original Southern Transmission System Agreement, payable from revenues received under the Original Transmission Service Contracts.
- 2.8 The Original Power Sales Contracts were last amended by the Second Amendatory Power Sales Contracts which provide for the construction and installation of natural gas-fired combined cycle power blocks and related equipment and facilities as an improvement of the Intermountain Power Project to replace the existing coal-fired generating units of the Intermountain Power Project, and the Original Power Sales Contracts, as amended to the date hereof, contemplate significant improvements to the Existing Southern Transmission System.
- 2.9 Each of the Original Power Sales Contracts, as amended by the Second Amendatory Power Sales Contract, provides for IPA to make the Renewal Offer to the Original Transmission Service Purchasers which is to include offers to renew, and under certain circumstances may include offers to increase, the entitlements of Original Transmission Service Purchasers to the gas-fired generation capacity of the improved Intermountain Power Project and the related transmission capacity of the Southern Transmission System (as defined herein) for a term subsequent to the Transition Date, all upon the terms set forth or described in such amended Original Power Sales Contracts.
- 2.10 IPA made the initial Renewal Offer to the Original Transmission Service Purchasers, and three of the Original Transmission Service Purchasers (referred to herein as the Renewal Transmission Service Purchasers), including Los Angeles, ultimately have accepted the terms set forth in the Renewal Offer with respect to the Generation Entitlement Share, the Generation Cost Share and the Transmission Cost Share, as applicable, as defined and set forth in each Renewal Power Sales Contract.
- 2.11 The term of each of the Original Power Sales Contracts is to end on the Transition Date, and upon such termination each of the Renewal Power Sales Contracts will govern the rights and interests in the Southern Transmission System.
- 2.12 SCPPA and IPA, together with Los Angeles and the other Renewal Transmission Service Purchasers, have discussed the desirability of SCPPA financing the costs of construction of and improvements associated with the STS Renewal Project (as defined herein) for the continued reliable operation of the Southern Transmission System.
- 2.13 SCPPA and IPA have concurrently herewith executed and delivered the Second Amendment to Original Southern Transmission System Agreement in order to assist with financing the costs of construction of the STS Renewal Project.
- 2.14 Concurrently herewith, SCPPA and IPA are entering into the Renewal Southern Transmission System Agreement pursuant to which SCPPA, on behalf of the

Renewal Transmission Service Purchasers, may make payments-in-aid of construction of the Southern Transmission Capital Improvements (as defined in the Renewal Southern Transmission System Agreement) (including but not limited to those relating to the STS Renewal Project to the extent that the STS Renewal Project becomes a Southern Transmission Capital Improvement thereunder) to IPA.

- 2.15 Each Renewal Transmission Service Purchaser has assigned its right to capacity in the Southern Transmission System to SCPPA in accordance with the terms of the Renewal Agreements for the Acquisition of Capacity, thereby providing SCPPA with the SCPPA Capacity.
- 2.16 Each Renewal Transmission Service Purchaser has contracted 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 such Renewal Transmission Service Purchasers pursuant to the Renewal Transmission Service Contracts.
- 2.17 SCPPA intends to issue or incur Bonds and debt obligations under the Act sufficient to finance or refinance the costs of acquiring SCPPA Capacity. In order to enable SCPPA to issue such Bonds and issue or incur such other debt obligations it is necessary for SCPPA to have binding contracts with Renewal Transmission Service Purchasers, and all payments required to be made in accordance with the provisions of such contracts are to be pledged by SCPPA as security for the payment of such Bonds and other debt obligations and the interest thereon, subject to the application thereof to such purposes and on such terms as provided in the Renewal Indenture of Trust.
- 2.18 Los Angeles has carried out certain activities relative to the Existing Southern Transmission System, as Agent, on behalf of SCPPA, pursuant to an Agency Agreement, dated as of May 1, 1983, between SCPPA and Los Angeles.
- 2.19 The Parties intend that certain activities as set forth herein be carried out on behalf of SCPPA by Los Angeles, as Renewal Agent, pursuant to this Agreement.
- 2.20 For and in consideration of the premises and the mutual covenants and agreements hereinafter set forth, it is agreed by and between the Parties as follows:

3. **DEFINITIONS:** In addition to the other terms defined herein, the following terms, whether in the singular or in the plural, when used herein and initially capitalized, shall have the meanings specified:

- 3.1 **Agreement:** This Renewal Agency Agreement, as the same may be supplemented or amended.
- 3.2 **Board of Directors:** The Board of Directors of SCPPA, as constituted from time to time.

