

EXHIBIT "D"

MILFORD WIND CORRIDOR PHASE I PROJECT

POWER SALES AGREEMENT

BETWEEN

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

AND

**THE CITY OF LOS ANGELES ACTING BY AND THROUGH THE DEPARTMENT OF
WATER AND POWER**

Dated as of October 1, 2007

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MILFORD WIND CORRIDOR PHASE 1 PROJECT

POWER SALES AGREEMENT

1. **PARTIES.** This Milford Wind Corridor Phase I Project Power Sales Agreement (this "Agreement"), is made and entered into as of this 1st day of October, 2007, by and between the SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY, a joint powers agency and a public entity organized under the laws of the State of California, hereinafter designated as "SCPPA," created under the provisions of the Act, and the CITY OF LOS ANGELES acting by and through the Department of Water and Power, a California municipality. The CITY OF LOS ANGELES is also periodically designated in this Agreement as "LADWP" or as "Purchaser," or, depending upon context, as "Project Participant." LADWP and SCPPA are also sometimes herein referred to individually as the "Party" and together as the "Parties." In addition, LADWP and certain members of SCPPA participating in the Project may be referred to collectively, in this Agreement, as "Project Participants."
2. **RECITALS, CONSTRUCTION AND PRELIMINARY MATTERS.** The Recitals set forth herein and the facts, which follow, are incorporated into this Agreement by reference for all purposes. The facts and the circumstances of the Parties contained in the Recitals, among others, represent the background and framework for this Agreement, the aim and purpose of this Agreement and the intendments of the Parties with respect thereto. This Agreement has been reviewed by attorneys for both Parties and shall not be interpreted with reference to the rules of construction providing for construction against a Party responsible for drafting or creating a particular provision or section, but should instead be interpreted in a manner which broadly carries forth the goals and objectives of the Parties as expressed herein. References to "Sections," "Annexes," "Appendices," "Schedules" and "Exhibits" shall be to Sections, Annexes, Appendices, Schedules and Exhibits, as the case may be, of this Agreement unless otherwise specifically provided. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose nor given any substantive effect. Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. The use herein of the word "include" or "including", when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not nonlimiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter. This Agreement is made with reference to the following facts among others:
 - 2.1 SCPPA was created pursuant to provisions contained in the Joint Exercise of Powers Act found in Chapter 5 of Division 7 of Title 1 of the Government Code of California, as amended from time to time (the "Act"), by its members, which are municipalities and an irrigation district that supply, among other things, electrical energy, in the State of California, for the purpose of jointly and cooperatively undertaking the planning, financing, development, acquisition, construction, improvement, betterment, operation, and maintenance, of projects for the generation or transmission of electric energy, including the development and implementation of systems and frameworks for the

acquisition and delivery of secure, long-term reliable supplies of renewable electric energy.

- 2.2 Pursuant to the terms of the Act, SCPPA has the power, for the purpose of promoting, maintaining and operating electric generation and transmission, to plan, develop, contract for, finance, acquire, design, undertake, own, construct, operate and administer projects involving systems, methodologies and programs for the acquisition, supply procurement and delivery of secure, long term reliable supplies of renewable electric energy and to cause such projects to be planned, developed, contracted for, financed, acquired, designed, constructed, operated, maintained, and administered and to provide by agreement for the performance and carrying out of any such activities.
- 2.3 During the past decade the Project Participants have experienced the imposition of a substantial number of new environmental laws, rules, regulations and policies and revised resource requirements which have effectively required the Project Participants to shift generation assets to increasingly turn to and rely upon renewable forms of energy generation, including wind generation, as a significant part of the generation resource portfolio necessary and appropriate to their electric systems. This shift to renewable energy and wind generation has created an ever-increasing need for the development of secure long-term arrangements for the delivery of energy from wind generation facilities so that the Project Participants will be able to carry out their objectives to reliably supply their customers with renewable electric energy.
- 2.4 Over the course of the past several years members of SCPPA have investigated means and methods by which to secure necessary long term reliable supplies of renewable electric energy, especially energy generated by wind generation facilities to carry forth their generation responsibilities to their citizens.
- 2.5 To facilitate the appropriate review and due diligence studies necessary to carry forth an effective program for the development of renewable resources SCPPA created the "Renewable Electric Energy Resource Project" as a Study Project pursuant to the Joint Powers Agreement between SCPPA and those SCPPA members desiring to participate in this renewable energy oriented Study Project.
- 2.6 To further the aims of the proposed Renewable Electric Energy Resource Project, on January 19, 2006 the SCPPA Board of Directors approved Resolution 2006-2 which declared its intention to reimburse certain renewable resource expenditures from the proceeds of future financings, as required by United States Department of Treasury Regulations section 1.150-2.
- 2.7 Thereafter on March 17, 2006 the SCPPA Board of Directors by way of Resolution 2006-13 found and declared the proposed Renewable Electric Energy Resource Project to be an official SCPPA Study Project pursuant to the SCPPA Joint Powers Agreement and authorized the execution of a development agreement for the Renewable Electric Energy Resource Project among SCPPA and the SCPPA members participating in this Study Project.
- 2.8 In pursuit of the goals of the Renewable Electric Energy Resource Project, the Purchaser and other participants in the Renewable Electric Energy Resource Project have identified

potential wind energy generation resources which are being developed for and are anticipated to be owned and operated by Milford Wind Corridor Phase I, LLC. These Milford Wind Corridor Phase I, LLC resources will be situated north of the town of Milford, Utah. The Project Participants desire to obtain the Facility Output and also provide for means by which the Project Participants may, if desirable at the time, exercise an option to succeed to the ownership of the Facility.

- 2.9 To carry forth the Project goals, Purchaser and the other participants in the Renewable Electric Energy Resource Project have carried out extensive investigations into the commercial advantages of utilizing a prepayment methodology for the acquisition of a long-term reliable supply of renewable electric energy. In furtherance of these aims the Project Participants have examined proposals and carried out substantial investigations of reliable practices, systems and structures by which to obtain renewable electric energy.
- 2.10 Project Participants' investigations associated with the acquisition of renewable energy resources have examined a number of alternatives. Based upon investigations by Purchaser and the other participants in the Renewable Electric Energy Resource Project, the Project Participants have determined that (i) the purchase of wind energy by way of a transaction through which SCPPA prepays for Guaranteed Generation and pays for Excess Energy and other Facility Output after delivery is expected to provide greater commercial advantages than a standard power purchase agreement without a prepayment structure and (ii) the acquisition of the Facility as provided in the Power Purchase Agreement would also be commercially acceptable alternative to the preferred prepayment structure.
- 2.11 Purchaser and the other Project Participants have also carried out extensive investigations, studies and technical analyses of the alternative methodologies and structures for the potential acquisition of wind generation to determine the most reliable framework with the best pricing attributes to provide the best value to each Project Participant's respective renewable generation portfolio. Purchaser and the other Project Participants have concluded that the prepayment and Facility purchase alternatives referenced herein both provide a desirable means to achieve secure reliable long-term supplies of wind generation.
- 2.12 The Project Participants have concluded that prepaying or purchasing wind generation pursuant to the structure, design and planned methodologies which have been investigated, and are contemplated herein, as part of the Project, will materially assist the Project Participants in carrying out their critical operating and business objectives to provide a long-term supply of wind energy for the generation needs of the Project Participants. SCPPA, LADWP and the cities of Burbank and Pasadena anticipate that the Facility Output produced by the Project will be utilized to serve their renewable energy needs within their respective service areas and will materially assist each of respective utility in meeting its renewable portfolios standard.
- 2.13 To carry forth the objectives set forth herein, the Parties contemplate that SCPPA will enter into the Power Purchase Agreement which will provide, in part, for a prepayment of Guaranteed Generation with Milford Wind Corridor Phase I, LLC and will acquire those rights and those obligations including such purchase rights and obligations as shall inure to SCPPA under that agreement for and on behalf of the Project Participants in accordance with each Project Participants Output Entitlement Share and Output Cost Share including

all of the rights, benefits and entitlements and all of the duties, obligations, and liabilities accruing through SCPPA associated with the Power Purchase Agreement and the receipt of Facility Output under and pursuant to the terms of the Power Purchase Agreement.

- 2.14 In order to secure the performance of Milford Wind Corridor Phase I, LLC in connection with all of its obligations and requirements under the Power Purchase Agreement, SCPPA has endeavored to provide for various legal mechanisms including Security Instruments and other provisions to secure the Facility which has been designated for the provision of electric energy to satisfy the requirements of the Power Purchase Agreement. It is the intention of the Parties that the Project Participants, under the Power Sales Agreements, shall be reposed with the rights, benefits, liabilities, obligations and risks accruing to SCPPA pursuant to the provisions of these instruments in accordance with each Project Participant's Output Entitlement Share and Output Cost Share.
- 2.15 Purchaser has need for a long-term source of renewable energy to satisfy Purchaser's renewable portfolio standard requirements and desires to ensure the reliable delivery of wind powered electric energy generation to fulfill this requirement. Purchaser desires that SCPPA proceed with the economic design, structuring, financing, Acquisition, development, implementation, operation and administration of the Project to procure such a long term supply of secure renewable wind powered electric generation. To assist in meeting such future renewable generation needs, Purchaser has determined that it is desirable to enter into this Agreement to procure such renewable generation.
- 2.16 The Purchaser and the other Project Participants desire and intend through the Power Sales Agreements to provide the necessary framework and mechanism for an option to purchase the Facility by SCPPA at a time in the future under the Power Purchase Agreement and in accordance with the terms of the Power Sales Agreements.
- 2.17 SCPPA desires to proceed with the economic design, structuring, financing, Acquisition, development, implementation, operation and administration of the Project.
- 2.18 SCPPA will take or cause to be taken all reasonable steps necessary to cause to be secured, such contracts, instruments, rights and entitlements and all such governmental entitlements, permits, licenses and approvals as are necessary for the Project, and will then proceed as appropriate with, all measures necessary for the economic design, structuring, financing, Acquisition, development, implementation, operation and administration of the Project, including, where advisable, the prepayment for the Guaranteed Generation. To the extent provided through the Project Agreements, SCPPA will carry forth those measures as directed by Purchaser and the other Project Participants, associated with the operation and maintenance of those interests and facilities designated as part of the Project to provide a secure source of renewable energy for Purchaser and the other Project Participants contracting with SCPPA therefore pursuant to the terms and conditions of the Project Agreements.
- 2.19 The Purchaser and other Project Participants, desire to finance certain costs required for the Acquisition, financing, and development of the Project by way of funds raised through the issuance by SCPPA of Bonds. Except as otherwise provided herein, each Project Participant shall be solely responsible for its respective associated debt obligations,

including but not limited to the repayment of its share of the Bonds, as provided in each Project Participant's Power Sales Agreement.

- 2.20 SCPPA intends to finance the costs of acquiring, financing, and developing the Project and prepaying for the Guaranteed Generation produced thereby, and, at such time, if applicable, purchasing the Facility, through the issuance of Bonds. To pay all costs of acquiring, financing, and developing the Project, SCPPA will enter into the Power Sales Agreements with the Project Participants. In order to enable SCPPA to issue Bonds it is necessary for SCPPA to have binding agreements with the Project Participants to pay all of SCPPA's costs associated with this Project, and all payments required to be made in accordance with the provisions of the applicable provisions of the Power Sales Agreements entered into by the Project Participants, including payments required to be made under this Agreement, may be pledged by SCPPA as security for the payment of the applicable Bonds, and the interest thereon, subject to the application thereof to such purposes and on such terms as provided in the Indenture and as required by the Act. SCPPA shall further provide for the administration, operation and maintenance of the Project through the application of the payments required to be made by the Project Participants to SCPPA in accordance with the provisions of the Power Sales Agreements.
- 2.21 In order to enable SCPPA to carry out the activities necessary to the planning, economic design, structuring, financing, Acquisition, development, implementation, operation and administration of the Project on behalf of the Project Participants, it is necessary for SCPPA to have binding agreements with both Purchaser and the other Project Participants in the Project and to employ those payments made under the respective Power Sales Agreements for the purpose of securing the rights, services, entitlements and deliverables contemplated by each of the Project Participants. SCPPA shall provide for the further investigation, implementation, administration, operation and maintenance of the Project through the application of the payments required to be made pursuant to the Power Sales Agreements in accordance with their provisions.
- 2.22 Each Project Participant shall pay from its electric revenue fund, including any and all legally available electric system revenues, all amounts payable to SCPPA under its Power Sales Agreement, and such payments shall constitute an operating expense of the Project Participant's electric utility.
3. **AGREEMENT.** For and in consideration of the promises and the mutual covenants and agreements hereinafter set forth, and in order to pay SCPPA for its costs of Purchaser's share of the Facility Output, the Parties agree as herein set forth.
4. **DEFINITIONS.** Appendix A to this Agreement sets forth definitions of certain terms used in this Agreement. The terms defined in Appendix A and this Section 4, whether in the singular or plural, unless specifically provided otherwise, when used herein or in the Appendices hereto and initially capitalized, shall have the meaning ascribed thereto in said Appendix A or as set out below:
- 4.1 Agreement. This Agreement, as it may be amended, modified or supplemented from time to time.
- 4.2 Effective Date. The date described in Section 20.1 hereof.

- 4.3 Federal Tax Exemption. With respect to any Bonds that, when initially issued, are the subject of an opinion of Bond Counsel to the effect that interest thereon is excluded from gross income for federal income tax purposes, the exclusion of interest on such Bonds from the gross income of the owners thereof for federal income tax purposes.
- 4.4 Cost of Acquisition. The Cost of Acquisition shall equal the sum of the amounts described in Sections 4.4.1 through 4.4.18. SCPPA shall apply, as a credit against the Cost of Acquisition, a proportionate share of all receipts, revenues and other moneys received by it from the sale, if any, of surplus equipment, materials and supplies, all if and to the extent held in or paid into (without duplication) Funds, as provided for in the Indenture.
- 4.4.1 All costs associated with prepaying for Guaranteed Generation pursuant to the Power Purchase Agreement and acquiring the Facility pursuant to a buyout option or buyout requirement under the Power Purchase Agreement, including without limitation the following costs, as applicable: (i) the Prepayment Amount, (ii) the cost of acquiring the Facility pursuant to the Power Purchase Agreement or the Performance Security, (iii) the cost of planning, designing, acquiring, mitigating impacts, installing, and developing the Project, (iv) the cost of contracting for and facilitating the delivery of the output of the Project at the prescribed Point of Delivery, (v) the cost of placing the Project into operation, concluding, terminating and decommissioning the Project, obtaining governmental approvals, certificates, permits, assurances, entitlements and licenses relating to the Project, including, where necessary, environmental entitlements, clearances or credits, heretofore or hereafter paid or incurred by SCPPA, (vi) all costs, expenses, obligations and liabilities associated with exercising all performance rights, options, benefits, entitlements, duties, liabilities and obligations under the Project Agreements, (vii) to the extent deemed appropriate by the Coordinating Committee, the cost of procurement of rights associated with interconnection, transmission, and the dispatching, scheduling and delivery of energy and for otherwise facilitating the sale, disposition, movement, taking and accounting for energy (including planning and design costs) and (viii) the cost of those measures taken for the benefit of, and in connection with, the Project that the Coordinating Committee determines shall be included within this Section 4.4.1.
- 4.4.2 All costs and expenses for investigation and development of the Project, for performance studies, for feasibility, economic, and meteorological modeling and planning, for examination of legal, environmental and regulatory issues and for securing of legal, environmental or regulatory approvals, services for wind modeling, project modeling or projections, economic analyses and weather analyses, as well as costs for leases, lease options, lease related rights, land, land rights, land options, resources, turbines, facilities, regulatory developments, geographic and meteorological investigation and analysis, and, if applicable, engineering, consultants, experts' fees, contractors' fees, processing fees, labor, materials, equipment, utility services and supplies, and legal fees and financing costs relating to and in connection with the Project.
- 4.4.3 The costs and expenses incurred in the issuance and sale of bonds, notes, certificates of participation, commercial paper or other evidences of indebtedness (tax exempt or taxable) from time to time issued, the proceeds of which have been used or will

be required to be applied to one or more purposes for which Bonds could be issued, including, without limitation, legal, accounting, engineering, consulting, financing, technical, fiscal agent and underwriting costs, fees and expenses, bond discount, insurance, rating agency fees, and all other costs and expenses incurred in connection with the authorization, sale and issuance of the Bonds.

- 4.4.4 Interest accruing in whole or in part on Bonds for such period as SCPPA may reasonably determine to be necessary in accordance with the provisions of the Indenture.
- 4.4.5 Reserved.
- 4.4.6 To the extent not included in Total Monthly Costs, all costs incurred by SCPPA related to the acquisition of resources, agreements, facilities and supplies for wind energy acquisition, procurement, interconnection, transmission, sale, dispatching, scheduling, movement and delivery and all other incidental costs necessary for and in connection with the Project.
- 4.4.7 Training and testing costs, which are properly allocable to the cost of acquisition and development of the Project.
- 4.4.8 All costs of insurance, if any, applicable to the development of and in connection with the Project.
- 4.4.9 All costs relating to injury or damage claims or judgments paid by SCPPA in connection with the acquisition, development or implementation of the Project less proceeds of insurance, if any.
- 4.4.10 To the extent not included in Total Monthly Costs, legally required or permitted federal, state and local taxes relating to the Project.
- 4.4.11 All other costs incurred by SCPPA and properly allocable to the planning, design, acquisition and development of the Project, including, without limitation, all legal fees relating to the Project (including, but not limited to, legal fees incurred by SCPPA in the enforcement of any provision or provisions of the Power Sales Agreements).
- 4.4.12 The working capital requirements and reserves in such amounts as shall be required during development of the Project and for placing the Project in operation as deemed reasonably necessary by the Coordinating Committee, and as may be provided or required in the Indenture, and such additional amounts of working capital and reserves, as may be established pursuant to the Indenture.
- 4.4.13 Interest accrued in whole or in part on Bonds prior to and during development of the Project or during any time period as SCPPA may reasonably determine necessary for the placing the Project or any component thereof in operation in accordance with the provisions of the Indenture.