- 3.3 **Bond Counsel:** An attorney or firm of attorneys of recognized national standing in the field of law relating to municipal bonds.
- 3.4 **Date of Renewal Operation:** The Date of Renewal Operation shall have the meaning ascribed thereto in the Renewal Transmission Service Contracts.
- 3.5 **Bond Resolution:** Bond Resolution shall have the meaning ascribed thereto in the Renewal Transmission Service Contracts.
- 3.6 **Existing Southern Transmission System:** The Southern Transmission System as described in the Original Transmission Service Contracts.
- 3.7 **[reserved.]**
- 3.8 **IPA:** The Intermountain Power Agency, a political subdivision of the State of Utah.
- 3.9 **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.
- 3.10 **Original Agreements for the Acquisition of Capacity:** The several Agreements for the Acquisition of Capacity, each dated as of May 1, 1983, between SCPPA and the Original Transmission Service Purchasers, as heretofore amended or supplemented and as hereafter from time to time amended and supplemented in accordance with their terms.
- 3.11 **Original Power Sales Contracts:** The several Power Sales Contracts entered into between IPA and certain municipal utilities and electric cooperatives, including the Power Sales Contracts, each dated August 6, 1980, between IPA and the Original 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.
- 3.12 **Original Southern Transmission System Agreement:** The Southern Transmission System Agreement, dated as of May 1, 1983, between IPA and SCPPA, as heretofore amended or supplemented, including as amended by the Second Amendment to Original Southern Transmission System Agreement, and as hereafter from time to time amended and supplemented in accordance with its terms.
- 3.13 **Original Transmission Service Contracts:** The several Transmission Service Contracts, each dated as of May 1, 1983, between SCPPA and the Original Transmission Service Purchasers, as heretofore amended or supplemented and as hereafter from time to time amended and supplemented in accordance with their terms.

- 3.14 **Original Transmission Service Purchasers:** The Department of Water and Power of The City of Los Angeles and the California cities of Anaheim, Burbank, Glendale, Pasadena and Riverside, and any successors thereto under the Original Transmission Service Contracts.
- 3.15 **Prudent Utility Practice:** Any of the practices, methods and acts, which in the exercise of reasonable judgment in the light of the facts (including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry prior thereto) 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, safety and expedition, taking into account the fact that 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 at the lowest reasonable cost consistent with reliability, safety and expedition. 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 Southern Transmission System, but also to appropriate structures, landscaping, painting, signs, lighting, other facilities and public relations programs reasonably designed to promote public enjoyment, understanding and acceptance of the Southern Transmission System.
- 3.16 **Renewal Agency Costs:** The costs, as set forth in Section 8 hereof, of carrying out Renewal Agency Work.
- 3.17 **Renewal Agency Work:** The term Renewal Agency Work shall mean:
- 3.17.1 All activities as are necessary (i) to prepare and recommend to SCPPA the arrangements for the utilization of the SCPPA Capacity, (ii) to facilitate the acquisition and financing of SCPPA Capacity in accordance with the Renewal Transmission Project Agreements, and (iii) to perform any other duties and obligations of SCPPA contained in the Renewal Transmission Service Contracts as shall be determined by SCPPA.
- 3.17.2 Representing SCPPA with respect to matters arising under or in connection with the Renewal Southern Transmission System Agreement, the Renewal Transmission Service Contracts or any of them, or the acquisition and financing of SCPPA Capacity.
- 3.18 **Renewal Agent:** Los Angeles, who shall be responsible, in accordance with the terms of this Agreement, for carrying out the Renewal Agency Work on behalf of SCPPA.
- 3.19 **Renewal Agreements for the Acquisition of Capacity:** The several Renewal Agreements for the Acquisition of Capacity between SCPPA and the Renewal



Transmission Project Participants, as the same may be amended and supplemented from time to time in accordance with their terms.

- 3.20 **Renewal Financing Documents:** The agreements, contracts and other instruments providing for the acquisition of SCPPA Capacity and the financing by SCPPA of costs of acquiring SCPPA Capacity. Such agreements may include one or more transmission service contracts, bond resolutions or indentures, loan agreements, letters of credit, official statements or similar documents.
- 3.21 **Renewal Indenture of Trust:** The Indenture of Trust dated as of \_\_\_\_\_ 1, 2021 entered into by SCPPA with respect to the financing of SCPPA Capacity, as from time to time amended and supplemented.
- 3.22 **Renewal Offer:** Renewal Offer shall have the meaning ascribed thereto in the Second Amendatory Power Sales Contracts.
- 3.23 **Renewal Power Sales Contracts:** The several Renewal Power Sales Contracts entered into between IPA and certain municipal utilities and electrical cooperatives, including the Renewal Transmission Service Purchasers, as hereafter from time to time amended and supplemented in accordance with their terms and the terms of the Bond Resolution.
- 3.24 **Renewal Southern Transmission System Agreement:** The Renewal Southern Transmission System Agreement between SCPPA and IPA, as the same may be hereafter amended or supplemented.
- 3.25 **Renewal Transmission Project Agreements:** The Renewal Indenture of Trust, the Renewal Transmission Service Contracts, the Renewal Agreements for the Acquisition of Capacity, the Renewal Southern Transmission System Agreement, the Original Southern Transmission System Agreement, the Renewal Power Sales Contracts, the Bond Resolution and any other contract so designated a Renewal Transmission Project Agreement by the Board of Directors.
- 3.26 **Renewal Transmission Project Participants:** Those entities (excluding SCPPA) executing Renewal Transmission Service Contracts, together in each case with their respective successors or assigns.
- 3.27 **Renewal Transmission Service Contracts:** The several Renewal Transmission Service Contracts between SCPPA and the Renewal Transmission Project Participants, as the same may be amended and supplemented from time to time in accordance with their terms.
- 3.28 **Renewal Transmission Service Purchasers:** Those entities (excluding SCPPA) executing Renewal Transmission Service Contracts, together in each case with their respective successors or assigns, listed in Appendix A thereto.
- 3.29 **SCPPA Capacity:** The right of SCPPA to capacity in the Southern Transmission System, pursuant to the Renewal Agreements for the Acquisition of Capacity.

- 3.30 **Second Amendatory Power Sales Contracts:** The Second Amendatory Power Sales Contracts, each dated as of December 8, 2015, between IPA and each of the parties to the Original Power Sales Contracts, amending the Original Power Sales Contracts.
- 3.31 **Second Amendment to Original Southern Transmission System Agreement:** The Second Amendment to Southern Transmission System Agreement, dated as of \_\_\_\_\_, 2021, between IPA and SCPPA, amending the Original Southern Transmission System Agreement.
- 3.32 **Southern Trausmission System.** The Southern Transmission System shall have the meaning ascribed thereto in the Renewal Transmission Service Contracts.
- 3.33 **STS Renewal Project.** The STS Renewal Project shall have the meaning ascribed thereto in the Renewal Transmission Service Contracts.
- 3.34 **Transition Date.** The Transition Date as defined in the Renewal Power Sales Contracts.

#### **4. APPOINTMENT OF RENEWAL AGENT; CONTRACTING PROCEDURES:**

- 4.1 **Appointment of Renewal Agent.** SCPPA hereby appoints, designates, authorizes and directs the Renewal Agent to carry out, as agent for and on behalf of SCPPA, Renewal Agency Work in accordance with the terms of this Agreement. Los Angeles hereby accepts such appointment.
- 4.2 **Contracting Procedures.** The following shall be the procedures for entering into the indicated contracts relating to Renewal Agency Work and no such contract shall be executed, amended or supplemented except in accordance with (and only in accordance with) such procedures:
  - 4.2.1 All contracts, as well as all amendments and supplements thereto, for the performance of Renewal Agency Work which exclusively relate to SCPPA Capacity and the costs of which shall be paid for as Renewal Agency Costs, shall be negotiated and arranged for by the Renewal Agent and shall be entered into by SCPPA.
  - 4.2.2 The Renewal Agent shall present all contracts, amendments and supplements specified in Section 4.2.1 to SCPPA for its approval and execution.
- 4.3 **Equal Employment.** The Renewal Agent agrees as follows:
  - 4.3.1 The Renewal Agent will not discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, sex, age, or physical handicap. The Renewal Agent will take affirmative action to ensure that applicants are employed, and that employees are

treated during employment, without regard to their race, religion, color, national origin, ancestry, sex, age, or physical handicap.