- 4.4.14 The deposit or deposits from the proceeds of Bonds issued to finance such costs in any Fund established pursuant to the Indenture to meet the Project Debt Service reserve requirements for the Bonds.
 - 4.4.15 Without duplication with respect to amounts otherwise provided in this Section 4.4, the deposit or deposits from the proceeds of Bonds issued to finance such costs in any other Funds established pursuant to the Indenture which deposit or deposits are required or permitted by the Indenture.
 - 4.4.16 The payment of principal, premium, if any, and interest when due (whether at the maturity of principal or at the due date of interest or upon redemption) of any note or other evidence of indebtedness, if any should exist, which is issued in anticipation of Bonds for the purpose of financing the Cost of Acquisition.
 - 4.4.17 All costs required to be paid to the Project Manager pursuant to any applicable agreement for project management which are applied or are to be applied thereunder to the payment of the Cost of Acquisition.
 - 4.4.18 Without duplication, all other costs (including incidental financing costs and the costs of issuance of Bonds) financed by the issuance of Bonds (i) pursuant to Section 13 of this Agreement or (ii) for procurement of rights associated with the acquisition, production, generation, transmission, interconnecting, balancing, firming and delivery and for otherwise facilitating the dispatching, scheduling, disposition, movement, taking and accounting for Guaranteed Generation and/or Excess Energy (including planning and design costs) relating to, or for the benefit of, the Project that the Coordinating Committee determines shall be included within this Section 4.4.18.
- 4.5 Indenture Cost Share. As to any Project Participant, the applicable share (expressed as a percentage) as set forth in Appendix C hereof (entitled "Schedule of Project Participants Percentage of Indenture Cost Shares") as such appendix may be amended in accordance with the requirements of Section 15 or Section 18 of this Agreement, attributable to such Project Participant with respect to costs associated with the Indenture.
- 4.6 Monthly Costs. The costs payable by the Project Participants as described in Section 7.1 hereof.
- 4.7 Total Monthly Costs. All of SCPPA's costs to the extent not paid from the proceeds of Bonds, certificates of participation, commercial paper, notes or other evidences of indebtedness issued in anticipation of Bonds, resulting from SCPPA's contracting for, providing for, accommodating, acquiring, and facilitating the Project, and from its administration, ownership, operation and maintenance of and renewal and replacement of any facility, service or other element or component of the Project, including costs arising under the Power Purchase Agreement. SCPPA shall apply, as a credit against Total Monthly Costs, any receipts, revenues and other moneys received by SCPPA from surplus equipment, materials, supplies or related assets sold prior to the Date of Firm Operation for the benefit of SCPPA. Total Monthly Costs shall consist of (i) an operating cost component (described in Section 4.7.1), (ii) a Supplementary Services cost component to the extent SCPPA incurs such costs (described in Section 4.7.2), (iii) a Reserve Fund

component (described in Section 4.7.3), (iv) Indenture cost component (described in Section 4.7.4), and (v) a Power Purchase Agreement cost component, and shall include, but not be limited to, the items of cost and expense referred to in the Power Purchase Agreement and this Section 4.7 that are accrued or paid by SCPPA during each Month of each Power Supply Year. In the event any Power Supply Year shall consist of fewer than twelve Months, the fraction set forth in Sections 4.7.1 and 4.7.4 (b) shall be adjusted accordingly and, in the event of any revision of the Annual Budget after the commencement of any Power Supply Year, the amount determined pursuant to said Sections 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 Power Supply Year.

- 4.7.1 The operating cost component of the Total Monthly Costs shall consist of: one-twelfth of the costs of all Operating Work, operating expenses, and all costs relating to, contracting for, providing for, administering, procuring, transporting and delivering of the Facility Output during such Power Supply Year, including, but not limited to (i) ordinary operation and maintenance costs, costs of repairs, replacements, reconstitution and reconstruction of the Project (that are not included in any Cost of Acquisition), administrative and general costs, legal fees, costs relating to litigation (including disbursements and other amounts paid as a result of such litigation), insurance costs (including amounts to fund any self-insurance program), overhead costs, taxes required to be paid by SCPPA with respect to the Project, and any other costs payable by SCPPA in connection with Facility Output, (ii) all expenses incurred in enforcing the Power Purchase Agreement, the Security Instruments and the other Project Agreements and the expenses of enforcing the applicable covenants and provisions of the ground leases, leasehold interests, rights of way, estates and other interests in real property, and the Leases and Property Agreements associated with the Facility, including all expenses of foreclosure or otherwise perfecting any property interests or security interest in the Facility, and (iii) all costs related to the conducting of the business of SCPPA with respect to the Project, including the applicable portion of salaries, fees for legal, engineering, financial and other services, all other costs attributable to miscellaneous and incidental expenses in connection with the administration of the Project, and all other expenses properly related to the conduct of such affairs of SCPPA and shall include all operating costs so incurred by SCPPA to provide the Facility Output.
- 4.7.2 The Supplementary Services cost component of the Total Monthly Costs shall consist of: all monthly costs incurred by SCPPA, if any, and to the extent not included in Section 4.7.1, in connection with services for transmission, dispatching, scheduling, tagging, firming, balancing, swapping, exchanging or delivery and for otherwise facilitating the disposition, movement, taking, receiving, crediting and accounting for the Facility Output provided for under this Power Sales Agreement. The Supplementary Services cost component of the Total Monthly Costs shall also entail all monthly costs incurred by SCPPA, if any, which are necessary to move or otherwise handle Purchaser's Output Entitlement Share from the Point of Delivery to one or more specified delivery point(s) as determined by Purchaser pursuant to Sections 9.2 and 9.5.

- 4.7.3 The Reserve Fund cost component of Total Monthly Costs shall consist of: the monthly cost attributable to Project Participant's Output Entitlement Share that is necessary to establish and maintain the Reserve Funds at the level deemed prudent and appropriate by the Coordinating Committee and the SCPPA Board of Directors; provided, however, that to the extent such a Reserve Fund cost component of Total Monthly Costs are paid by the Project Participants pursuant to the Indenture cost component of Total Monthly Costs, the Project Participants shall be credited for that amount of the monthly Reserve Fund cost component so paid by Project Participants which is contained in such monthly Indenture cost component.
- 4.7.4 The Indenture cost component of Total Monthly Costs shall consist of:
- (a) The amount, without duplication, which SCPPA is required under the Indenture to pay or deposit during such Month into Funds established by the Indenture for Debt Service and for any reserve requirements for the Bonds or reserve requirements recommended by the Coordinating Committee and approved by Board of Directors, including replenishment (the timing of which shall be in accordance with the provisions of this Agreement and the Indenture) of any reserves drawn down as a result of a failure of a Project Participant to pay all or any portion of its share of Monthly Costs.
 - (b) One-twelfth of the amount (not otherwise included under any item in this Section 4.7.4 or in Section 4.7.1, 4.7.2, 4.7.3, or 4.7.5 hereof) which SCPPA is required under the Indenture to pay or deposit during such Power Supply Year into any other Fund established by the Indenture, including, without limitation, any amounts required to make up a deficiency in any Fund required or permitted by the Indenture.
- 4.7.5 The Power Purchase Agreement cost component of the Total Monthly Costs shall consist of: the monthly costs, without duplication, associated with the Power Purchase Agreement, including all such monthly costs incurred by SCPPA in connection with the performance required of SCPPA under the Power Purchase Agreement. Power Purchase Agreement costs shall include, without duplication, the costs SCPPA is required to pay for the Facility Output, including the costs of Excess Energy with associated Environmental Attributes, which are paid by SCPPA apart from the Prepayment Amount.

5. PURCHASE AND SALE OF FACILITY OUTPUT AND THE ROLES AND OBLIGATIONS OF SCPPA AND THE PROJECT PARTICIPANTS.

- 5.1 Purchase and Sale of Output Entitlement Share. In accordance with the terms and conditions of this Agreement, commencing on the earliest of (i) the date SCPPA is obligated to pay any portion of the costs of the Project, (ii) the date upon which SCPPA first incurs or accrues costs associated with the issuance of the Bonds, (iii) the date of Commercial Operation, or (iv) the date of the first delivery of energy to Purchaser pursuant to the Power Purchase Agreement or this Agreement, and continuing through the term of this Agreement, except as otherwise provided herein, SCPPA shall provide Purchaser its Output Entitlement Share of any and all products, rights, and benefits, whether tangible or intangible received by SCPPA under the Power Purchase Agreement,

including without limitation Facility Output, and Purchaser shall be responsible for and pay its Output Cost Share of any and all costs, liabilities and obligations associated with the acquisition of such products, rights, and benefits, which shall include without limitation all costs, liabilities and obligations associated with Facility Output under the Power Purchase Agreement and all costs, credits, liabilities and obligations under the Indenture or Bonds issued by SCPPA to finance the Prepayment Amount, Cost of Acquisition, or Capital Improvements.

- 5.2 Facility Output and Deliverables. SCPPA shall provide and Purchaser shall purchase and receive its Output Entitlement Share of Facility Output pursuant to the terms of this Agreement. To the extent permitted by the Power Purchase Agreement or otherwise, SCPPA will endeavor to take such actions or implement such measures as may be necessary or desirable for the utilization, maintenance or preservation of the rights and interests of the Project Participants in the Project including, if appropriate, such enforcement actions or other measures as the Coordinating Committee or the Board of Directors deems to be in the Project Participants' best interests. To the extent not inconsistent with the Power Purchase Agreement SCPPA may also be reposed with responsibilities for planning, designing, financing, developing, acquiring, insuring, contracting for, administering, operating and maintaining the Project to effectuate the delivery and sale of such share of Facility Output to Purchaser. To the extent such services are available and can be carried forth in accordance with the Power Purchase Agreement, SCPPA shall also provide such other services, as approved by the Coordinating Committee or the Board of Directors, as may be deemed necessary to secure the benefits and/or satisfy the obligations associated with the Power Purchase Agreement. SCPPA shall use its best efforts, on behalf of Purchaser and the other Project Participants, to secure the benefits of the transactions contemplated under the Power Purchase Agreement including, if appropriate, the prepayment for Guaranteed Generation or, if applicable, the acquisition of the Facility, as well as the delivery of the Facility Output contemplated by this Agreement, and shall endeavor to maintain and secure the rights and benefits accruing to SCPPA through the Power Purchase Agreement and the applicable Project Agreements in accordance with Purchaser's Output Entitlement Share. SCPPA is authorized to exercise the powers vested in SCPPA pursuant to the Act, its Joint Powers Agreement and this Agreement, as agent for Purchaser to fully carry forth Purchaser's objectives in the Project as set forth herein.
- 5.3 Project Manager. SCPPA or its designee or designees shall act as Project Manager to develop, operate, maintain and administer the Project, or cause the Project to be developed, operated, maintained and administered, through any development, operating or project management agreement or, as applicable, through the Power Purchase Agreement.
- 5.4 Adoption of Annual Budget. The Annual Budget and any amendments to the Annual Budget shall be prepared and approved in accordance with Sections 5.4.1 or 5.4.2, respectively.
- 5.4.1 SCPPA will prepare and submit to Purchaser a proposed Annual Budget at least 60 days prior to the beginning of each Power Supply Year. In connection with the preparation of the Annual Budget, SCPPA shall incorporate therein the Operating Budget (including a energy production costs budget and where appropriate a provision for the payment of costs of renewals, replacements or other costs of

acquisition and development which are not being financed by proceeds of Bonds or other sources) for such Power Supply Year as prepared by the Project Manager and approved by the Coordinating Committee. Purchaser and any of the other Project Participants may then submit to SCPPA, at any time until the Annual Budget is adopted, any matters or suggestions relating to the Annual Budget. SCPPA shall adopt the Annual Budget not less than 30 nor more than 60 days prior to the beginning of such Power Supply Year and shall cause copies of such adopted Annual Budget to be delivered to each Project Participant; provided, however, the Annual Budget for the first Power Supply Year shall be prepared, considered, adopted and delivered in the most practicable manner available prior to Commercial Operation. As required from time to time during any Power Supply Year after seven days written notice to each Project Participant, SCPPA may, pursuant to the foregoing provisions for adopting the Annual Budget, adopt an amended Annual Budget for and applicable to such Power Supply Year for the remainder of such Power Supply Year.

- 5.4.2 Any adjustment, and any other or further mechanism for adjustment, as may be required to address the variability of costs of operation of the Project at any time during the Power Supply Year or the variability of any other Annual Budget component, may be incorporated into the Annual Budget as provided above, or any amendment to a Annual Budget at any time during any Power Supply Year upon the seven days written notice to each Project Participant as set forth in Section 5.4.1.
- 5.5 Reports. SCPPA will prepare and issue to Purchaser and the other Project Participants the following reports each quarter of a Power Supply Year:
 - 5.5.1 Financial and operating statement relating to the Project.
 - 5.5.2 Variance report comparing the costs in the Annual Budget versus actual costs, and the status of other cost-related issues with respect to the Project.
- 5.6 Records and Accounts. SCPPA will keep, or cause to be kept, accurate records and accounts of each of the properties and facilities comprising the Project as well as of the operations relating to the Project, all in a manner similar to accepted accounting methodologies associated with similar projects. All transactions of SCPPA relating to the Project with respect to each Fiscal Year shall be subject to an annual audit. Purchaser 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.
- 5.7 Provide Information. Purchaser agrees to supply SCPPA, upon request, with such information, documentation and certifications as SCPPA shall reasonably determine to be requisite to and necessary or desirable for the design, financing, refinancing, development, operation, administration, maintenance and ongoing activities of the Project, including information reasonably available to allow SCPPA to respond to requests for such information from any federal, state or local regulatory body or other authority.
- 5.8 Consultants and Advisors Available. SCPPA shall make available to the Coordinating Committee at the latter's request, all consultants and advisors, including, but not limited to, financial advisors and Bond Counsel, that are retained by SCPPA, and such consultants

and advisors shall be authorized to consult with and advise the Coordinating Committee on Project matters.

- 5.9 Deposit of Insurance Proceeds. Except as otherwise required by the Power Purchase Agreement and unless otherwise provided by the Coordinating Committee, SCPPA promptly shall deposit with the Project Trustee any insurance proceeds received by SCPPA as a result of injury or damage to any insured interest attributable to any component or all or any portion of the Project. All insurance proceeds collectible by SCPPA as a result of an insured event affecting the Project shall be applied as directed by SCPPA (which directions shall be in accordance with any applicable provisions of the Indenture).
- 5.10 Maintenance of the Federal Tax Exemption. Notwithstanding anything to the contrary in this Agreement, SCPPA and the Purchaser shall each take such actions necessary with respect to any Bonds that, when initially issued, are the subject of an opinion of Bond Counsel that interest thereon is excluded from gross income for federal income tax purposes, to maintain the Federal Tax Exemption on such Bonds, and shall refrain from taking any action that would adversely affect the Federal Tax Exemption with respect to such Bonds.

6. COORDINATING COMMITTEE.

- 6.1 Establishment and Authorization of the Coordinating Committee. The Coordinating Committee is hereby established and duly authorized to act on behalf of the Project Participants as provided in this Section 6 for the purpose of (i) providing coordination among, and information to, the Project Participants and SCPPA, (ii) the administration of the Power Purchase Agreement, (iii) making recommendations to the Board of Directors regarding the acquisition of the Facility pursuant to Section 2.5 of the Power Purchase Agreement or at a foreclosure pursuant to the Performance Security as provided in Section 11.2 of the Power Purchase Agreement; provided, however that any decision to acquire the Facility is subject to the approval of the Board of Directors, and (iv) execution of the Coordinating Committee responsibilities set forth Section 6.2 herein, including the various financial, administrative, and technical matters which may arise from time to time in connection with the Project acquisition, administration, operation, and such further developments as may need to be addressed. The Coordinating Committee shall consist of one representative from each Project Participant. Each Project Participant shall be entitled to cast a vote equal to the total of its percentage of Output Entitlement Shares and Output Cost Shares as set forth in Appendix B hereof. SCPPA shall be entitled to one non-voting representative. SCPPA and each Project Participant shall, within 30 days after SCPPA has entered into Power Sales Agreements for 100 percent of the Project output, give notice to SCPPA and each other Project Participant of its representative on the Coordinating Committee. Alternate representatives may be appointed by similar written notice to act on the Coordinating Committee, or on any subcommittee established by the Coordinating Committee or by the Board of Directors, in the absence of the regular representative or to act on specified occasions with respect to specified matters. An alternate representative may attend all meetings of the Coordinating Committee but may vote only if the representative for whom she/he serves as alternate is absent. No Project Participant's representative shall exercise any greater authority than permitted by the Project Participant or Project Participants, which she/he represents. The chairperson of the Coordinating

Committee ("Chairperson") shall be a representative of the Project Manager. The Chairperson shall be responsible for calling and presiding over meetings of the Coordinating Committee. The Chairperson or SCPPA shall promptly call a meeting of the Coordinating Committee at the request of any representative in a manner and to the extent permitted by law. Except as may otherwise be provided in an agreement to which all of the Project Participants agree, all actions taken by the Coordinating Committee shall require an affirmative vote of no less than two representatives of Project Participants having Output Entitlement Shares aggregating at least eighty percent (80%) of the Output Entitlement Shares; provided, however, that (1) if a proposed action before the Coordinating Committee or the Board of Directors relates solely to the interests of a single Project Participant and a Project Participant determines, in good faith, that such proposed action will not adversely affect, economically or otherwise, the Project Participant, such Project Participant agrees that it shall not unreasonably withhold its affirmative vote with respect to such proposed action or (2) if there are only two Project Participants eligible to vote on a proposed action then an affirmative vote of one Project Participant with at least eighty percent (80%) of the Output Entitlement Shares shall only be required; provided, however, that in the latter case the minority Project Participant shall be given notice of any proposed action, and its views, if any, shall be considered by the majority Project Participant prior to a vote on the proposed action. In addition, notwithstanding the forgoing, neither Pasadena nor Burbank may withhold their affirmative vote, at either the Coordinating Committee or Board of Directors level, to have SCPPA acquire the Facility pursuant to Section 2.5 of the Power Purchase Agreement, at a foreclosure under the Performance Security, and/or finance the associated Cost of Acquisition, if LADWP affirmatively votes to have SCPPA acquire the Facility and/or finance the associated Cost of Acquisition. Except as provided in the preceding sentence, all actions with respect to the Project taken by the Board of Directors shall require an affirmative vote of at least eighty percent (80%) of the Project Votes (as defined in SCPPA's Joint Powers Agreement, dated as of November 1, 1980, as amended from time to time) cast thereon. Conducting of Coordinating Committee meetings and actions taken by the Coordinating Committee may be taken by vote given in an assembled meeting or by telephone, video conferencing, telegraph, telex, letter, e-mail or by any combination thereof, to the extent permitted by law.