- 4.3.2 The Renewal Agent will comply with all provisions of Executive Order Nos. 11246, 11375 and 13672 and the related rules, regulations and orders of the Secretary of Labor.

5. **RIGHTS, DUTIES AND RESPONSIBILITIES OF SCPPA:** SCPPA shall have the following rights, duties and responsibilities:

- 5.1 **Reviewing Budgets.** Review, modify and approve the budgets submitted pursuant to this Agreement.
- 5.2 **Monitoring Renewal Agency Work.** Monitor the continuation and completion of Renewal Agency Work.
- 5.3 **Making Recommendations.** Make recommendations to the Renewal Agent with respect to Renewal Agency Work.
- 5.4 **Providing Assistance.** Provide such other assistance to the Renewal Agent in carrying out Renewal Agency Work as SCPPA shall deem reasonable and proper and as the Renewal Agent shall request.
- 5.5 **Approving Contracts and Renewal Financing Documents.** Approve or provide for the approval of all contracts, amendments and supplements to be executed by SCPPA.
- 5.6 **Approving Applications for Licenses, etc..** Approve or provide for the approval of all applications for licenses, permits or approvals necessary for the acquisition by SCPPA of SCPPA Capacity.
- 5.7 **Considering Relevant Matters.** Consider any matter relating to SCPPA Capacity proposed by the Renewal Agent or any Renewal Transmission Project Participant.
- 5.8 **Performing Other Functions and Duties.** Perform such other functions and duties as may be assigned to it in this Agreement.

6. **ADMINISTRATION OF THIS AGREEMENT:**

- 6.1 **Action Pending Failure of SCPPA to Act.** If SCPPA fails to take action with respect to any matter or dispute which it is authorized to determine, resolve, approve or otherwise act upon, then the Renewal Agent is authorized (but not required) to take such action, in a manner consistent with this Agreement and in accordance with Prudent Utility Practice, as in its discretion is necessary for the timely completion of Renewal Agency Work pending the resolution of any such failure to take action.

- 6.2 **Expenditures Upon Budget Not Being Approved.** In the event that SCPPA does not approve a revised budget submitted by the Renewal Agent in accordance with this Agreement, then the Renewal Agent may (but is not required to) expend the aggregate amount of funds designated for Renewal Agency Costs in the most recently approved budget, making such reallocations among line items within such designated amount as it shall determine, if it determines such expenditures to be in accordance with Prudent Utility Practice.
- 6.3 **No Violation of Agreement.** Nothing herein shall be construed to allow the Renewal Agent to act in express violation of the terms of this Agreement.

7. **DUTIES AND RESPONSIBILITIES OF RENEWAL AGENT:** Subject to the powers of SCPPA which may be applicable thereto, the duties and responsibilities of the Renewal Agent in performing and completing Renewal Agency Work shall include but not be limited to:

- 7.1 **Formulating and Implementing Transmission Arrangements and Financing Plan.** Formulating the arrangements with respect to utilization of SCPPA Capacity and, with the assistance of Bond Counsel and SCPPA's financial advisor, formulating the financing program and developing the Renewal Financing Documents.
- 7.2 **Informing Authority.** Promptly informing SCPPA regarding significant factors which may affect or have affected Renewal Agency Work or SCPPA Capacity, including but not limited to periodic reports to SCPPA regarding the operation of the Southern Transmission System, and any related operating information and reports, including statistical data, operations, maintenance and capital expenditures, and other reports, records or information which may be helpful to other requested by the Board of Directors, any such reports to be provided at least quarterly, unless otherwise agreed by SCPPA and the Renewal Agent.
- 7.3 **Submission of Budget.** Preparing and submitting annually to SCPPA, as soon as practicable after the effective date of this Agreement, for its review, modification and approval, recommendations concerning a budget for Renewal Agency Costs. Such budget shall set forth such cash requirements (i) for each quarterly period commencing on the first day of January, April, July and October in which Renewal Agency Costs will become due and (ii) for each month of the first two quarterly periods immediately following the issuance of such budget.
- 7.4 **Submission of Revisions to Budget.** Preparing and submitting to SCPPA, for its review, modification and approval, recommendations concerning a revised budget for Renewal Agency Costs as may be requested by SCPPA or may be necessary from time to time to reflect more recent information or to comply with the requirements of any Renewal Financing Document. Any such revised budget shall be accompanied by available supporting information, including but not limited to revisions to the forecasts and schedules for operation of the Southern Transmission

System and each work category thereof, and a reconciliation between current updated and most recent forecasts and schedules.

- 7.5 **Expending Funds for Renewal Agency Costs.** Expending moneys for Renewal Agency Costs in accordance with this Agreement.
- 7.6 **Arranging for Services, etc. for Renewal Agency Work; Administrating Contracts; Renewal Agent's Employees.** Arranging and negotiating contracts for furnishing, purchasing, procuring and obtaining from any source (including pursuant to contracts between the Renewal Agent and third parties) engineering services, legal services, studies and supplies necessary for the performance and completion of Renewal Agency Work; administrating, performing and enforcing such contracts; and furnishing conformed copies thereof to SCPPA. In performing Renewal Agency Work, the Renewal Agent may use its own employees and equipment and facilities owned by the Renewal Agent without obtaining any consent or approval of SCPPA.
- 7.7 **Auditing of IPA.** Subject to the provisions of the Renewal Transmission Project Agreements, performing or arranging for audits of the books and cost records of IPA in accordance with the Renewal Southern Transmission System Agreement and of any cost reimbursable consultant or contractor relevant to the acquisition of SCPPA Capacity.
- 7.8 **Complying With Laws and Regulations.** Complying with any and all laws and regulations applicable to the performance of Renewal Agency Work.
- 7.9 **Furnishing Progress Reports.** Furnishing SCPPA with periodic progress reports as to the status of the Renewal Agency Work and SCPPA Capacity and the amounts of Renewal Agency Costs paid or incurred therefor.
- 7.10 **Keeping Records of Expenditures; Audit of Accounting Records.** Keeping and maintaining records of moneys expended, obligations incurred, sunk (unrecoverable) costs, credits accrued; and maintaining for auditing by SCPPA those accounting records used by the Renewal Agent for the purpose of accumulating financial and statistical data for Renewal Agency Work.
- 7.11 **Preparing and Submitting Cost and other Reports.** Preparing such periodic reports relative to the STS Renewal Project and Southern Transmission Capital Improvements as shall be required to be issued by SCPPA pursuant to any Renewal Financing Document.
- 7.12 **Obtaining Cost Data.** Obtaining cost data, projections and budgets from IPA in accordance with the Renewal Southern Transmission System Agreement.
- 7.13 **Providing Interface.** Providing interface between SCPPA and the Renewal Transmission Project Participants and between SCPPA and IPA, in each case with respect to transmission service utilizing SCPPA Capacity. Such work shall include

representing and advocating for SCPPA's interests in committees in accordance with Section 3.16.2.

- 7.14 **Enforcing Claims.** Enforcing all claims against contractors, subcontractors and suppliers arising out of Renewal Agency Work.
- 7.15 **Providing Information.** Providing the Board of Directors, any committee of the Board of Directors or SCPPA staff with records and information requested by SCPPA from time to time as are reasonably available or as may be needed or required by SCPPA to perform its responsibilities with respect to the Southern Transmission System.
- 7.16 **Furnishing Assistance and Information.** Furnishing, upon request, to SCPPA or any Renewal Transmission Project Participant any assistance and information reasonably available pertaining to Renewal Agency Work and the Southern Transmission System. This includes but is not limited to necessary correspondence with any Renewal Transmission Project Participant and with IPA.
- 7.17 **Preparing and Distributing Final Completion and Cost Report.** Preparing and distributing to SCPPA and each Renewal Transmission Project Participant as soon as practicable after the Date of Renewal Operation, a final completion report which shall include a complete summary of Renewal Agency Costs.
- 7.18 **Placing and Maintaining Insurance.** Procuring or causing to be procured and maintaining or causing to be maintained in force insurance coverage with respect to Renewal Agency Work or SCPPA Capacity in such form and amounts as SCPPA determines necessary or appropriate, or as required by law.
- 7.19 **Conducting All Other Activities Relating to Renewal Agency Work.** Conducting all other activities deemed necessary to bring Renewal Agency Work to completion and performing such other functions and duties as may be assigned to it by SCPPA or as may be required by this Agreement, any Renewal Transmission Project Agreement or any Renewal Financing Document, but in any event in a manner consistent with this Agreement.