- 6.2 Coordinating Committee Responsibilities. The Coordinating Committee shall have the following responsibilities:
- 6.2.1 Provide liaison between SCPPA and the Project Participants at the management or other levels with respect to Acquisition, further developments, operation and ongoing administration of the Project, and maintain a liaison between the Project Participants and all other SCPPA members with respect to the Project, and where the Coordinating Committee deems it appropriate, maintain a liaison with the counterparties to any Project Agreements and with any other entities or utilities engaged in or in connection with other renewable energy projects.
 - 6.2.2 If any desired Project design, feasibility or planning studies or activities which are to be completed by SCPPA have not been completed by the Effective Date of this Agreement, oversee the continuation and completion of such Project design, feasibility or planning studies or activities.

- 6.2.3 Exercise general supervision over any subcommittee established pursuant to Section 6.5.
- 6.2.4 Review, develop, discuss, and, if appropriate, recommend, modify or approve all budgets and revisions thereof prepared and submitted by SCPPA or the Project Manager pursuant to any applicable agreement.
- 6.2.5 Review, develop, discuss, and, if appropriate, modify, approve or otherwise act upon any systems or procedures for adjustment of the Budget or any alternative methodologies for budgeting or billing as set forth in Section 5 and Section 7 of this Agreement.
- 6.2.6 Carry out all other actions reposed in the Coordinating Committee with respect to budgeting and billing as set forth in Section 5 and Section 7 of this Agreement.
- 6.2.7 Review, discuss and attempt to resolve any disputes among the Project Participants or the parties to any Project Agreements including, without limitation, the Power Purchase Provider, the counterparties under the Leases and Property Agreements, the Security Instruments, any rights of way with respect to the Project, any agreement providing for any interest in real estate with respect to the Project, any common facilities agreements, any transmission provider, any representatives of the Intermountain Power Agency, or any other counterparty with respect to any Project Agreement relating to the Project.
- 6.2.8 Make recommendations to the Project Manager, the Board of Directors or to the counterparties to any of the Project Agreements, as appropriate, with respect to the development, operation and ongoing administration of the Project.
- 6.2.9 Review, develop, and if appropriate, modify and approve rules, procedures and protocols for the administration of the Power Purchase Agreement, including rules, procedures and protocols for the management of the costs of the Facility and the scheduling, handling, tagging, dispatching and crediting of Facility Output associated with the Facility.
- 6.2.10 Review, develop, and if appropriate modify and approve rules, procedures and protocols for the monitoring, inspection and the exercise of due diligence activities in connection with the Acquisitions relating to the Project and the operation of the Facility.
- 6.2.11 Review, and, if appropriate, modify, approve or otherwise act upon, the form or content of any written statistical, administrative, or operational reports, wind data, electric generation information, wind and energy production data, wind turbine mechanical and technical information, wind turbine reliability data, transmission information, scheduling, dispatching, tagging, parking, firming, exchanging, balancing, movement, or other delivery information, meteorological, climate and wind related matters, regulatory matters or requirements, and other information and other similar records or matters pertaining to the Project which are furnished to the Coordinating Committee by the Project Manager, the counterparties to Project Agreements, experts, consultants or others.

- 6.2.12 In coordination with the Board of Directors, review, and, if appropriate, recommend, modify or approve rules, procedures, and protocols as provided in Section 10.3.
- 6.2.13 Review, and, if appropriate, modify, approve or otherwise act upon, practices and procedures as formulated by the Project Manager or, if applicable, the counterparty to any Project Agreement, to be followed by the Project Participants for, among other things, the production, scheduling, tagging, transmission, delivery, firming, balancing, exchanging, crediting, tracking, monitoring, remarketing, sale or disposition of Facility Output.
- 6.2.14 Review, modify and approve, if necessary, the schedule of planned activities formulated by the Project Manager or the counterparty with respect to the performance of any Project Agreement, including the policies for selection and utilization of contractors and consultants included in the budgets with respect to the Project. In formulating and approving such schedules, consideration may be given, if possible, to each Project Participant's electric system conditions, which may prevail during such planned activities.
- 6.2.15 Act upon such recommended changes, as the Coordinating Committee shall deem appropriate as set forth in Section 15.5 of the Power Sales Agreements. Such changes as may occur in such manner with respect to Appendix B and Appendix C herein shall be considered an element of the administration of this Agreement and shall be deemed an amendment of this Agreement and shall not require the consent of the Parties hereto.
- 6.2.16 Review, and, if appropriate, recommend, modify or approve practices and procedures formulated by the Project Manager or a counterparty to any Project Agreements giving due recognition to the needs of each Project Participant.
- 6.2.17 Review, and, if appropriate, recommend, modify or approve practices and procedures formulated by the Project Manager or any counterparty with respect to any Project Agreement and when requested by a Project Participant review, and, if appropriate, recommend, modify or approve issues associated the Point of Delivery or delivery arrangements and any amendments or supplementations to the Power Purchase Agreement, the Leases and Property Agreements, or any Project Agreement.
- 6.2.18 Review, and, if appropriate, recommend, modify or approve policies or programs formulated by the Project Manager, any counterparty under any Project Agreement or any other person or entity for the exchange of energy from the Facility.
- 6.2.19 Review, and, if appropriate, recommend, modify, or approve policies or programs formulated by the Project Manager or any counterparty under any Project Agreement for determining or estimating wind resources or the values, quantities, volumes or costs of renewable energy.
- 6.2.20 Review, modify or approve recommendations of the Project Manager or counterparties made pursuant to the provisions of any Project Agreement.

- 6.2.21 Review, modify and approve all Costs of Acquisition and submit to the Board of Directors any budget revisions or other provisions for the payment or financing thereof.
- 6.2.22 Review, modify and approve SCPPA's insurance program with respect to the Project including, without limitation, the establishment of any self-insurance program and the maximum amount or amounts of any uninsured claim that the Project Manager may settle without prior approval of the Coordinating Committee.
- 6.2.23 Identify, or develop criteria to identify, contracts or agreements relating to work or Operating Work that shall be deemed to be Major Contracts under any applicable project management or operating agreement.
- 6.2.24 Review, and to the extent permitted by this Agreement or any other relevant agreement relating to the Project, modify and approve or disapprove the specifications, vendors' proposals, bid evaluations, form of final agreement, or any other matters with respect to Major Contracts under any applicable project management or Project Agreement.
- 6.2.25 Review, modify or approve recommendations, including recommendations of the Project Manager with respect to actions, disposition or use, if any, relating to Acquisition activities.
- 6.2.26 Perform such other functions and duties as may be provided for under this Agreement, the Power Purchase Agreement, the Leases and Property Agreements, the Security Instruments, any real estate instruments relating to the Facility or any other applicable Project Agreement, or as may otherwise be appropriate or beneficial to the Project.
- 6.3 Management Decisions and the Role of Board of Directors: The rights and obligations of SCPPA under the Project Agreements shall be subject to the ultimate control at all times of the Board of Directors. Purchaser and the other Project Participants shall be entitled to participate in the decisions of the Board of Directors with respect to SCPPA's rights and interests in the Facility and the Project as provide in Section 6.1 herein. SCPPA through the Board of Directors shall have, in addition to the duties and responsibilities set forth elsewhere in this Agreement, the following duties and responsibilities, among others:
 - 6.3.1 Future Developments. The Board of Directors shall provide liaison among the Project Participants at the management level with respect to the direction of the Project and future developments arising out of the Power Purchase Agreement, including any purchase of the Facility and shall carry out those measures necessary to address such developments, including any purchase of the Facility
 - 6.3.2 Dispute Resolution. The Board of Directors shall endeavor to review, discuss and attempt resolve any disputes among SCPPA, the Project Participants and the counterparties under the Project Agreements relating to the Project, the operation and management of the Facility and SCPPA rights and interests in the Facility.

- 6.3.3 Scheduling procedures. When recommended by the Coordinating Committee or when otherwise appropriate the Board of Directors shall act upon and approve or modify the practices and procedures to be followed by the Project Participants for the scheduling, delivering, controlling and allocating Facility Output associated with the Project.
- 6.3.4 Project Agreements. The Board of Directors shall have the authority to review modify and approve, as appropriate, all amendments, modifications and supplements to the Project Agreements.
- 6.3.5 Capital Improvements. The Board of Directors shall review, modify and approve if appropriate all Capital Improvements and Acquisitions undertaken with respect to the Project and all financing arrangements for such Capital Improvements or Acquisitions. The Board of Directors shall approve those budgets or other provisions for the payments associated with the Project and the financing for any development or Acquisitions associated with the Project.
- 6.3.6 Committees. Exercise such review, direction or oversight as may be appropriate with respect to the Coordinating Committee and any other committees established pursuant to the Project Agreements.
- 6.3.7 Bond issuance. Recommend to the Board of Directors approval of (1) each issuance of SCPPA indebtedness relating to the Project, (2) each supplement or amendment to the Indenture relating to the Project, (3) the Bonds used to prepay for Guaranteed Generation or finance the purchase of the Facility or Capital Improvements of the Facility or other Acquisitions to carry out the objectives of the Project, (4) the selection of underwriters for each series of Bonds, (5) the manner and timing of marketing (including of the manner of sale), amount, interest rates and other terms and conditions of each series of SCPPA indebtedness associated with the Project, and (6) any other action necessary or appropriate to carry forth Section 13 of this Agreement.
- 6.3.8 Budgeting. The Board of Directors shall review, modify and approve each Annual Budget and the revisions thereto in accordance with Section 5.4 of this Agreement.
- 6.3.9 Federal Tax Exemption. With respect to any Bonds that, when initially issued, are the subject of an opinion of Bond Counsel to the effect that interest thereon is excluded from gross income for federal income tax purposes, the Board of Directors, in consultation with Bond Counsel, shall consider and adopt, rules, procedures, and protocols pursuant to Section 10 herein, and shall provide direction with respect to the requirements of law related to the Federal Tax Exemption.
- 6.3.10 Other matters. The Board of Directors is authorized to perform such other functions and duties, including oversight of those matters and responsibilities addressed by the Coordinating Committee, as may be provided for under this Power Sales Agreement and under the other Project Agreements, or as may otherwise be appropriate.

- 6.4 Periodic Audits. The Board of Directors or the Coordinating Committee may arrange for the annual audit under Section 5.6 of this Agreement by certified accountants, selected by SCPPA and experienced in electric generation or electric utility accounting, of the books and accounting records of SCPPA, and where deemed appropriate the Project Manager (if other than SCPPA), the Power Purchase Provider (to the extent provided under the Power Purchase Agreement) and any other counterparty under any Project Agreement to the extent allowable, and any cost reimbursable consultant or cost reimbursable contractor relevant to the Acquisition, development, administration or operation of the Project, and such audit shall be completed and submitted to SCPPA as soon as reasonably practicable after the close of the Fiscal Year. SCPPA shall promptly furnish to Purchaser and the other Project Participants copies of all audits. No more frequently than once every calendar year, a Project Participant may, at its sole cost and expense, audit or cause to be audited the books and cost records of SCPPA, the Project Manager (if other than SCPPA), the counterparty under any Project Agreement to the extent so provided in the applicable Project Agreement, and any cost reimbursable consultant or cost reimbursable contractor relevant to the Acquisition, development, administration or operation of the Project.
- 6.5 Additional Committees. The Coordinating Committee, or the Board of Directors, as appropriate, may establish as needed subcommittees including, but not limited to, auditing, legal, financial, engineering, mechanical, geologic, wind, meteorologic, operating, insurance, environmental and public information subcommittees. The authority, membership, and duties of any subcommittee shall be established by the Coordinating Committee or Board of Directors; provided, however, such authority, membership or duties shall not conflict with the provisions of any of the Project Agreements. Each such subcommittee shall be initially responsible to the Coordinating Committee.
- 6.6 Written Record. All actions, resolutions, determinations and reports made by the Coordinating Committee as required by this Agreement shall be set forth in a written record or its minutes.
- 6.7 Change in Representative. Each Project Participant shall promptly give written notice to the other Project Participants and SCPPA of any changes in the designation of its representative on the Coordinating Committee or any subcommittee, and SCPPA shall promptly give written notice to the Project Participants of any changes in the designation of its representative on the Coordinating Committee or any subcommittee.
- 6.8 Costs of Consultants. Costs (or the applicable portion thereof) of consultants and others employed or appointed by the Coordinating Committee to perform the duties required hereunder, to the extent the Coordinating Committee is authorized to so employ or appoint, shall be included in the Cost of Acquisition or Total Monthly Costs, as appropriate, and shall be billed to SCPPA or the Project Manager (if other than SCPPA).
- 6.9 Representative's Expenses. Any expenses incurred by any representative of any Project Participant or group of Project Participants serving on the Coordinating Committee or any other committee in connection with his/her duties on such committee shall be paid by the Project Participant or Project Participants which he/she represents and shall not be an expense payable under this Agreement.

- 6.10 Inaction by Committee. It is recognized by SCPPA and the Project Participants that if the Coordinating Committee is unable or fails to agree with respect to any matter or dispute which it is authorized to determine, resolve, approve, disapprove or otherwise act upon after a reasonable opportunity to do so, or within the time limits specified herein or in any otherwise applicable Project Agreement, then the Project Manager may take such action as in its discretion is necessary for its timely performance under any applicable Project Agreement pending the resolution of any such inability or failure to agree, but nothing herein shall be construed to allow the Project Manager to act in violation of the express terms of any applicable project management agreement or this Agreement.
- 6.11 Compliance with Indenture. It is recognized by SCPPA and the Project Participants that the planning, financing, development, acquisition, operation and maintenance of the Project must comply in all respects with requirements of the Indenture and all licenses, permits and regulatory provisions necessary for such planning, financing, development, acquisition, operation and maintenance and it is therefore agreed that, notwithstanding Section 6.10 or any other provision of this Agreement, no action by the Coordinating Committee or the Project Manager (if a designee other than SCPPA) shall require SCPPA to act in any manner inconsistent with any such requirements or to refrain from acting as required by the Power Sales Agreements and if the Coordinating Committee or the Project Manager (if a designee other than SCPPA) shall fail to make recommendations or act with respect to any matter in connection with an action that is required to be taken pursuant to any of the foregoing, SCPPA shall take such action as is appropriate to assure compliance with the foregoing.

7. CHARGES AND BILLINGS.

- 7.1 Monthly Costs. The amount of Monthly Costs to be paid by Purchaser for a particular Month shall be the sum of the following, subject to Section 7.9 hereof:
- 7.1.1 Purchaser's Output Cost Share multiplied by the operating cost component of Total Monthly Costs (as provided in Section 4.7.1 hereof) for such Month.
 - 7.1.2 Purchaser's share of the Supplementary Services cost component of Total Monthly Costs (as defined in Section 4.7.2 hereof) for such Month based on Purchaser's allocated share of any such services procured by SCPPA on behalf of the Purchaser.
 - 7.1.3 Purchaser's Output Cost Share multiplied by the Reserve Fund cost component of Total Monthly Costs (as provided pursuant to Section 4.7.3 hereof) for such Month.
 - 7.1.4 Purchaser's Indenture Cost Share as set forth in the Indenture Cost Shares column of Appendix C hereof multiplied by the Indenture cost component of Total Monthly Costs (as provided in Section 4.7.4 hereof) for such Month as the Indenture cost component has been reduced by interest earned on investments with respect to the Indenture if and to the extent not credited against the Cost of Acquisition.
 - 7.1.5 Purchaser's Output Cost Share multiplied by the Power Purchase Agreement cost component of Total Monthly Costs (as provided pursuant to Section 4.7.5 hereof) for such Month.

- 7.2 Billing Statement. By the fifth calendar day of each Month during each Power Supply Year, SCPPA shall bill Purchaser for the amount of Monthly Costs to be paid by Purchaser for the current Month by providing Purchaser with a Billing Statement in accordance with the charges established pursuant to the provisions of this Agreement; provided, however, that such Billing Statement, with respect to Debt Service and other obligations payable from the Debt Service Fund under the Indenture, shall instead include the amount, if any, to be paid by Purchaser with respect to the applicable Bonds that is due and payable in the immediately succeeding Month or as otherwise provided under the Indenture, and provided further, that such Billing Statement, with respect to the cost of Facility Output provided to Purchaser pursuant to the Power Purchase Agreement, shall (without duplication) include the amount payable by SCPPA under and pursuant to said Power Purchase Agreement on behalf of Purchaser and such Billing Statement shall also with respect to the performance by SCPPA or the counterparty under and pursuant to other applicable Project Agreements, charge or credit Purchaser with the costs or revenues attributable to Purchaser pursuant to and under any other applicable Project Agreement. Such Billing Statement shall detail the costs described in Section 7.1 hereof and shall set forth, among other things, the amounts due for such Month by Purchaser with respect to the items of Monthly Costs set forth in Section 7.1, as such Monthly Costs may be adjusted from time to time in accordance with Section 5 and this Section 7. Such Billing Statement shall be paid by Purchaser on or before 20 days after receipt of such Billing Statement.
- 7.3 Adoption of Alternative Billing Statement Procedures. The Coordinating Committee may recommend the adoption of an alternative Billing Statement billing methodology in connection with each Project Participant's Billing Statement with respect to the Power Purchase Agreement cost component and the costs associated with any other Project Agreement. Such alternative Billing Statement procedures may be placed into effect with the approval of the same by resolution of the Board of Directors. Any such alternative Billing Statement billing methodology shall satisfy all requirements of the Indenture and shall be fiscally prudent, financially sound and shall assure coverage of all potential and actual costs and obligations of SCPPA.
- 7.4 Disputed Monthly Billing Statement. In case any portion of any Billing Statement received by Purchaser from SCPPA shall be in bona fide dispute, Purchaser shall pay SCPPA 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 the rate received by SCPPA on any overpayment, will be credited to Purchaser by SCPPA after such determination; provided, however, that such interest shall not accrue on any overpayment that is acknowledged by SCPPA and returned to Purchaser by the fifth calendar 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 Purchaser with regard to SCPPA's position relative thereto within 30 days following receipt of written notification by Purchaser of such dispute.
- 7.5 Reconciliation of Monthly Costs. As soon as practicable after the end of each Power Supply Year, SCPPA will submit to Purchaser and the other Project Participants a detailed statement of the actual aggregate Monthly Costs and other amounts payable hereunder, including any credits thereto, for all of the Months of such Power Supply Year, and the adjustments of the aggregate Monthly Costs and other amounts payable hereunder, if any,

for any prior Power Supply Year, based on the annual audit of accounts provided for in Section 6.4. If, on the basis of the statement submitted as provided in this Section 7.5, the actual aggregate Monthly Costs and other amounts payable by the Project Participants for any Power Supply Year exceed the amount thereof which Purchaser and the other Project Participants have been billed, Purchaser and the other Project Participants shall pay SCPPA, within 20 days of receipt of SCPPA's invoice, the amount to which SCPPA is entitled. If, on the basis of the statement submitted pursuant to this Section 7.5, the actual aggregate Monthly Costs or other amounts payable by the Project Participants for any Power Supply Year are less than the amount therefor which Purchaser and the other Project Participants have been billed, SCPPA shall, unless otherwise directed by Purchaser or any other Project Participants with respect to moneys owed to each, credit such excess against Purchaser's and the other Project Participants' next monthly Billing Statement. In the event that the failure of Purchaser to make its payments in accordance with this Agreement shall have resulted in the application of amounts in any reserve or other Fund under the Indenture or this Agreement to the payment of costs payable from such reserve or Fund and the other Project Participants shall have made up the deficiency created by such application or paid additional amounts as a result of a draw on such reserve or Fund, amounts thereafter paid to SCPPA by Purchaser for application to such past due payments including interest shall be credited on the Billing Statements of such other Project Participants in the next Month or Months as provided in Section 15.