## **8. RENEWAL AGENCY COSTS:**

### **8.1 Renewal Agency Costs.** Renewal Agency Costs shall include:

- 8.1.1 All costs approved by the Renewal Agent of labor, services, transportation and studies, including costs of legal counsel and consultation fees, performed by the Renewal Agent or by others, in connection with this Agreement, together with all costs approved by the Renewal Agent of facilities utilized in such performance. All costs (including premiums or deposits to self-insurance funds) of insurance related to Renewal Agency Work procured in accordance with Section 7.18.

- 8.1.2 Payroll and other expenses of employees of the Renewal Agent while performing work in connection with this Agreement, including applicable overhead costs and labor loading charges, including but not limited to time-off allowances, payroll taxes, workers compensation insurance, retirement and death benefits and other employee benefits.
  - 8.1.3 Costs of the Renewal Agent associated with performing its duties and responsibilities under this Agreement.
  - 8.1.4 Federal, state and local taxes and permit related fees of any character arising out of the performance of this Agreement.
  - 8.1.5 All costs paid by the Renewal Agent for any studies, reports or other documents obtained from any Renewal Transmission Project Participant.
  - 8.1.6 Costs of the Renewal Agent or SCPPA, to the extent not provided for by insurance, of discharging or paying any liability and loss, damage and expense, including costs and expenses for attorney's fees and other costs of defending, settling or otherwise administering claims, liabilities or losses arising out of workers' compensation or employer's liability claims or by reason of property damage or injuries to or death of any person or persons or by reason of claims of any and every character resulting from, arising out of or connected with the performance of Renewal Agency Work, whether caused wholly or partially by the negligence (other than gross negligence) of the Agent or SCPPA or their respective employees or agents.
- 8.2 **Costs Not Renewal Agency Costs.** Costs incurred by any Renewal Transmission Project Participant and which are not attributable to Renewal Agency Work and which shall not be Renewal Agency Costs are:
- 8.2.1 To the extent not specifically included in Renewal Agency Costs, costs of studies conducted by any Renewal Transmission Project Participant to determine for that Renewal Transmission Project Participant the usefulness, economics, legality and feasibility of proceeding with participation in the Southern Transmission System, and such Renewal Transmission Project Participant's costs of obtaining any licenses, permits or approvals.
  - 8.2.2 Except as approved by SCPPA, costs of any Renewal Transmission Project Participant associated with the preparation and negotiation of any contracts among SCPPA and any of the other Renewal Transmission Project Participants regarding the Southern Transmission System and related facilities.
  - 8.2.3 Except as approved by SCPPA, costs incurred by each Renewal Transmission Project Participant in functions of the Board of Directors, or any committees established by the Board of Directors, and expenses of its personnel while performing such functions.

- 8.3 **No Profit.** The Renewal Agent shall not receive any profit under this Agreement or any Renewal Transmission Project Agreement, nor shall the Renewal Agent be obligated to make any expenditure or incur any obligation with respect to Renewal Agency Work with respect to which it shall not be entitled to reimbursement under this Agreement.

9. **PAYMENTS TO RENEWAL AGENT FOR RENEWAL AGENCY COSTS; AUDITS:** From time to time, and at such times (not more than monthly) as the Renewal Agent shall determine, it shall submit to SCPPA requests and requisitions for payment of items of Renewal Agency Costs incurred or paid. SCPPA shall pay or cause to be paid the amount of each such request or requisition within 30 days after its receipt thereof. Each such request or requisition shall conform to the requirements of any borrowing instrument entered into by SCPPA from time to time, to the extent the funds "to pay such request or requisition are to be paid from funds held under such instrument. At such reasonable times as shall be requested by SCPPA, the books and cost records of the Renewal Agent relevant to Renewal Agency Costs shall be subject to audit by or on behalf of SCPPA.