- 7.6 Other or Additional Cost Reconciliation Mechanisms. The Board of Directors may, by resolution, authorize or prescribe other billing, payment, costing and cost reconciliation mechanisms to address such billing, payment, costing and cost reconciliation issues as may from time to time arise with respect to the Project.
- 7.7 Interest on Late Payments. If Purchaser fails to pay any Billing Statement when due, interest shall accrue, to the extent permitted by law, at a rate equal to the lesser of (i) one percent per Month on the unpaid amount of the bill or (ii) the monthly equivalent of the "prime" rate of interest as noticed in the Federal Reserve's HR 15 weekly bulletin (or the subsequent equivalent thereof) as of the date of nonpayment on the unpaid amount of the bill, until such Billing Statement is paid.
- 7.8 Prepayment of Monthly Costs. Purchaser may, at any time, pay moneys to SCPPA or utilize any credits due or amounts owed by SCPPA to Purchaser for the purpose of prepaying its monthly Billing Statement. Such moneys and amounts owed by SCPPA under any Project Agreement shall be deposited into an account established by, or at the direction of, SCPPA. Consistent with SCPPA's investment policy, moneys in such account shall be invested pursuant to instructions provided to SCPPA by Purchaser and all investment income shall be credited to such account. Payment of the amount of any monthly Billing Statement or Default Invoice shall be made from moneys available in such account to the extent set forth in written directions from Purchaser to SCPPA received at least five business days prior to the due date of such payment. Any credit or prepayment with respect to its monthly Billing Statement shall not relieve or reduce Purchaser's other obligations under this Agreement.
- 7.9 Costs or Expenses Incurred for Sole Benefit of Purchaser. Notwithstanding anything to the contrary in this Agreement, if a particular cost or expense is incurred by SCPPA for the sole benefit of Purchaser, unless otherwise determined by the Coordinating

Committee, then such cost or expense shall be allocated only to Purchaser, in which event only Purchaser (and no other Project Participant) shall be responsible for the payment thereof under this Agreement. Any such cost or expense incurred by SCPPA for the sole benefit of Purchaser shall be deemed to be paid last from amounts paid by Purchaser for the payment of its Billing Statements.

8. UNCONDITIONAL PAYMENT OBLIGATIONS; RATE COVENANT; AUTHORIZATIONS; CONFLICTS; LITIGATION.

- 8.1 Unconditional Payment Obligation. Beginning with the earliest of (i) the date SCPPA is obligated to pay any portion of the costs of the Project, (ii) the date upon which SCPPA first incurs or accrues costs associated with the issuance of the Bonds, (iii) the date of Commercial Operation, (iv) the date of the first delivery of Facility Output to Purchaser pursuant to the Power Purchase Agreement and continuing through the term of this Agreement, Purchaser shall pay SCPPA the amounts of Monthly Costs set forth in the Billing Statements submitted by or on behalf of SCPPA to Purchaser in accordance with the provisions of Section 7 hereof and, without duplication, any amount set forth in any Step-Up Invoices or Default Invoices received by Purchaser as a result of the operation of Section 15 hereof, whether or not the Project or any part thereof has been completed, is functioning, producing, operating or operable or its output is suspended, interrupted, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.
- 8.2 Source of Payments. The Purchaser hereby represents and warrants that the obligations of Purchaser to make the payments to SCPPA under this Agreement shall constitute a cost of purchased power and an operating expense of Purchaser payable solely from its electric revenue fund, including any and all legally available electric system reserves. Purchaser will annually in each and every fiscal year of Purchaser during the term of this Agreement include in its power system budget, whether or not any other items are included, an appropriation from the revenues of its electric system (including moneys derived from sales to third parties) sufficient to satisfy all the payments required to be made in such year under this Agreement until all payments required under this Agreement have been paid in full.
- 8.3 Rate Covenant. Purchaser will establish, maintain and collect rates and charges for the electric service of its electric system so as to provide revenues sufficient, together with any legally available electric system reserves, to enable Purchaser to pay to SCPPA all amounts payable when due under this Agreement and to pay all other amounts payable from, and all lawful charges against or liens on, the revenues of its electric system
- 8.4 Authorizations. The Purchaser hereby represents and warrants that no order, approval, consent or authorization of any governmental or public agency, authority or person, is required on the part of the Purchaser for the execution and delivery by the Purchaser of this Agreement, or the performance by the Purchaser of its obligations under this Agreement except for such as have been obtained.

- 8.5 Conflicts. Purchaser represents and warrants to SCPPA as of the Effective Date that, to Purchaser's knowledge, the execution and delivery of this Agreement by Purchaser, and Purchaser's performance thereunder will not constitute a default under any agreement or instrument to which it is a party, or any order, judgment, decree or ruling of any court that is binding on Purchaser, or a violation of any applicable law of any governmental authority, which default or violation would have a material adverse effect on the financial condition of Purchaser's power revenue fund.
- 8.6 Litigation. Purchaser represents and warrants to SCPPA as of the Effective Date that, to Purchaser's knowledge, except as disclosed, there are no actions, suits or proceedings pending against Purchaser (service of process on Purchaser having been made) in any court that questions the validity of the authorization, execution or delivery by Purchaser of this Agreement, or the enforceability on Purchaser of this Agreement.

9. OTHER TERMS AND SERVICES.

- 9.1 Delivery Procedures. Prior to the time at which any Energy will be delivered to Purchaser from the Facility, Purchaser will schedule and shall be obligated to take delivery of its Output Entitlement Share of the Energy to be delivered. The Facility Output generated and produced from the Project shall be scheduled and delivered to Project Participants at the Point of Delivery under practices and procedures approved by the Coordinating Committee pursuant to Section 6.2 hereof.
- 9.2 Other Services and Transportation From Point of Delivery. It is the obligation of Purchaser to receive its share of Facility Output and to arrange for delivery of such Facility Output to its ultimate destination or destinations after having reached the Point of Delivery, as determined by Purchaser. However, to the extent specified by the Purchaser, and to the extent practicable for SCPPA to do so, SCPPA shall assist in arranging for Supplementary Services and for such additional transmission, interconnection arrangements, energy management, firming, swaps, exchanges or other services associated with the transmission, use or disposition of Facility Output to be utilized by the Purchaser and to provide for delivery, accounting for, transferring and crediting the ownership and transfer of Facility Output from the Point of Delivery to any other points or destinations, as determined by the Purchaser.
- 9.3 Energy Services. Except as otherwise provided in this Agreement and subject to Section 18.1, nothing herein shall prevent or restrict Purchaser from providing for its own transmission, energy management services, firming, balancing, or exchanging services or otherwise using or dispatching its Energy under this Agreement; provided, however, that such services, use or activities shall not affect any of the obligations of Purchaser under this Agreement or, if applicable, adversely affect the Federal Tax Exemption and shall at all times conform to the applicable requirements of Section 10 of this Agreement.
- 9.4 Assistance to Purchaser respecting Facility Purchase. SCPPA shall endeavor to take those actions and carry forth those measures necessary to maintain and preserve SCPPA's rights with respect to any purchase obligation or purchase option contained in the Power Purchase Agreement and, if so determined pursuant to the terms of this Agreement, to facilitate the purchase of the Facility pursuant to the terms of the Power Purchase Agreement. SCPPA's services in connection with any such purchase option may include

but not limited to determining the advisability of such purchase, preparing such documents and instruments and carrying forth such economic and appraisal studies as may be desirable to facilitate any proposed transaction and to obtain any necessary or appropriate information in connection with any such potential purchase of the Facility.

- 9.5 Balancing Agent and Dynamic Scheduling. Upon the request of Purchaser, SCPPA shall either (i) retain an agent to maintain and balance Purchaser's hourly Energy schedules in accordance with WECC protocols ("Balancing Agent"), including the provision or absorption of imbalance energy to accommodate intra-hour fluctuations of Facility Output as compared to Purchaser's Energy schedule and maintaining a balancing account of accumulated imbalance energy to be settled by adjusting future Purchaser Energy schedules or (ii) arrange for Dynamic Scheduling from the Point of Delivery to Purchaser's control area, including the procurement and installation of scheduling hardware, software, and communications equipment necessary to effectuate Dynamic Scheduling.
- 9.6 Transfer of Environmental Attributes to Project Participants. SCPPA shall transfer all Environmental Attributes received by SCPPA under the Power Purchase Agreement to Purchaser and other Project Participants in accordance with their respective Output Entitlement Shares in the same manner by which SCPPA receives Environmental Attributes from the Power Purchase Provider.

10. REQUIREMENTS RELATING TO FEDERAL TAX EXEMPTION.

- 10.1 Purchaser to Provide Federal Tax Exemption Information. At such times and through such means as prescribed by the rules, procedures and protocols promulgated by SCPPA to address the subject, with respect to any Bonds that, when initially issued, are the subject of an opinion of Bond Counsel to the effect that interest thereon is excluded from gross income for federal income tax purposes, Purchaser shall provide SCPPA with a tax certificate in substantially the same form as set forth in Appendix F or Appendix G, as applicable, and such information and representations as necessary to establish Purchaser's compliance with the requirements of the Federal Tax Exemption, including, to the extent applicable, information and representations concerning the use of electric energy provided under this Agreement. In the event that a change in law or regulations should require a modification to the form of said tax certificates, then the applicable tax certificates shall be modified to conform with such change prior to issuance.
- 10.2 Compliance with the Federal Tax Exemption. With respect to any Bonds that, when initially issued, are the subject of an opinion of Bond Counsel to the effect that interest thereon is excluded from gross income for federal income tax purposes, Purchaser agrees for the benefit of the owners of such Bonds that it will act in accordance with written instructions which SCPPA may reasonably require from time to time in connection with the Federal Tax Exemption, and in addition Purchaser will not at any time take any action, or fail to take any action, if such action or failure to take action would adversely affect the exclusion from gross income under the Internal Revenue Code by the holders thereof of interest on such Bonds. Without limiting the foregoing provisions of this Section 10.2, Purchaser agrees that, if Bonds are issued by SCPPA to finance the Prepayment Amount, and such Bonds are (i) outstanding under the Indenture and (ii) the subject of an opinion of Bond Counsel to the effect that interest thereon is excluded from gross income for federal

income tax purposes, then in the case of the acquisition of the Facility by SCPPA as provided under Section 11.2, there shall be compliance with the requirements of the Federal Tax Exemption with respect to such outstanding Bonds, including, if necessary, the provision by Purchaser of a new or revised tax certificate substantially in the form set forth in Appendix G (or, in the event of a change in applicable law or regulations, a modified certificate to conform with such change) with respect to such outstanding Bonds. In connection with such compliance, Purchaser shall cooperate with and provide to SCPPA such other information, representations and certifications as necessary for Bond Counsel to render an opinion to the effect that such acquisition will not adversely affect the exclusion of interest on any such outstanding Bonds from gross income for federal income tax purposes.

- 10.3 SCPPA to Issue Rules, Procedures and Protocols. The Board of Directors shall develop and promulgate such rules, procedures and protocols, together with amendments thereto, as necessary, in consultation with Bond Counsel, to provide for and maintain the Federal Tax Exemption under applicable laws and regulations existing from time to time with respect to any Bonds that, when initially issued, are the subject of an opinion of Bond Counsel to the effect that interest thereon is excluded from gross income for federal income tax purposes, and shall include, without limitation, the appropriate reporting, documentation and certification to establish and maintain compliance with the provisions of this Section 10 and the Federal Tax Exemption.

11. PROJECT SPECIFIC MATTERS AND PROJECT PARTICIPANT RIGHTS AND OBLIGATIONS UNDER THE POWER PURCHASE AGREEMENT.

- 11.1 The Power Purchase Agreement. Notwithstanding anything to the contrary contained herein: (i) the obligation of SCPPA to deliver Purchaser's Output Entitlement Share of Facility Output hereunder during the Delivery Term of the Power Purchase Agreement is limited to the Facility Output which SCPPA receives pursuant to the Power Purchaser Agreement for redelivery to Purchaser hereunder during such time; (ii) the obligation of SCPPA to pay any amount to Purchaser hereunder or to give credits against amounts due from Purchaser hereunder is limited to amounts SCPPA receives under the Power Purchase Agreement in connection with the transaction (or otherwise available to SCPPA in connection with this Agreement for which such payment or credit relates); (iii) any purchase costs, operating costs, energy costs, capacity costs, environmental attribute costs, transmission costs, tax costs, insurance costs, indemnifications, other costs or other charges for which SCPPA is responsible under the Power Purchase Agreement shall be considered purchase costs, operating costs, energy costs, capacity costs, environmental attribute costs, transmission costs, tax costs, insurance costs, indemnifications, other costs or other charges incurred by SCPPA and payable by Purchaser and the other Project Participants; and (iv) any event of Force Majeure affecting the delivery of energy pursuant to the applicable provisions of the Power Purchase Agreement shall be considered an event caused by Uncontrollable Forces affecting SCPPA with respect to the delivery of energy and/or environmental attributes hereunder and SCPPA forwarding to Purchaser notices and information from the Power Purchase Provider concerning an event of Force Majeure upon receipt thereof shall be sufficient to constitute a notice that Uncontrollable Forces have occurred pursuant to Section 16.2 of this Agreement.

11.2 Acquisition of the Facility by SCPPA. The Parties mutually acknowledge and agree that SCPPA may in the future, acquire ownership of the Facility and succeed to the rights and obligations associated with the Facility's ownership pursuant to the provisions of Section 2.5 of the Power Purchase Agreement or pursuant to a foreclosure under the Performance Security issued in accordance with the Power Purchase Agreement, including but not limited to the rights and obligations under joint operating agreements and the ownership of the leasehold estates, rights of way and other real property interests upon which the Facility is situated, at such time and under such terms as provided in the Power Purchase Agreement or on such other terms as may be agreed upon between SCPPA and the Power Purchase Provider, or otherwise. The Parties also anticipate that any such acquisition of the Facility may be carried out with SCPPA financing. If SCPPA shall be required to purchase the Facility pursuant to Section 2.5(e) of the Power Purchase Agreement or, subject to a Coordinating Committee recommendation and approval of the Board of Directors, SCPPA exercises its option to acquire the Facility as provided for in Section 2.5 of the Power Purchase Agreement or acquires the Facility pursuant to the Performance Security, then SCPPA shall acquire the Facility and finance the associated Cost of Acquisition through the issuance of Bonds.

12. **PLEDGE OF PAYMENTS.** All or any portion of the payments required to be made by Purchaser in accordance with or pursuant to any provision of this Agreement may be pledged by SCPPA to secure the payment of the Bonds, and interest thereon, subject to the application thereof to such purposes and on such terms as provided in the Indenture, and as required by the Act. SCPPA may assign, among other rights and security, to the Project Trustee its rights to receive from Purchaser all or any portion of the payments to be made by Purchaser pursuant to this Agreement. SCPPA may direct Purchaser to make all or any portion of such payments directly to the Project Trustee for application by the Project Trustee under the Indenture. Notwithstanding the foregoing or any other provision of this Agreement, SCPPA shall not acquire the Facility unless there shall be compliance with the applicable provisions of Section 10 and with the provisions of the Indenture applicable to the acquisition of the Facility.

13. **ISSUANCE OF BONDS.**

13.1 Issuance of Bonds. Bonds will be issued by SCPPA in accordance with this Agreement, the provisions of the Indenture and the Act for the purpose of financing the Cost of Acquisition, which may entail, among other things, the prepayment for Guaranteed Generation, and, if applicable, the purchase of the Facility.

13.2 Additional Bonds. Additional Bonds may be issued by SCPPA in accordance with this Agreement, the provisions of the Indenture and the Act at any time and from time to time in the event funds are required for completion of the Project or for the purpose of financing any further Cost of Acquisition or Capital Improvements, including without limitation the cost of acquiring the Facility pursuant to Section 11.2, and upon the recommendation of the Coordinating Committee and approval of the Board of Directors, SCPPA shall use its best efforts to issue such additional Bonds.

13.3 Refunding Bonds. In the event that Monthly Costs may be reduced by the refunding of any of the Bonds or in the event it shall otherwise, for one or more of the Project Participants, be advantageous, in the opinion of SCPPA, to refund any Bonds, SCPPA may issue and sell refunding Bonds in accordance with the Indenture and the Act.

13.4 Reserved.

13.5 Redemption or Payment of Bonds. SCPPA may issue such bonds, notes, certificates of participation, commercial paper, other evidences of indebtedness or other instruments, in accordance with the Indenture and the Act, as it may deem appropriate to facilitate the redemption or payment of Bonds.

13.6 Bond-Related Documents. Purchaser agrees to supply SCPPA, upon written request, with such additional information and documentation as SCPPA shall reasonably determine to be necessary or desirable to facilitate the issuance of Bonds, additional Bonds or refunding Bonds for the purposes described in this Section 13 and to comply with continuing disclosure requirements including, but not limited to, requirements under the United States Securities and Exchange Commission Rule 15c2-12.

14. **EXCESS BOND PROCEEDS.** In the event the proceeds derived from the sale of any Bonds exceed the aggregate amount required for the purposes for which such Bonds were issued, the amount of such excess shall be used, after prior consultation with Bond Counsel, to make up any deficiency existing in any Funds under the Indenture in the manner therein provided, and any balance shall (i) be used to retire, by purchase or redemption, Bonds in advance of maturity, (ii) be deposited in any applicable account established in accordance with Section 7.8 hereof, (iii) reduce the payments by the applicable Project Participants required pursuant to Section 7 hereof, and in such event SCPPA will reduce the monthly Billing Statements of such Project Participants as are necessary and appropriate, or (iv) be used for other lawful Project expenses.

15. **NONPERFORMANCE AND PAYMENT DEFAULT.**

15.1 Nonperformance by Purchaser. If Purchaser shall fail to perform any covenant, agreement or obligation under this Agreement or shall cause SCPPA to be in default with respect to any undertaking entered into for the Project or to be in default under the Power Purchase Agreement, or any other Project Agreement, as applicable, or cause a default to occur pursuant to such agreements, SCPPA may, in the event the performance of any such obligation remains unsatisfied after 30 days' prior written notice thereof to the Purchaser and a demand to so perform; take any action permitted by law to enforce its rights under this Agreement, including but not limited to termination of this Agreement, and/or (unless SCPPA has already taken action pursuant to the immediately following sentence) bring any suit, action or proceeding at law or in equity as may be necessary or appropriate to recover damages and/or enforce any covenant, agreement or obligation against the Purchaser with regard to its failure to so perform. In addition to any other rights SCPPA may have under this Agreement as a result of nonpayment by the Purchaser, if the Purchaser fails to pay its share of Debt Service in accordance with this Agreement and the result is that SCPPA defaults on the payment of principal of or interest on any Bond or other obligations payable from the Debt Service Fund under the Indenture, SCPPA may, immediately and without delay, take any action permitted by law to enforce its rights under this Agreement and/or bring any suit, action or proceeding at law or in equity as may be necessary or appropriate to recover damages and/or enforce any covenant, agreement or obligation against the Purchaser with regard to its failure to so perform.

15.2 Notice of Payment Default. On or promptly following the Initial Payment Default Date by Purchaser, SCPPA shall issue a Default Invoice and shall provide written notice to

Purchaser that as a result of a Payment Default it is in default under this Agreement and has assumed the status of a Defaulting Project Participant and that Purchaser's Project Rights are subject to discontinuance, termination and disposal in accordance with Sections 15.4 and 15.5 of this Agreement. Notice of such Payment Default shall be provided promptly by SCPPA to the other Project Participants and to the Project Trustee. In addition to the foregoing, the Notice of Payment Default shall specify that five days after the issuance of the written notice of Payment Default by SCPPA, deliveries of Facility Output to the Purchaser pursuant to this Agreement shall be thereafter suspended until such time as Purchaser is in Compliance. SCPPA may take any action through or in conjunction with the Power Purchase Provider and the Project Manager, if applicable, to expeditiously carry forth the provisions of this Section 15.

- 15.3 Cured Payment Default. Except for a Payment Default which causes SCPPA to default on the payment of principal of or interest on Bonds, or other obligations payable from the Debt Service Fund under the Indenture, as provided in Section 15.4, and except as provided in Section 15.14, if after a Payment Default, Purchaser cures such Payment Default within 30 days (the Cure Period) its Project Rights shall not be subject to discontinuance, termination or disposal as provided for in Sections 15.4 and 15.5 of this Agreement as a result of any Payment Default associated with such Cured Payment Default.
- 15.4 Failure to Cure Payment Default. If at any time 30 days after an uncured Payment Default by Purchaser, Purchaser fails to be in Compliance or if at any time SCPPA defaults on the payment of principal of or interest on any Bond, or other obligations payable from the Debt Service Fund under the Indenture, due to the failure of the Defaulting Project Participant to pay its share of Debt Service in a timely manner in accordance with this Agreement, Purchaser's Project Rights shall immediately be discontinued and terminated and its Project Rights and Obligations shall be disposed of by SCPPA in accordance with Section 15.5 of the Defaulting Project Participant's Power Sales Agreement; provided, however, the Defaulting Project Participant's obligation to make payments under its Power Sales Agreement shall not be eliminated or reduced except to the extent provided in Section 15.6. SCPPA shall provide to the Defaulting Project Participant a separate monthly invoice of any such payment obligations under its Power Sales Agreement. SCPPA shall immediately notify the Project Manager (if other than SCPPA), each of the other Project Participants and the Project Trustee, and such others as SCPPA deems appropriate, of such discontinuance and termination of a Defaulting Project Participant's Project Rights.
- 15.5 Treatment of the Defaulting Project Participant's Project Rights and Obligations upon Payment Default of Defaulting Project Participant. In the event Defaulting Project Participant's Project Rights are discontinued and terminated pursuant to Section 15.4 of its Power Sales Agreement, SCPPA shall undertake or cause to be undertaken the following actions in the order indicated:
 - 15.5.1 SCPPA shall offer to convey, transfer and assign to all non-Defaulting Project Participants, on a temporary or permanent basis as determined by SCPPA, the Project Rights and Obligations of Defaulting Project Participant, and SCPPA shall so convey, transfer and assign on such basis so determined by SCPPA to (i) all requesting non-Defaulting Project Participants the amount of Project Rights and

Obligations requested if the aggregate of such requests does not exceed the amount of Defaulting Project Participant's Project Rights and Obligations of the Defaulting Project Participant, or (ii) all requesting non-Defaulting Project Participants on a pro-rata basis (based upon the amount requested) if the aggregate of such requests exceeds the amount of the Project Rights and Obligations of the Defaulting Project Participant; provided, however, that SCPPA shall not offer or permit the conveyance, transfer or assignment of Defaulting Project Participant's Project Rights and Obligations in such a manner or in such an amount as, in the opinion of Bond Counsel, would violate any provision of the Indenture or adversely affect the Federal Tax Exemption relating to (if applicable) the Bonds. Each such requesting non-Defaulting Project Participant shall assume all, but not less than all, Project Rights and Obligations so conveyed, transferred and assigned to it by SCPPA.

- 15.5.2 If all of Defaulting Project Participant's Project Rights and Obligations are not conveyed, transferred and assigned as provided in Section 15.5.1 of its Power Sales Agreement, SCPPA shall, to the extent SCPPA in its discretion determines it appropriate, offer to convey, transfer and assign, on a temporary or permanent basis as determined by SCPPA, the remaining (or all, if applicable) Defaulting Project Participant's Project Rights and Obligations to third parties, all in accordance with the laws of California; provided, however, that SCPPA shall not offer or permit the conveyance, transfer or assignment of Defaulting Project Participant's Project Rights and Obligations in such a manner or in such an amount as would, in the opinion of Bond Counsel, adversely affect the Federal Tax Exemption relating to (if applicable) the Bonds. Each such requesting third party shall assume all, but not less than all, Project Rights and Obligations so conveyed, transferred and assigned to it by SCPPA.
- 15.5.3 If, at any time or from time to time, any of Defaulting Project Participant's Project Rights and Obligations of a Defaulting Project Participant are not conveyed, transferred and assigned as provided in Sections 15.5.1 or 15.5.2 of its Power Sales Agreement, SCPPA shall use its best efforts, to the extent reasonably possible and economically beneficial, to offer all non-Defaulting Project Participants and third parties, for long-term or short-term sale as determined by SCPPA, Facility Output associated with such Project Rights and Obligations or to remarket or resell such Facility Output, or cause the same to be remarketed or resold; provided, however, that SCPPA shall not offer or permit the sale or remarketing of such Facility Output associated with Defaulting Project Participant's Project Rights in such a manner or in such an amount as would, in the opinion of Bond Counsel, adversely affect the Federal Tax Exemption relating to (if applicable) the Bonds; and provided further, however, that without eliminating Defaulting Project Participant's obligation to make payments under its Power Sales Agreement (notwithstanding anything to the contrary in this Agreement), including payment of SCPPA's costs and expenses related to such default and sale, such payment obligation shall be satisfied to the extent that payments are received by SCPPA from the remarketing or sale of Facility Output associated with Defaulting Project Participant's Project Rights. If at the time of any Coordinating Committee meeting, any of Defaulting Project Participant's Project Rights and Obligations are not conveyed, transferred and assigned as provided in Sections 15.5.1 or 15.5.2, the associated voting rights with respect to Defaulting Project Participant's Project Rights and Obligations shall be

redistributed pro rata among the non-Defaulting Project Participants, based upon each non-Defaulting Project Participant's Output Entitlement Share, so that the total voting rights remain at 100%.

- 15.6 Elimination or Reduction of Payment Obligations. Upon termination of Defaulting Project Participant's Project Rights pursuant to Section 15.5 and conveyance, transfer or assignment of Defaulting Project Participant's Project Rights and Obligations pursuant to Sections 15.5.1 or 15.5.2, Defaulting Project Participant's obligation to make payments under its Power Sales Agreement (notwithstanding anything to the contrary in this Agreement) shall not be eliminated or reduced except to the extent of moneys received by SCPPA as a result of the conveyance, transfer and assignment of Defaulting Project Participant's Project Rights and Obligations, less SCPPA's related costs and expenses; provided, however, such payment obligations for Defaulting Project Participant may be eliminated or reduced to the extent permitted by law, if (a) no Bonds are outstanding or adequate provision for the payment thereof has been made in accordance with the applicable provisions of the Indenture and (b) the Board of Directors, by resolution, determines to eliminate or reduce such payment obligations, which determination shall not be unreasonably withheld.
- 15.7 Use of Operating Reserve Account. With respect to a Payment Default by Purchaser, funds in the operating reserve account under the Indenture may be used, to the extent necessary and to the extent available and consistent with the Indenture, to cover any deficiency with respect to any payment due by SCPPA attributable to Purchaser's participation in the Project under the Indenture during the period prior to the Operating Reserve Depletion Date. Any replenishing of the operating reserve account under the Indenture shall be in accordance with the Indenture.
- 15.8 Use and Replenishment of Debt Service Reserve Fund(s). SCPPA may maintain Debt Service reserve Fund(s) which shall be funded and maintained in the amount(s) specified in the Indenture. With respect to a Payment Default by Purchaser, funds (or any surety bond, credit facility or similar instrument) in the Debt Service reserve Fund(s) under the Indenture shall be used, to the extent necessary and to the extent available, to cover any shortfall in the Debt Service account(s) relating to the Indenture to pay for Debt Service (but, unless otherwise provided in the Indenture, not the payment of other obligations payable from amounts deposited in the Debt Service Fund).
- 15.9 Step-Up Invoices. Step-Up Invoices shall be issued in accordance with the provisions set forth below.
- 15.9.1 In the event of a Payment Default by one or more Project Participants, SCPPA shall provide by the fifth day of the month following such Payment Default(s) a separate Step-Up Invoice to each non-Defaulting Project Participant that specifies the non-Defaulting Project Participant's pro rata share, based upon the Indenture Cost Shares of all non-Defaulting Project Participants, of the amount of the Payment Defaults with respect to the Indenture cost component (described in Section 4.7.4 hereof) set forth in the Billing Statement(s) for the Defaulting Project Participant(s). Notwithstanding the previous sentence, (i) the amount of a Step-Up Invoice provided to a non-Defaulting Project Participant shall not exceed 100% of the amount that such non-Defaulting Project Participant was billed for the Indenture

cost component (described in Section 4.7.4 hereof) in its Billing Statement for the Month preceding such monthly Step-Up Invoice and (ii) following the Operating Reserve Depletion Date, the provisions of Section 15.9.2 hereof shall apply and no additional Step-Up Invoices shall be issued pursuant to this Section 15.9.1 with respect to such Payment Default.

- 15.9.2 In the event of a Payment Default by one or more Defaulting Project Participants, which is in existence following the Operating Reserve Depletion Date, SCPPA shall provide by the fifth day of the Month following such Operating Reserve Depletion Date, a separate Step-Up Invoice to each non-Defaulting Project Participant that includes a charge equal to the non-Defaulting Project Participant's pro rata share, based upon the Output Cost Shares of all non-Defaulting Project Participants, of the amount of Total Monthly Costs reflected in the unpaid Billing Statements for the previous Month for such Defaulting Project Participant(s). Notwithstanding the foregoing, the amount of each monthly Step-Up Invoice provided to a non-Defaulting Project Participant shall not exceed 100% of the aggregate amount that such non-Defaulting Project Participant was billed with respect to Total Monthly Costs in its Billing Statement for the Month preceding such monthly Step-Up Invoice.
- 15.9.3 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 Project Participant's Power Sales Agreement, including but not limited to monthly Billing Statement payments.
- 15.10 Application of Moneys Received from Step-Up Invoices Relating to Project. Moneys received by or on behalf of SCPPA from the payment of Step-Up Invoices relating to a Payment Default of a Project Participant shall be applied in the following manner:
 - 15.10.1 Moneys received from Project Participants with respect to the Indenture cost component (described in Section 4.7.4 hereof), as set forth in the Step-Up Invoices, to the extent such moneys relate to Debt Service, shall be forwarded to the Project Trustee for deposit directly into the Debt Service Fund under the Indenture.
 - 15.10.2 Moneys received from the Project Participants with respect to the amount of Total Monthly Costs (described in Section 4.7 hereof, other than Section 4.7.4) as set forth in the Step-Up Invoices, shall be forwarded to the Project Trustee for deposit into the revenue Fund under the Indenture, as appropriate, or into such other Funds as are appropriate under the Indenture.
 - 15.10.3 In the event a Project Participant pays less than the total amount of its Step-Up Invoice, such Project Participant shall be a Defaulting Project Participant and its partial payment shall be allocated in the following order: (i) all Total Monthly Costs (described in Section 4.7 hereof) except the Indenture cost component described in Section 4.7.4 hereof, and (ii) the Indenture cost component (described in Section 4.7.4 hereof).
- 15.11 Application of Moneys Received from Default Invoices. Moneys received by or on behalf of SCPPA from the payment of Default Invoices shall be forwarded by SCPPA to the

Project Trustee for deposit into the revenue Fund of the Indenture, as appropriate, or into such other Funds as are appropriate under the Indenture. SCPPA shall credit on each non-Defaulting Project Participant's next monthly Billing Statement or Billing Statements an amount equal to the aggregate amount such non-Defaulting Project Participant paid as a result of Step-Up Invoices with respect to such Default Invoice, plus a pro rata share, based upon the Output Cost Shares of the non-Defaulting Project Participants, of the amount SCPPA received regarding late payment interest charges. In the event a Defaulting Project Participant pays less than the full amount of its Default Invoice, the credit to each non-Defaulting Project Participant shall be adjusted proportionately.

15.12 Application of Moneys Received from Compliance Payments. Moneys received by or on behalf of SCPPA from a Defaulting Project Participant that makes payments to remain in Compliance with respect to a Payment Default shall be applied in the following manner:

15.12.1 With respect to a Defaulting Project Participant's first payment to remain in Compliance, SCPPA shall forward or cause to be forwarded the moneys received to the Project Trustee to be deposited into the revenue Fund of the Indenture, as appropriate, or into such other Funds as are appropriate under the Indenture. SCPPA shall provide a credit on each non-Defaulting Project Participant's next monthly Billing Statement(s) an amount equal to the aggregate amount such non-Defaulting Project Participant paid as a result of Step-Up Invoices with respect to such Compliance payment, plus a pro rata share, based upon the Output Cost Shares of the non-Defaulting Project Participants, of the amount SCPPA received regarding late payment interest charges.

15.12.2 With respect to a Defaulting Project Participant's payments to remain in Compliance other than the first payment (as provided in Section 15.12.1 hereof), SCPPA shall forward or cause to be forwarded the moneys received to the Project Trustee for deposit into the revenue Fund of the Indenture, as appropriate, or into such other Funds as are appropriate under the Indenture.

15.13 Application of Moneys Received from Sale of Facility Output. Moneys received by or on behalf of SCPPA from the sale of Facility Output related to a Defaulting Project Participant's Project Rights and Obligations, as provided in Section 15.5.3 hereof, shall be applied in the following manner in order:

15.13.1 SCPPA shall credit on each non-Defaulting Project Participant's next monthly Billing Statement(s) an amount up to, but not in excess of, the aggregate amount paid to SCPPA by such non-Defaulting Project Participant with respect to each such non-Defaulting Project Participants Step-Up Invoices.

15.13.2 SCPPA shall forward or caused to be forwarded to the applicable Project Trustee for deposit into the revenue Fund of the Indenture, as appropriate, or into such other Funds as are appropriate under the Indenture, the applicable portion of such moneys.

15.13.3 Following consultation with the non-Defaulting Project Participants, SCPPA shall determine the disposition of any moneys received that are in excess of the aggregate amount of related Step-Up Invoices paid by non-Defaulting Project Participants.

Unless the Coordinating Committee determines otherwise, or except as otherwise required by law, the Defaulting Project Participant shall have no claim or right to any such monies.

- 15.14 Limitation on Payment Default Period and Cure Period. Notwithstanding anything to the contrary in this Agreement, there shall be no Payment Default Period or Cure Period with respect to Purchaser's failure to pay those costs constituting its share of Debt Service in a timely manner in accordance with this Agreement, and any such Debt Service not paid by the Purchaser when due shall be immediately due and payable to SCPPA.