10. **LIABILITY:**

- 10.1 **No Liability of Authority Renewal Agent, Directors, Officers, etc..** The Parties agree that neither the Renewal Agent nor SCPPA, nor any of their respective directors, officers, commissioners, employees and agents, shall be liable to either Party for direct or consequential loss or damage suffered by either Party as a result of the Renewal Agent's performance or nonperformance of Renewal Agency Work (whether negligent or otherwise) and the Parties release each other and their respective directors, officers, commissioners, employees and agents from any claim or liability (whether negligent or otherwise) for damages resulting from any actions of SCPPA or from the Renewal Agent's performance or nonperformance of Renewal Agency Work.
- 10.2 **Extent of Exculpation; Enforcement of Rights in Equity.** The exculpation provision set forth in Section 10.1 shall apply to all types of claims or actions including, but not limited to, claims or actions based on contract, tort, patent or trademark, except that such provisions shall not exculpate the Renewal Agent or its officers, employees or agents, for direct loss or damage resulting from gross negligence or intentional wrongdoing. For purposes of this Section 10.2, direct damages shall not include indirect, special incidental or consequential damages, including, but not limited to, loss of profits or revenues, loss of use of SCPPA Capacity or any part thereof, cost of capital, or claims of others for service interruptions. Notwithstanding the foregoing, either Party may protect and enforce its rights under this Agreement by a suit or suits in equity for specific performance of any obligation or duty of the other Party and the Renewal Agent may enforce by any legal means its right to payment for Renewal Agency Costs in accordance with the terms of this Agreement.



10.3 **No Relief From Insurer's Obligations.** The provisions of Section 10.1 shall not be construed so as to relieve any insurer of its obligation to pay any insurance claims in accordance with insurance policies obtained pursuant to Section 7.18.

10.4 **Authority Officers, Employees, Agents Not Liable; No General Liability of Authority.** It is hereby recognized and agreed that no officer, agent or employee of SCPPA shall be individually liable in respect of any undertakings by SCPPA under this Agreement. The undertakings by SCPPA under this Agreement 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, and shall not constitute or give rise to a pecuniary liability of SCPPA or a charge against its general credit. Any provision of this Agreement to the contrary notwithstanding, the obligation of SCPPA under this Agreement to make or cause to be made payments shall be limited to those payments permitted by and moneys available under the borrowing instruments entered into by SCPPA from time to time.

11. **RELATIONSHIP OF PARTIES:** The covenants, obligations and liabilities of the Parties are intended to be several and not joint or collective and nothing herein contained shall ever be construed to create an association, joint venture, trust, partnership or other legal entity, or to impose a trust or partnership covenant, obligation or liability on or with regard to either or both of the Parties. Each Party shall be individually responsible for its own covenants, obligations and liabilities under this Agreement. Neither Party shall be under the control of or shall be deemed to control any other Party. Neither Party shall be the agent of or have a right or power to bind the other Party without its express written consent, except as expressly provided in this Agreement.

12. **UNCONTROLLABLE FORCES:** Other than with respect to the obligation of a Party to make payments as provided in this Agreement, neither Party shall be considered to be in default in the performance of any of its obligations under this Agreement when a failure of performance shall be due to an uncontrollable force. The term "uncontrollable force" shall be any cause beyond the control of the Party affected, including but not limited to failure of or threat of failure of facilities, flood, earthquake, tornado, storm, fire, lightning, epidemic, pestilence, war, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, restraint by court order or public authority, and action or non-action by, or inability to obtain the necessary authorizations or approvals from, any governmental agency or authority, which by exercise of due diligence such Party could not reasonably have been expected to avoid and which by exercise of due diligence it shall be unable to overcome. Nothing contained herein shall be construed so as to require a Party to settle any strike or labor dispute in which it may be involved. In the event a Party is rendered unable to fulfill any of its obligations under this Agreement by reason of an uncontrollable force, such Party shall give prompt written notice of such fact to the other Party and shall exercise due diligence to remove such inability with all reasonable dispatch. In such event, the Parties shall diligently and expeditiously determine how they may equitably proceed to carry out the objectives of this Agreement.