16. CHARACTER, CONTINUITY OF SERVICE.

- 16.1 Outages, Interruptions and Curtailment of Energy Deliveries. The Power Purchase Provider or other counterparty may under certain conditions set forth in the Power Purchase Agreement or other Project Agreements, interrupt or curtail deliveries of Facility Output to Purchaser and the other Project Participants (which SCPPA will attempt, as appropriate, to cause the Power Purchase Provider or other appropriate counterparty to allocate in proportion to each Project Participant's respective Output Entitlement Shares) under prescribed circumstances pursuant to the terms of the Power Purchase Agreement. Should such an interruption or curtailment occur Purchaser shall be credited with such revenues as are credited to SCPPA on Purchaser's behalf and shall be obligated to pay any costs incurred by SCPPA attributable to Purchaser which are payable by SCPPA pursuant to the Power Purchase Agreement. SCPPA or the Project Manager (if other than SCPPA) will use its best efforts to apprise Purchaser and the other Project Participants of potential outages, interruptions or curtailments, the reason therefor and the probable duration thereof, when such outages, interruptions or curtailments can be deemed likely to occur.
- 16.2 Uncontrollable Forces. SCPPA shall not be required to provide, and SCPPA shall not be liable for failure to provide, service under this Agreement 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, the Power Purchase Provider or other applicable counterparty to obtain any required governmental permits, licenses or approvals to enable SCPPA or the Power Purchase Provider, as applicable, to acquire, administer or operate the Project; provided, however, that Purchaser and the other Project Participants shall not thereby be relieved of their obligations to make payments under their respective Power Sales Agreements except to the extent SCPPA is so relieved pursuant to the Power Purchase Agreement, the Indenture and/or other applicable Project Agreements.

17. SEVERAL OBLIGATION; LIABILITY.

- 17.1 Project Participants' Obligations Several. Purchaser and each of the other Project Participants shall be severally responsible and liable for performance under their respective Power Sales Agreements, and for any respective arrangements which are not part of the Project. The obligation of Purchaser to make payments under this Agreement is a several obligation and not a joint obligation with those of the other Project Participants under the other Power Sales Agreements to which such Project Participants are parties.
- 17.2 No Liability of SCPPA, Directors, Officers, Etc.; SCPPA Directors, Officers, Employees, Project Manager Not Individually Liable. Purchaser agrees that neither SCPPA, the

Project Manager, nor any of their directors, officers, or employees shall be liable to Purchaser for any and all claims, including loss of profits, direct or consequential loss, or damage suffered by Purchaser as a result of (i) the performance or non-performance by the Power Purchase Provider or the Project Manager or any of its directors, officers, and employees under this Agreement or any Project Agreement relating to the Power Purchase Agreement (including negligent or grossly negligent acts or omissions and excluding willful misconduct) or (ii) the performance or non-performance of SCPPA, the Project Manager, or any of their directors, officers, or employees under this Agreement or any Project Agreement (including negligent or grossly negligent acts or omissions and excluding willful misconduct). Purchaser releases SCPPA and its directors, officers, and employees and the Project Manager from any claim or liability that Purchaser may have cause to assert as a result of any actions or inactions of SCPPA under this Agreement or the performance or non-performance by the Project Manager under this Agreement or any Project Agreement (including negligent or grossly negligent acts or omissions and excluding willful misconduct). No such performance or non-performance by the Project Manager, the Power Purchase Provider, or SCPPA shall relieve Purchaser from its obligations under this Agreement, including its obligation to make payments required under this Agreement. The provisions of this Section 17.2 shall not be construed so as to relieve the Project Manager or the Power Purchase Provider from any obligation (or liability in the case of the Power Purchase Provider) under this Agreement, the Power Purchase Agreement or any other applicable Project Agreement. It is also hereby recognized and agreed that no member of the Board of Directors, the Project Manager, nor their officers or employees or member of SCPPA in its capacity as a member of SCPPA, shall be individually liable in respect of any undertakings by SCPPA under this Agreement or any Project Agreement relating to the Power Purchase Agreement.

- 17.3 Extent of Exculpation: Enforcement of Rights. The exculpation provision set forth in Section 17.2 hereof shall apply to all types of claims or actions including, but not limited to, claims or actions based on contract or tort. Notwithstanding the foregoing, Purchaser may protect and enforce its rights under this Agreement by a suit or suits in equity for specific performance of any obligations or duty of SCPPA, and Purchaser shall at all times retain the right to recover, by appropriate legal proceedings, any amount determined to have been an overpayment by Purchaser in accordance with Section 7.4 hereof.
- 17.4 Determination or Enforcement of Rights. Notwithstanding Section 17.2 and 17.3 hereof, Purchaser or SCPPA may determine, protect and enforce its rights under this Agreement or any Project Agreement by a suit(s) in equity for specific performance of, or declaratory action with respect to, any obligation or duty hereunder or thereunder.
- 17.5 No Relief From Insurer's Obligations. Notwithstanding any provision in this Agreement to the contrary, including but not limited to the provisions in this Section 17, the provisions of this Section 17 shall not be construed or applied so as to relieve any insurer of its obligation to pay any insurance claims in accordance with any applicable insurance policy.
- 17.6 No General Liability of SCPPA. The undertakings under this Agreement by SCPPA, or the Project Manager in its capacity as such, shall never constitute a debt or indebtedness of SCPPA or Project Manager within the meaning of any provision or limitation of the

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

18. RESTRICTIONS ON DISPOSITION.

- 18.1 Limitations Concerning Private Use. Purchaser recognizes that provisions of law related to the Federal Tax Exemption, if applicable, limit the arrangements permitted with respect to the purchase, sale, assignment or other disposition of Purchaser's Project Rights and Obligations. Purchaser shall comply with the rules, procedures and protocols promulgated by the Board of Directors pursuant to Section 10.3 with respect to compliance with the Federal Tax Exemption with respect to any Bonds that, when initially issued, were the subject of an opinion of Bond Counsel to the effect that interest thereon is excluded from gross income for federal income tax purposes. Except as provided in Section 15 hereof, no sale, assignment or other disposition of all or any portion of Purchaser's Project Rights and Obligations, including the Purchaser's Output Entitlement Share of Facility Output produced by the Project, shall be effective until (i) Purchaser shall have given prior written notice thereof to SCPPA, and (ii) unless waived by the Board of Directors after consultation with Bond Counsel, Bond Counsel shall have rendered an opinion that such sale, assignment or other disposition will not adversely affect the Federal Tax Exemption with respect to any Bonds that, when initially issued, are the subject of an opinion of Bond Counsel to the effect that interest thereon is excluded from gross income for federal income tax purposes and will not be inconsistent with the Power Sales Agreements.
- 18.2 Restrictions on Elimination of Payment Obligations. No sale, assignment or other disposition of Purchaser's Project Rights and Obligations to any person or entity ("Assignee") that occurs when any Bonds are outstanding shall release Purchaser from its payment obligations under this Agreement; provided, however, such payment obligations may be eliminated or reduced if no Bonds are outstanding or adequate provisions for the payment thereof have been made in accordance with the provisions of the Indenture if (i) such Assignee shall assume and agree to fully perform and discharge the Project Rights and Obligations under this Agreement, (ii) such Assignee shall have a corporate or long-term senior unsecured credit rating not less than investment grade, and (iii) the Board of Directors, by resolution, determines to eliminate or reduce such payment obligations, which determination shall not be unreasonably withheld.
- 18.3 Restrictions on Disposition of Purchaser's Entire System. Purchaser shall not sell, lease or otherwise dispose of all or substantially all of its electric system to any person or entity ("Acquiring Entity") unless the following conditions shall be met: (A) in the event that Bonds are outstanding then (i) Purchaser shall assign its Project Rights and Obligations hereunder to such Acquiring Entity and such Acquiring Entity shall assume and agree to fully perform and discharge the Project Rights and Obligations under this Agreement, (ii) such sale, lease or other disposition shall not, in and of itself, cause the rating of any Bonds to be downgraded, suspended or withdrawn (which fact shall be evidenced by letters of the rating agencies then rating the Bonds), (iii) such sale, lease or other disposition will not adversely affect the value of this Agreement as security for the payment of the Indenture cost component, and (iv) unless waived by SCPPA after consultation with Bond Counsel, Bond Counsel shall have rendered an opinion that such sale, lease or other disposition will not adversely affect the Federal Tax Exemption with respect to any Bonds that, when initially issued, are the subject of an opinion of Bond

Counsel to the effect that interest thereon is excluded from gross income for federal income tax purposes; and (B) in the event that no Bonds are outstanding or adequate provisions for the payment thereof have been made in accordance with the provisions of the Indenture then (i) such Acquiring Entity shall assume and agree to fully perform and discharge the Project Rights and Obligations under this Agreement, and (ii) such Acquiring Entity shall have a corporate or long-term senior unsecured credit rating not less than investment grade.

- 18.4 Successors and Assigns. Subject in all respects to Sections 15 and 18 hereof, the Project Rights and Obligations under this Agreement shall inure to the benefit of and shall be binding upon the respective successors and assigns of the parties to this Agreement.

19. **REIMBURSEMENT OF PROJECT DEVELOPMENT COSTS.** Within 90 days after the issuance of the first Bonds all of the following project development costs and expenses and other applicable costs for Development Work, paid by Purchaser prior to the date of such issuance, to the extent reimbursable under applicable tax law and regulations, shall be reimbursed to Purchaser by SCPPA from the proceeds of the Bonds (in an amount determined by the Coordinating Committee or Board of Directors, as appropriate): costs of planning and development of the Project; costs relating to any acquisition of the Project; costs of investigation and feasibility studies; technical, legal and financing expenses; legal costs including but not limited to the costs of Bond Counsel, tax counsel, electric utility counsel, secured transaction and real estate specialists, wind energy counsel, environmental counsel, bankruptcy counsel, and counsel experienced in securing and facilitating this transaction under California, Utah and Federal law, costs of obtaining permits, clearances, licenses, entitlements and approvals or other governmental authorizations, options or rights therein; costs of preparing agreements or other documents; and other costs relating to the Project in amounts determined by the Coordinating Committee.

20. **EFFECTIVE DATE, TERM AND EXPIRATION.**

- 20.1 Effective Date; Execution in Counterparts. This Agreement shall become effective on the first day when all of the following shall have occurred: (i) this Agreement shall have been duly executed and delivered by SCPPA and Purchaser, (ii) Purchaser shall have delivered to SCPPA an opinion of an attorney or firm of attorneys, or the equivalent thereof, in substantially the form attached hereto as Appendix D, (iii) Power Sales Agreements between SCPPA and the other Project Participants shall have been duly executed and delivered by the parties thereto, and (iv) the Power Purchase Agreement shall have been duly executed and delivered by SCPPA and the Power Purchase Provider. This Agreement may be executed in any number of counterparts, each of which shall constitute an original.
- 20.2 Termination Conditions. This Agreement shall be effective upon satisfaction of the conditions set forth in Section 20.1 and shall extend for the term specified in Section 20.3 unless earlier terminated pursuant to an express provision of this Agreement, or by operation of the Indenture or of law; provided, however, that any obligation to make payments to SCPPA or any outstanding liability of Purchaser hereunder which either exists or may exist as of the date of termination of this Agreement, or which comes into existence at any future time as a result of any activity or transaction carried forth under this Agreement, shall survive such termination.

- 20.3 Expiration. The term of this Agreement shall begin on the day this Agreement becomes effective pursuant to Section 20.1 hereof. Unless terminated earlier pursuant to Sections 20.4 or 20.5 and subject to Section 23 hereof, the term of this Agreement shall expire on the later of the date SCPPA's Joint Powers Agreement (including any extensions thereof) expires or the date on which all Bonds and the interest thereon shall have been paid in full or adequate provision for such payment shall have been made and the Bonds are no longer outstanding; provided, however, that in no event shall the term of this Agreement expire so long as the Power Purchase Agreement is of any force or effect.
- 20.4 Transfer of SCPPA Interest. Except as provided in Section 20.5 hereof, and subject to any applicable provisions of any associated operating agreements, upon the expiration of the term of this Agreement pursuant to Section 20.3 hereof, SCPPA shall transfer to the Project Participants and each Project Participant shall assume its pro rata share of any right, title and interest in the Facility (including all rights and obligations of SCPPA under any Project Agreement) as evidenced by a participation agreement developed by SCPPA and the Project Participants, unless otherwise agreed to by SCPPA and all of the Project Participants. The purchase price and consideration to be paid to SCPPA by Purchaser for such transfer shall consist of the payments made by Purchaser pursuant to this Agreement prior to the date of such transfer plus any remaining costs or obligations incurred by SCPPA in connection with the Facility.
- 20.5 Termination of Agreement before Expiration Date. Notwithstanding the expiration date set forth in Section 20.3 hereof, this Agreement shall terminate on the date, if any, by which each of the following have occurred:
- 20.5.1 All Bonds and the interest thereon shall have been paid in full or adequate provision for such payment shall have been made and the Bonds are no longer outstanding under the Indenture;
- 20.5.2 SCPPA notifies Purchaser that all Power Sales Agreements are superseded as a result of each Project Participant having (i) succeeded to SCPPA's rights through another agreement or agreements, (ii) entered into a replacement power sales agreement or other agreement with SCPPA or (iii) entered into a replacement power sales agreement or other agreement with one or more Project Participants which have become Project Participants in the Project under another agreement. The purchase price and consideration to be paid to SCPPA by Purchaser with respect to any such superseding arrangement shall consist of the payments and satisfaction of all obligations by Purchaser under and pursuant to this Agreement prior to the effective date of the superseding arrangement plus any remaining costs or obligations incurred by SCPPA in connection with the Facility; and
- 20.5.3 The Power Purchase Agreement shall no longer be of any force or effect.

21. RELATIONSHIP TO AND COMPLIANCE WITH OTHER INSTRUMENTS.

- 21.1 Agreement Subject to the Indenture. It is recognized by the Parties hereto that SCPPA, in undertaking the planning and financing, development, acquisition, operation and maintenance of the Project, must comply with the requirements of the Indenture and all conditions, permits and approvals or other governmental authorizations necessary for such

planning, financing, development, acquisition, operation and maintenance and it is therefore agreed that this Agreement is made subject to the provisions of the Indenture and all such conditions, permits, approvals and governmental authorizations.

- 21.2 Comply With the Indenture. SCPPA covenants and agrees for the benefit of Purchaser to comply in all material respects with all terms, conditions and covenants of the Indenture and all conditions, permits, approvals and governmental authorizations relating to the Project, provided that SCPPA shall not be prevented from contesting the validity or applicability of any such conditions, permits, approvals and governmental authorizations in good faith by appropriate proceedings.
22. **SEVERABILITY.** 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.
23. **CONDITIONS TO TERMINATION OR AMENDMENT.**
- 23.1 No Material Reduction in Payments. So long as any of the Bonds are outstanding under the Indenture, this Agreement shall not be terminated, amended, modified or otherwise altered in such a manner (i) as will materially reduce the payments pledged as security for the Bonds or extend the time of such payments provided herein, (ii) as will materially impair or materially adversely affect the rights of the owners from time to time of any Bonds or (iii) as would be prohibited by any applicable provision of the Indenture.
- 23.2 Rights Among Project Participants. None of the Power Sales Agreements may be terminated as to any one or more of the Project Participants, or be amended as to any one or more of the Project Participants so as to provide terms and conditions materially different from those contained therein except, subject to the provisions of Section 23.1 and consistent with the Indenture, upon written notice to and written consent or waiver by each of the other Project Participants, and upon similar amendment being made to the Power Sales Agreement of any other Project Participant requesting such amendment after receipt by such Project Participant of written notice of such amendment.
24. **REPRESENTATION AND GOVERNING LAW.** The Parties acknowledge that each Party was represented by counsel in the negotiation and execution of this Agreement. This Agreement was made and entered into in the County of Los Angeles and shall be governed by, interpreted and enforced in accordance with the laws of the State of California. All litigation arising out of, or relating to this Agreement, shall be brought in a State or Federal court in the County of Los Angeles in the State of California. The Parties irrevocably agree to submit to the exclusive jurisdiction of such courts in the State of California and waive any defense of forum non conveniens.
25. **ARBITRATION AND ATTORNEYS FEES.** If a dispute arises between the Parties which the Coordinating Committee or the Board of Directors is unable to resolve, the Parties may by mutual agreement submit the dispute to mediation or non-binding arbitration. With respect to any such dispute the Parties agree that each Party shall bear its own attorneys fees and costs. Notwithstanding the foregoing, Purchaser and SCPPA recognize and agree that SCPPA's attorneys fees associated

with any matter relating to the Project or this Agreement, including any dispute relating thereto, shall constitute a Project cost which shall be allocated and billed as set forth in Sections 4 and 7 of this Agreement.

26. **PURCHASER'S CONTRACT ADMINISTRATOR.** Purchaser's contract administrator for this Agreement shall be the person so designated by the individual authorized to receive notices on behalf of Purchaser pursuant to Paragraph 27 herein, and Purchaser's contract administrator shall have the authority to administer this Agreement on behalf of Purchaser. Notwithstanding the foregoing, Purchaser's contract administrator shall have no authority to amend this Agreement on behalf of the Purchaser.
27. **NOTICES.** 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, to the persons specified below:

Southern California Public Power Authority
Attention: Executive Director
225 South Lake Avenue, Suite 1250
Pasadena, California 91101

Los Angeles Department of Water and Power
Attention: General Manager
RE: Power System Contract
111 N. Hope Street, Room 921
Los Angeles, California 90012

28. **AMENDMENTS.** The Parties acknowledge and agree that any amendment to this Agreement shall be in writing and duly executed by the Parties.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have duly caused this Agreement to be executed on their respective behalves by their duly authorized representatives.