13. **BINDING OBLIGATIONS:** All of the obligations set forth in this Agreement shall bind the Parties and their successors and assigns.

14. **GENERAL PROVISIONS GOVERNING AGREEMENT:**

- 14.1 **Severability.** In the event that any of the terms, covenants or conditions of this Agreement or the application of any such term, covenant or condition, shall be held invalid as to any person or circumstance by any court having jurisdiction in the premises, all other terms, covenants or conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect, unless a court holds that the provisions are not separable from all other provisions of this Agreement.
- 14.2 **Waiver Not to Effect Subsequent Events.** Any waiver at any time by a Party of its rights with respect to a default or any other matter arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or matter.
- 14.3 **Execution in Counterparts; Electronic Signatures.** This Agreement may be executed in counterparts. The Renewal Agent shall deliver a fully conformed counterpart to SCPPA and each Renewal Transmission Project Participant. Each of the parties hereto agrees that the transaction consisting of this Agreement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Agreement using an electronic signature, it is signing, adopting, and accepting this Agreement and that signing this Agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Agreement in a usable format.
- 14.4 **Headings Not Binding.** The headings and captions in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

15. **GOVERNING LAW:** This Agreement shall be interpreted, governed by and construed under the laws of the State of California, as if executed and to be performed wholly within the State of California.

16. **TERM AND TERMINATION:**

- 16.1 **Effective Date.** This Agreement shall become effective and in full force and effect upon the effectiveness of each Renewal Transmission Service Contract as provided in Section 16.1 thereof.
- 16.2 **Termination.** This Agreement shall terminate upon the determination of the Board of Directors upon the providing of reserves or a means of paying, satisfactory to the Renewal Agent and SCPPA, of any claims for Renewal Agency Work yet to be paid or settled.

17. NOTICES:

- 17.1 **Address for Notices.** Except as set forth in Section 17.2, any notice, demand or request provided for in this Agreement 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, or sent by email with receipt confirmed, to the persons specified below:

17.1.1 Southern California Public Power Authority  
1160 Nicole Court  
Glendora, California 91740-5386  
Attention: Executive Director  
Telephone: (626) 793-9364  
Email: [mwebster@scppa.org](mailto:mwebster@scppa.org)  
and [projects@scppa.org](mailto:projects@scppa.org)

17.1.2 Department of Water and Power of The City of Los Angeles  
Director of Power External Energy Resources  
111 N. Hope Street, Room 1255  
Los Angeles, CA 90012  
Attention: Paul Schultz  
Telephone: (213) 367-2929  
Email: [paul.schultz@ladwp.com](mailto:paul.schultz@ladwp.com)

- 17.2 **Informal Communications.** Informal communications of a routine nature, including requests for funds and related matters, shall be given in such manner as the Parties shall arrange.
- 17.3 **Designation of Different Addresses and Persons.** A Party may, at any time, by written notice to the other Party, designate different or additional persons or different addresses for giving of notices hereunder.

[SIGNATURES ON NEXT PAGE.]

Renewal Agency Agreement Signature page:

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be executed as of the date above recited.

SOUTHERN CALIFORNIA PUBLIC  
POWER AUTHORITY

Attest: \_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
President

DEPARTMENT OF WATER AND POWER  
OF THE CITY OF LOS ANGELES BY  
BOARD OF WATER AND POWER  
COMMISSIONERS

By: \_\_\_\_\_  
MARTIN L. ADAMS  
General Manager and Chief Engineer

Date: \_\_\_\_\_

And: \_\_\_\_\_  
CHANTE L. MITCHELL  
Board Secretary

APPROVED AS TO FORM:

By: \_\_\_\_\_  
General Counsel  
Southern California Public Power Authority

APPROVED AS TO FORM AND LEGALITY  
MICHAEL N FEUER CITY ATTORNEY

JUN 22 2022

By: \_\_\_\_\_  
VAUGHN MINASSIAN  
DEPUTY CITY ATTORNEY