SOUTHERN CALIFORNIA PUBLIC
POWER AUTHORITY

By: David H. Wright
DAVID H. WRIGHT
President

Attest: BILL D. CARNAHAN
BILL D. CARNAHAN
Assistant Secretary

APPROVED AS TO FORM AND LEGALITY
ROCKARD J. DELGADILLO, CITY ATTORNEY

SEP 14 2007
BY: Fay A. Chu
FAY A. CHU
Deputy City Attorney

REQUIRES CITY COUNCIL
APPROVAL

CITY OF LOS ANGELES acting by and through its
DEPARTMENT OF WATER AND POWER

By: _____

Name: _____

Its: _____

And: _____
SECRETARY

APPENDIX A

DEFINITIONS

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

1. Acquisition. Such resources, contracts, benefits, entitlements and arrangements as may be necessary, desirable or appropriate to the Project to further SCPPA's and the Project Participants' goals and those associated services procured, retained or acquired by and on behalf of Project Participants as part of the Project and which have been approved by the Coordinating Committee and, where applicable, the Board of Directors. Acquisition includes, without limitation, the procurement of SCPPA's rights and obligations pursuant to the Power Purchase Agreement, any prepayment for energy pursuant to the Power Purchase Agreement, the purchase of the Facility, if and as applicable, associated financing, and all rights and entitlements associated with the development and implementation of the Project.
2. Act. All of the provisions contained in the California Joint Exercise of Powers Act found in Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, beginning at California Government Code Section 6500 et. seq., as amended from time to time.
3. Annual Budget. The budget approved by the Coordinating Committee and adopted by SCPPA pursuant to Section 5.4.1 of this Agreement not less than 30 days nor more than 60 days prior to the beginning of each Power Supply Year, including any amendments thereto, which shall show a detailed estimate of the Total Monthly Costs under the Power Sales Agreements and all credits, charges, revenues, income, or other funds to be applied to such costs, for and applicable to such Power Supply Year.
4. Balancing Agent. "Balancing Agent" shall have the meaning set forth in Section 9.5.
5. Billing Statement. The written statement prepared or caused to be prepared each Month by, or on behalf of, SCPPA which shall be based upon certain of the information in the Annual Budget and shall show for such Month the amount to be paid to SCPPA by a Project Participant in accordance with the provisions of Section 7 of its Power Sales Agreement.
6. Board of Directors. The Board of Directors of the Southern California Public Power Authority.
7. Bond Counsel. Nationally recognized legal counsel having background and experience in tax exempt financing and selected by SCPPA to evaluate the applicability of the Federal Tax Exemption with respect to specified cases, transactions and matters from time to time.
8. Bonds. The bonds, notes, certificates of participation, commercial paper or other evidences of indebtedness issued or incurred by SCPPA and outstanding pursuant to the provisions of the Indenture to finance or refinance the Cost of Acquisition and any Capital Improvements, including any prepayment for Guaranteed Generation pursuant to the Power Purchase Agreement or by other means, and, where applicable, the purchase of the Facility or any part, portion or component thereof. Bonds shall include but not be limited to the bonds, notes, certificates of participation, commercial paper or other evidences of indebtedness issued or incurred by SCPPA to finance prepaid energy or purchase of the Facility or bonds, notes, certificates of participation, commercial paper or other evidences of indebtedness issued to redeem or refund such bonds, notes, certificates of participation, commercial paper or evidences of indebtedness, and any and all other obligations which SCPPA issues or incurs relating to the Project. Bonds shall also include any additional Bonds authorized by

the Indenture or any supplement thereto and issued or incurred pursuant to the provisions of Section 13.2 of the Power Sales Agreements and any refunding of Bonds issued pursuant to the provisions of Sections 13.3 or 13.5 thereof.

9. Burbank. The City of Burbank, a California municipality.
10. Capacity Rights. "Capacity Rights" shall have the definition set forth in the Power Purchase Agreement.
11. Capital Improvements. Any unit of property, property right, land or land right which is a replacement, repair, addition, improvement or betterment to the Project or any transmission facilities relating to, or for the benefit of, the Project, the betterment of land or land rights or the enlargement or betterment of any such unit of property constituting a part of the Project or related transmission facilities which is (i) consistent with Prudent Utility Practice and determined necessary and/or desirable by the Board of Directors or (ii) required by any governmental agency having jurisdiction over the Project.
12. Chairperson. "Chairperson" is as defined in Section 6.1.
13. Commercial Operation. "Commercial Operation" shall have the definition set forth in the Power Purchase Agreement.
14. Compliance. A Defaulting Project Participant shall be in compliance with its payment obligations under its Power Sales Agreement during the Cure Period if it (i) no later than the last day of the Cure Period fully pays all amounts owed as reflected in any Default Invoice; (ii) pays any monthly Billing Statement which comes due during the Cure Period; and (iii) replenishes any reduction made to the applicable operating reserve account, Debt Service reserves or other Reserve Fund as a result of any Payment Default.
15. Contract Capacity. "Contract Capacity" shall have the definition set forth in the Power Purchase Agreement.
16. Coordinating Committee. The Coordinating Committee established in accordance with Section 6 of this Agreement.
17. Cost of Acquisition. "Cost of Acquisition" is defined in Section 4.4.
18. Cure Period. That period of time beginning on the date of a Payment Default and concluding thirty (30) days thereafter.
19. Cured Payment Default. A Payment Default which has been cured in accordance with Section 15.3 of this Agreement. If at any time during the Cure Period the Defaulting Project Participant is in Compliance, then the requirements of a Cured Payment Default shall be deemed to have been satisfied as of the date of receipt of such payments by SCPPA and the Cure Period shall expire.
20. Date of Firm Operation. The initial date on which the Project can reasonably be expected to operate reliably and continuously after necessary Acquisitions relating to the Project are in place, all as determined by the Coordinating Committee.
21. Debt Service. The debt service payable with respect to the Indenture pertaining to any category of Bonds, any Bonds issued pursuant to Section 13 of this Agreement, or other applicable series of Bonds, as determined by the context. Debt Service shall also include any payments required to be

deposited into the Debt Service Fund under the Indenture to pay, for example, amounts due under any interest rate swap agreements or other derivative agreements.

22. Debt Service Fund. The Debt Service Fund or account, or similar fund or account, established by the Indenture to pay Debt Service. The Debt Service Fund shall not include the Debt Service reserve Fund(s).
23. Default Invoice. An invoice during the Payment Default Period and the Cure Period issued to a Defaulting Project Participant, concurrently with its monthly Billing Statement, that identifies the total defaulted amount owed, including late payment interest, to achieve a Cured Payment Default. During the Cure Period, the Default Invoice shall also include the amount that must be paid to achieve Compliance.
24. Defaulting Project Participant. A Project Participant that causes a Payment Default which has not been remedied and where the Defaulting Project Participant has not effected a Cured Payment Default.
25. Delivery Term of the Power Purchase Agreement. The time period for the delivery of energy pursuant to the Power Purchase Agreement as set forth therein.
26. Development Work. All work and activities in connection with the development of the Project, including, without limitation, all planning, designing, acquiring (by prepayment, purchase or otherwise), mitigating impacts, constructing, installing, investigating, cost monitoring and control activities, negotiating and administering contracts, purchasing, environmental monitoring, scheduling, protecting, erecting, supervising, expediting inspecting, testing and training activities, recruitment and training of technical, operational and administrative personnel, insuring, accounting, budgeting, public information services and activities, services of consultants and legal counsel, preparing of manuals and reports, and activities relating to securing requisite actions, permits, licenses, approvals and certificates from governmental agencies and authorities.
27. Dynamic Scheduling. "Dynamic Scheduling" shall mean the automated scheduling of Energy from the Point of Delivery to Purchaser's control area, provided that said dynamic schedules adjust at four second intervals, or other intervals as specified by WECC, to match the amount of Energy actually delivered to the Point of Delivery from the Facility.
28. Energy. "Energy" shall include both Energy and any Replacement Energy, as those terms are defined in the Power Purchase Agreement.
29. Environmental Attributes. "Environmental Attributes" shall have the definition set forth in the Power Purchase Agreement.
30. Excess Energy. "Excess Energy" shall have the definition set forth in the Power Purchase Agreement.
31. Facility. "Facility" means all of the facilities described and defined as the Facility in the Power Purchase Agreement
32. Facility Output. The output, rights, and other tangible or intangible benefits derived from the Facility, including without limitation all Energy, Capacity Rights and Environmental Attributes.
33. Fiscal Year. The twelve-month period commencing at 12:01 a.m. on July 1 of each year and ending at 12:01 a.m. on the following July 1, or such other time frame as determined by the Coordinating Committee or Board of Directors.

34. Force Majeure. "Force Majeure" shall have the definition set forth in the Power Purchase Agreement.
35. Fund or Funds. Any fund or account created under the Indenture.
36. Guaranteed Generation. "Guaranteed Generation" shall have the meaning provided in the Power Purchase Agreement.
37. Indenture Cost Share. "Indenture Cost Share" has the meaning described in Section 4.5.
38. Indenture. The indenture of trust, trust agreement and other similar agreements with respect to the Bonds, between SCPPA and the Project Trustee, as from time to time amended and supplemented in conformity with its provisions and of this Agreement. Under such agreements, SCPPA may enter into, or authorize the entering into of, interest rate swap agreements, other derivative agreements, and such other agreements as are authorized or permitted under such agreements.
39. Initial Payment Default Date. The earlier of (i) the end of the fifth day following the first Payment Default for which no remedy in payment has occurred and been received by SCPPA, or (ii) the last day of the Month in which the first Payment Default has occurred for which no remedy in payment has occurred and been received by SCPPA.
40. Intermountain Power Agency. "Intermountain Power Agency" shall have the definition set forth in the Power Purchase Agreement.
41. Internal Revenue Code. The Internal Revenue Code of 1986, as amended.
42. Joint Powers Agreement. The "Southern California Public Power Authority Joint Powers Agreement" dated as of November 1, 1980, as amended and modified, entered into pursuant to the provisions of the Act, among SCPPA and its members.
43. LADWP. The City of Los Angeles acting by and through the Department of Water and Power.
44. Leases and Property Agreements. "Leases and Property Agreements" shall have the meaning set forth in the Power Purchase Agreement.
45. Major Contracts. The Project Agreements and, to the extent not finalized or effective on the effective date of an applicable project management agreement, any other contract or agreement so identified by the Coordinating Committee, as such contracts or agreements may be amended or supplemented from time to time.
46. Month. A calendar month.
47. Monthly Costs. "Monthly Costs" is defined in Section 7.1.
48. Milford Wind Corridor Phase I, LLC. Milford Wind Corridor Phase I, LLC, is a limited liability corporation organized and existing under the laws of the State of Delaware, or its successor.
49. Operating Budget. The operating budget approved by the Board of Directors, which shall show a detailed estimate of all Project operating costs, including all revenues, income or other funds to be applied to such operating costs, for and applicable to a Power Supply Year.
50. Operating Reserve Depletion Date. The date that is two Months prior to the date on which SCPPA anticipates, assuming continued Payment Defaults by one or more Defaulting Project Participants, that the moneys in the operating reserve account of the Indenture will be fully depleted; provided, however, if as of the date on which a Payment Default occurs SCPPA determines that the moneys in

the operating reserve account will be fully depleted in less than two Months (or currently are fully depleted) then the Operating Reserve Depletion Date shall be deemed to have occurred when such a Payment Default occurs.

- 51. Operating Cost Component. "Operating Cost Component" is defined in Section 4.7.1.
- 52. Operating Work. All work and activities in connection with the administration, operation and maintenance of the Project, including without limitation, negotiating and administering contracts, planning, mitigating impacts, purchasing, repairing, inspecting, maintaining, investigating and monitoring all aspects of the Project, performing modeling functions, economic analysis, quality control, testing and evaluating, recruitment and training of operating entities and personnel, electric energy and environmental attribute procurement, regulatory efforts, tagging, interconnecting, transmission, dispatching, firming, balancing, exchanging and scheduling activities, supervising, expediting, budgeting, insuring, accounting, tracking, registering, protecting, operating and managing activities, public information services and services of consultants, operators, engineers, contactors and legal counsel, renewals, replacements, reconstruction, and improvements, and activities related to securing requisite permits, franchises, licenses, approvals, entitlements, credits and certificates from governmental agencies and authorities.
- 53. Output Cost Share. For any Power Supply Year and as to any particular Project Participant, the share (expressed as a percentage) set forth in Appendix B of this Agreement (entitled "Schedule of Project Participants Output Entitlement Shares and Output Cost Shares") attributable to such Project Participant with respect to costs, other than financing and refinancing related costs, associated with the Project, as amended from time to time so long as such amendments are in compliance with the Power Sales Agreements and any applicable provisions of the Indenture. Revisions to Appendix B pursuant to Section 15 herein shall be considered an element of the administration of this Power Sales Agreement and shall not require the consent of the Parties hereto.
- 54. Output Entitlement Share. The percentage entitlement of each Project Participant to the Project and Facility Output in any Power Supply Year, as set forth in Appendix B of the Power Sales Agreements (entitled "Schedule of Project Participants Output Entitlement Shares and Output Cost Shares") attributable to such Project Participant, as amended from time to time so long as such amendments are in compliance with the Power Sales Agreements and any applicable provisions of the Indenture. Revisions to Appendix B pursuant to Section 15 herein shall be considered an element of the administration of this Power Sales Agreement and shall not require the consent of the Parties hereto.
- 55. Participants. The Project Participants.
- 56. Pasadena. The City of Pasadena, a California municipality.
- 57. Payment Default. A failure by a Project Participant to pay when due all of its Billing Statement for any Month.
- 58. Payment Default Period. That period of time during which a Payment Default exists.
- 59. Performance Security. "Performance Security" shall have the definition set forth in the Power Purchase Agreement.
- 60. Point of Delivery. The point at which energy is to be delivered to the Project Participants pursuant to the Power Purchase Agreement or, to the extent authorized by or not otherwise inconsistent with the Power Purchase Agreement, as determined by the Coordinating Committee.

61. Power Purchase Agreement. The agreement entitled "Power Purchase Agreement between Southern California Public Power Authority and Milford Wind Corridor Phase I, LLC" dated as of March 16, 2007 attached hereto as Appendix H.
62. Power Purchase Provider. Milford Wind Corridor Phase I, LLC, as the counterparty to SCPPA under the Power Purchase Agreement, or its successor, or any successor to the rights of Milford Wind Corridor Phase I, LLC under the Power Purchase Agreement or the rights or interests of Milford Wind Corridor Phase I, LLC in the Facility.
63. Power Sales Agreement(s). The Milford Wind Corridor Phase I Project Power Sales Agreements, dated as of October 1, 2007, as they may be amended from time to time, entered into by SCPPA and each of the Project Participants for, among other things, the acquisition of the Output Entitlement Shares.
64. Power Supply Year. The Fiscal Year, except that the first Power Supply Year shall begin on the first to occur of (i) the date SCPPA is obligated to pay any portion of the costs of the Project, (ii) the date upon which SCPPA first incurs or accrues costs associated with the issuance of the Bonds, (iii) 90 days before the scheduled date for issuance of the Bonds, (iv) the date of Commercial Operation, or (v) the date of the first delivery of Energy to Purchaser pursuant to this Agreement.
65. Prepayment Amount. "Prepayment Amount" shall have the meaning provided in the Power Purchase Agreement.
66. Project. The aggregate of rights, liabilities, interests and obligations of SCPPA pursuant to the Power Purchase Agreement, including but not limited to the Facility Output; or, upon acquisition by SCPPA pursuant to Section 11.2 herein, the Facility.
67. Project Agreements. Any project management agreement, the Indenture, the Power Sales Agreements, the Power Purchase Agreement, the Security Instruments, the Leases and Property Agreements, other leases, rights of way and other real property arrangements or agreements associated with the Facility, if any, any other Acquisition agreement or agreement for the purchase, procurement, delivery or transportation of Facility Output, including any purchase of the Facility, any joint ownership agreements, any participation agreements, any agreement for scheduling, dispatching, exchanging, tagging, movement or transmission, the agreements to which SCPPA is a party relating to the design, development, administration or operation of the Facility and for placing of the Facility into operation.
68. Project Manager. SCPPA or a designee or designees appointed by SCPPA to assist SCPPA to carry out SCPPA's responsibilities under the Power Sales Agreements.
69. Project Participant(s). Those entities executing Power Sales Agreements, together in each case with each entity's successors or assigns, identified as "Project Participants" in Appendix B of the Power Sales Agreements (entitled "Schedule of Project Participants Output Entitlement Shares and Output Cost Shares") or Appendix C of the Power Sales Agreements (entitled "Schedule of Project Participants Percentage of Indenture Cost Shares").
70. Project Rights. All rights and privileges of a Project Participant under its Power Sales Agreement, including but not limited to its Output Entitlement Share, its right to receive Facility Output from the Facility, and its right to vote on Coordinating Committee matters.
71. Project Rights and Obligations. Purchaser's Project Rights and obligations under the terms of this Agreement.

72. Project Trustee. The bank or other financial institution at any time serving as trustee under the Indenture.
73. Prudent Utility Practice. "Prudent Utility Practice" shall have the meaning provided in the Power Purchase Agreement.
74. Renewable Electric Energy Resource Project. The aggregate of SCPPA's endeavors to acquire renewable energy and capacity and to facilitate acquisition of renewable electric generation and the means to deliver such generation either by way of the development agreement for the Renewable Electric Resource Project as described in Section 2.7 herein.
75. Reserve Fund(s). Those reserve accounts deemed appropriate to afford a reliable source of funds for the payment obligations of the Project and, taking into account the variability of costs associated with the Project for the purpose of providing a reliable payment mechanism to address the ongoing costs associated with the Project.
76. Security Instruments. All instruments, agreements or conveyances entered into to secure the performance of Milford Wind Corridor Phase I, LLC under the Power Purchase Agreement or any lease or right of way used by or affecting the Facility, including without limitation the Security Interest (as defined in the Power Purchaser Agreement).
77. Step-Up Invoice. An invoice sent to a non-Defaulting Project Participant 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 Project Participants for, as the case may be, pursuant to Section 15.9.1 or 15.9.2 herein, either the Indenture cost component of the Defaulting Project Participant(s) unpaid monthly Billing Statement or the Total Monthly Costs reflected in the Defaulting Project Participant(s) unpaid monthly Billing Statement.
78. Study Project. "Study Project" has the meaning provided in the Joint Powers Agreement.
79. Supplementary Services. Those services in connection with the delivery of Energy involving additional transmission, interconnection arrangements, energy management, firming, energy balancing, dispatching, tagging, scheduling, Dynamic Scheduling, transmitting, interconnecting, swapping, exchanging or other services associated with the transmission, use or disposition of Facility Output to be utilized by the Project Participants and to otherwise provide for delivery and facilitate the disposition, movement, taking, receiving, accounting for, transferring and crediting the ownership and transfer of Facility Output from the Point of Delivery to any other points or destinations, as determined by the Project Participants.
80. Supplemental Services cost component. "Supplemental Services cost component" is defined in Section 4.7.2.
81. Total Monthly Costs. "Total Monthly Costs" has the meaning described in Section 4.7.
82. Uncontrollable Forces. Any Force Majeure event and any cause beyond the control of any Party, and which by the exercise of due diligence such Party is unable to prevent or overcome, including but not limited to, failure or refusal of any other person or entity to comply with then existing contracts, an act of God, fire, flood, explosion, earthquake, strike, sabotage, pestilence, an act of the public enemy (including terrorism), 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, a failure of any governmental entity to issue a requested order, license or permit, inability of any Party or any person or entity engaged in work on the Project to obtain or ship materials or equipment because of the effect of similar causes on

APPENDIX B

SCHEDULE OF PROJECT PARTICIPANTS OUTPUT ENTITLEMENT SHARES AND OUTPUT COST SHARES

<u>Project Participants</u>	<u>Maximum Contract Capacity (MW) *</u>	<u>Output Entitlement Shares</u>	<u>Output Cost Shares</u>
Burbank	10	5.0 %	5.0 %
LADWP	185	92.5 %	92.5 %
Pasadena	5	2.5 %	2.5 %
Total	200	100 %	100 %

* The maximum allowable Contract Capacity amount provided under the Power Purchase Agreement; however, the actual Contract Capacity of the Facility may be less than the maximum amount shown, as provided in the Power Purchase Agreement.

APPENDIX C

SCHEDULE OF PROJECT PARTICIPANTS PERCENTAGE OF INDENTURE COST SHARES

<u>Project Participants</u>	<u>Output Cost Shares</u>	<u>Indenture Cost Shares</u>
Burbank	5.0 %	5.0 %
LADWP	92.5 %	92.5 %
Pasadena	2.5 %	2.5 %
Total	100 %	100 %

APPENDIX D

OPINION OF COUNSEL TO PROJECT PARTICIPANTS

_____, 2007

[Southern California Public Power Authority
c/o Executive Director
225 South Lake Avenue, Suite 1250
Pasadena, California 91101]

[Lehman Brothers]

[Bond Insurer]

Ladies and Gentlemen:

We have acted as counsel to the City of Los Angeles, acting by and through the Department of Water and Power, as Project Participant (the "Project Participant") under the Power Sales Agreement dated as of October 1, 2007 (the "Power Sales Agreement") between the Project Participant and Southern California Public Power Authority ("SCPPA").

We have examined originals or copies of those records and documents we considered appropriate for purposes of this opinion. As to relevant factual matters, we have relied upon, among other things, the Project Participant's factual representations.

We have assumed the genuineness of all signatures (other than the signatures of persons signing the Power Sales Agreement on behalf of Project Participant), the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies. To the extent the Project Participant's obligations depend on the enforceability of the Power Sales Agreement against SCPPA, we have assumed that the Power Sales Agreement is enforceable against SCPPA.

From such examination, on the basis of our reliance upon the assumptions in this opinion and our consideration of those questions of law we considered relevant, and subject to the limitations and qualifications in this opinion, we are of the opinion that:

1. The Project Participant is a municipal corporation organized and existing under the laws of the State of California and authorized under The Los Angeles City Charter to furnish retail electricity within its service area.
2. The Project Participant is empowered under the Los Angeles City Charter to enter into the Power Sales Agreement and to perform its obligations thereunder.
3. The Power Sales Agreement has been duly authorized, executed and delivered by the Project Participant and, assuming due authorization, execution and delivery by SCPPA of such Power Sales Agreement, constitutes the legal, valid and binding obligation of the Project Participant enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization and other similar laws affecting creditors' rights generally and to general principles of

equity, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against municipal corporations in the State of California.

Certain documents that are ancillary to the Power Sales Agreement provide that they are to be governed by the laws of the State of Utah. We express no opinion as to those laws or their applicability to matters covered by this opinion.

Our opinion in paragraph 3 as to enforceability is subject to the unenforceability of provisions waiving a right to a jury trial. Also, a court may refuse to enforce a provision of the Power Sales Agreement if it deems that such provision is in violation of public policy.

We express no opinion with respect to your ability to collect attorneys' fees and costs in an action if you are not the prevailing party in that action (we call your attention to the effect of Section 1717 of the California Civil Code, which provides that where a contract permits one party thereto to recover attorneys' fees, the prevailing party in any action to enforce any provision of the contract shall be entitled to recover its reasonable attorneys' fees).

We express no opinion as to any provision requiring written amendments or waivers insofar as it suggests that oral or other modifications, amendments or waivers could not be effectively agreed upon by the parties or that the doctrine of promissory estoppel might not apply.

It is our opinion that no person, other than SCPPA, has setoff rights against payments due from Project Participant. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, severability or waiver provisions contained in the Power Sales Agreement.

We express no opinion as to any agreement or document referred to in the Power Sales Agreement or incorporated into the Power Sales Agreement by reference, or any agreement other than the Power Sales Agreement itself, or the effect of any such agreement or document on the opinions herein stated.

The opinions expressed are matters of professional judgment and are not a guarantee of result. The law covered by this opinion is limited to the present law of the State of California. We express no opinion as to the laws of any other jurisdiction.

This opinion may only be relied upon only by the addressees hereto in connection with the issuance of the Bonds (as described in the Power Sales Agreement). It may not be used or relied upon for any other purpose or by any other person, nor may copies be delivered to any other person, without in each instance our prior written consent, except that this opinion may be included in the closing binder memorializing the Power Sales Agreement.

This opinion is expressly limited to the matters set forth above, and we render no opinion, whether by implication or otherwise, as to any other matters. This letter speaks only as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that arise after the date of this opinion and come to our attention, or any future changes in laws.

Very truly yours,

APPENDIX E
OPINION OF COUNSEL TO SCPPA

_____, 2007

[Project Participants]

[Lehman Brothers
or the respective underwriter
of the Bonds]

[Bond Insurer]

Ladies and Gentlemen:

I am acting as counsel to the Southern California Public Power Authority ("SCPPA") under the Power Sales Agreement dated as of October 1, 2007 (the "Power Sales Agreement") between the Project Participants and SCPPA, and I have acted as counsel to SCPPA in connection with the matters referred to herein. As such counsel I have examined and am familiar with (i) those documents relating to the existence, organization and operation of SCPPA, (ii) all necessary documentation of SCPPA relating to the authorization, execution and delivery of the Power Sales Agreement and (iii) the Power Sales Agreement..

Capitalized terms used herein not otherwise defined shall have the respective meanings ascribed thereto in the Power Sales Agreement.

I am of the opinion that:

1. SCPPA is a joint powers authority duly organized and validly existing under the Act, as amended, and the Joint Powers Agreement dated as of November 1, 1980, among SCPPA's members, as amended, and has full legal right, power and authority to execute and deliver, and to perform its obligations under, the Power Sales Agreement.

2. The Power Sales Agreement has been duly authorized, executed and delivered by SCPPA, and, assuming due authorization, execution and delivery by each of the parties thereto other than SCPPA, the Power Sales Agreement constitutes the legal, valid and binding obligations of SCPPA, enforceable against SCPPA in accordance with their respective terms.

3. To the best of my knowledge, SCPPA is not in material breach of or default under, and the authorization, execution and delivery of the Power Sales Agreement and compliance with the provisions thereof, will not conflict with or constitute a breach of, or default under: (i) any instrument relating to the organization existence or operation of SCPPA; (ii) any loan agreement, lease agreement, indenture, bond, note, resolution, commitment, agreement or other instrument to which SCPPA is a party or by which it or its property or assets is bound or affected, and no event has occurred and is occurring which with the passage of time or the giving of notice, or both, would constitute a material default or event of default under any such instrument, which breach or default would have a material adverse impact on the Power Sales Agreement or the ability of SCPPA to comply with its obligations

under the Power Sales Agreement; or (3) any applicable constitutional provision, law, ruling, administrative regulation, ordinance, judgment, order or decree to which SCPPA (or any of its officers in their respective capacities as such) is subject.

4. To the best of my knowledge, as of the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best of my knowledge, threatened against or affecting SCPPA or any of its officers in their respective capacities as such (nor to the best of my knowledge is there any basis therefore), which questions the right, power or authority of SCPPA referred to in paragraph 2 above or the validity of the proceedings taken by SCPPA in connection with the authorization, execution or delivery of the Power Sales Agreement, or wherein any unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Power Sales Agreement, or which, in any way, would adversely affect the validity or enforceability of the Power Sales Agreement or the ability of SCPPA to comply with its obligations thereunder.

5. Insofar as the foregoing opinions relate to the legal, valid and binding effect, and the enforceability, of any instrument, such opinions are subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and are subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

The opinions expressed herein are based upon the law and other matters in effect on the date hereof. The opinions expressed are matters of professional judgment and are not a guarantee of result. I assume no obligation to revise or supplement this opinion should such law or other matters be changed by legislative action, judicial decision, or otherwise, or should any facts or other matters upon which I have relied be changed.

The opinions which are set forth or which are expressed herein are limited to the laws of the State of California.

This opinion is furnished exclusively for the benefit of the recipients to which it is addressed. This opinion may not be provided to, made available to, or relied upon by any other party without prior written consent, except that this opinion may be included in the closing binder memorializing the transaction.

Very truly yours,

Richard M. Helgeson
General Counsel,
Southern California Public Power Authority

APPENDIX F

FORM OF TAX CERTIFICATE - PREPAYMENT BONDS

PARTICIPANT TAX CERTIFICATE (PREPAYMENT BONDS)

The undersigned, being the duly chosen and qualified _____ of the City of Los Angeles acting by and through the Department of Water and Power ("LADWP"), a California municipal utility created by and existing pursuant to the Charter of the City of Los Angeles, hereby certifies as follows:

1. **Purpose.** This Certificate is given in connection with the issuance by Southern California Public Power Authority ("SCPPA"), a joint powers agency and a public entity organized under the laws of the State of California, of its _____ Bonds in the aggregate principal amount of \$ _____ (the "**Bonds**"), and the application of proceeds thereof to prepay the purchase price for a supply of electricity (the "**Guaranteed Generation**") to be purchased under a Power Purchase Agreement (the "**Power Purchase Agreement**") dated as of March 16, 2007, between SCPPA and Milford Wind Corridor Phase I, LLC, a Delaware limited liability corporation. This Certificate is given pursuant to Section 10 of the Milford Wind Corridor Phase I Project Power Sales Agreement, dated as of _____, 2007, between SCPPA and LADWP (the "**Power Sales Agreement**"), providing, among other things, for the sale by SCPPA and the purchase by LADWP of Energy acquired by SCPPA under the Power Purchase Agreement. The undersigned understands that the statements made herein will be relied upon by SCPPA in its effort to comply with the conditions imposed by the Internal Revenue Code of 1986, and by Fulbright & Jaworski L.L.P. in rendering its opinion, with respect to the exclusion from gross income for federal income tax purposes of interest on the Bonds.

2. **Definitions.** A capitalized term used and not otherwise defined herein has the meaning ascribed to such term by the Power Purchase Agreement or the Power Sales Agreement.

3. **No Private Use or Payments.** Except to the extent set forth in a prior written consent of SCPPA delivered to LADWP, prior to the last retirement of the Bonds LADWP shall not use or permit the use of Energy constituting Guaranteed Generation sold to it by SCPPA under the Power Sales Agreement such that more than the lesser of (1) 10% or (2) the product of (a) \$15 million and (b) LADWP's Output Cost Share, of such Energy sold to it by SCPPA is used directly or indirectly in any Private Business Use. As used herein, "**Private Business Use**" means any trade or business carried on by any Person, or any activity of any Person other than a natural person, in each case excluding state and local governments, unless such use is merely as a member of the general public.

For purposes of the foregoing certification, property is considered to be "used" by a Person if:

(1) **Dispositions:** it is sold or otherwise disposed of, or leased, to such Person;

(2) **Operation or Management:** it is operated, managed, or otherwise physically employed, utilized, or consumed by such Person, excluding operation or management pursuant to an agreement that meets the guidelines set forth in Revenue Procedure 97-13, including any amendments or revisions thereto;

(3) **Contractual Commitments:** capacity in or output or service from such property is reserved or committed to such Person under a take or pay, output, incentive payment, or similar contract or arrangement;

(4) **Special Services:** such property is used to provide service to (or such service is committed to or reserved for) such Person on a basis or terms which are different from the basis or terms on which such service is provided (or committed or reserved) to members of the public generally; or

(5) **Burdens and Benefits:** substantial burdens and benefits of ownership of such property are otherwise effectively transferred to such Person.

4. **Use in Qualified Service Areas.** Except to the extent set forth in a prior written consent of SCPPA delivered to LADWP, LADWP shall use Energy constituting Guaranteed Generation purchased by it from SCPPA pursuant to the Power Sales Agreement such that at least 90% of such Energy is (1) furnished to customers of LADWP who purchase such Energy other than for resale and are located in either (a) an area throughout which LADWP provided, at all times during the 5-year period ending on the date of initial authentication and delivery of the Bonds, electricity distribution services or (b) an area recognized as the electricity service area of LADWP under state or federal law, or (2) sold to a utility owned by a state or local government that furnishes all such Energy to customers of such utility who purchase such Energy other than for resale and are located in either (a) an area throughout which such utility provided, at all times during such 5-year period, electricity distribution services or (b) an area recognized as the electricity service area of such utility under state or federal law. The uses and sales described in Clauses (1) and (2) of the immediately preceding sentence that comply with the provisions of Paragraphs 3 and 4 of this Certificate are referred to herein as "**Qualified Use**".

5. **Compliance with Rules, Procedures and Protocols of SCPPA.** LADWP shall comply with the rules, procedures and protocols developed and promulgated by the SCPPA Board of Directors as provided in Section 10.3 of the Power Sales Agreement in order to ensure that the Energy acquired with proceeds of the Bonds is used for a Qualified Use to the extent necessary for interest on the Bonds to be excludable from the gross income of the owners thereof for federal income tax purposes.

6. **Expected Use.** LADWP currently expects to use for a Qualified Use described in Clause (1) of Paragraph 4 of this Certificate all of the Guaranteed Generation scheduled to be sold and delivered by SCPPA to LADWP in each month during the term of the Power Purchase Agreement.

EXECUTED AND DELIVERED on _____, 200__

City of Los Angeles acting by and through the
Department of Water and Power

Name: _____
Title: _____

APPENDIX G

FORM OF TAX CERTIFICATE - ACQUISITION BONDS

PARTICIPANT TAX CERTIFICATE (ACQUISITION BONDS)

The undersigned, being the duly chosen and qualified _____ of the City of Los Angeles acting by and through the Department of Water and Power ("LADWP"), a California municipal utility created by and existing pursuant to the Charter of the City of Los Angeles, hereby certifies as follows:

1. **Purpose.** This Certificate is given in connection with the issuance by Southern California Public Power Authority ("SCPPA"), a joint powers agency and a public entity organized under the laws of the State of California, of its _____ Bonds in the aggregate principal amount of \$ _____ (the "**Bonds**"), and the application of proceeds thereof to finance the purchase by SCPPA from Milford Wind Corridor Phase I, LLC, a Delaware limited liability corporation ("**Seller**"), of a nominal ____ MW wind electric generating and transmission facility located near Milford, Utah (the "**Facility**"), pursuant to a Power Purchase Agreement (the "**Power Purchase Agreement**") dated as of March 16, 2007, between SCPPA and Seller. This Certificate is given pursuant to Section 10 of the Milford Wind Corridor Phase I Project Power Sales Agreement, dated as of _____, 2007, between SCPPA and LADWP (the "**Power Sales Agreement**"), providing, among other things, for the sale by SCPPA and the purchase by LADWP of Energy produced from the Facility. The undersigned understands that the statements made herein will be relied upon by SCPPA in its effort to comply with the conditions imposed by the Internal Revenue Code of 1986, and by Fulbright & Jaworski L.L.P. in rendering its opinion, with respect to the exclusion from gross income for federal income tax purposes of interest on the Bonds.

2. **Definitions.** A capitalized term used and not otherwise defined herein has the meaning ascribed to such term by the Power Purchase Agreement or the Power Sales Agreement.

3. **No Private Use or Payments.** Except to the extent set forth in a prior written consent of SCPPA delivered to LADWP, prior to the last retirement of the Bonds LADWP shall not use or permit the use of Energy sold to it by SCPPA under the Power Sales Agreement such that more than the lesser of (1) 10% or (2) the product of (a) \$15 million and (b) LADWP's Output Cost Share, of such Energy sold to it by SCPPA is used directly or indirectly in any Private Business Use. As used herein, "**Private Business Use**" means any trade or business carried on by any Person, or any activity of any Person other than a natural person, in each case excluding state and local governments, unless such use is merely as a member of the general public; provided, however, that in the case of the sale of Energy, "**Private Business Use**" means any contract for the sale of energy to a Person other than a state or local government unless (i) the term of the contract, including all renewal options, is not longer than three years and the contract either is a negotiated, arm's-length arrangement that provides for compensation at fair market value, or is based on generally applicable and uniformly applied rates, or (ii) the purchaser's use is merely as a member of the general public.

For purposes of the foregoing certification, property is considered to be "used" by a Person if:

- (1) **Dispositions:** it is sold or otherwise disposed of, or leased, to such Person;

(2) **Operation or Management:** it is operated, managed, or otherwise physically employed, utilized, or consumed by such Person, excluding operation or management pursuant to an agreement that meets the guidelines set forth in Revenue Procedure 97-13, including any amendments or revisions thereto;

(3) **Contractual Commitments:** capacity in or output or service from such property is reserved or committed to such Person under a take or pay, output, incentive payment, or similar contract or arrangement;

(4) **Special Services:** such property is used to provide service to (or such service is committed to or reserved for) such Person on a basis or terms which are different from the basis or terms on which such service is provided (or committed or reserved) to members of the public generally; or

(5) **Burdens and Benefits:** substantial burdens and benefits of ownership of such property are otherwise effectively transferred to such Person.

4. **Use in Qualified Service Areas.** Except to the extent set forth in a prior written consent of SCPA delivered to LADWP, LADWP shall use Energy purchased by it from SCPA pursuant to the Power Sales Agreement such that at least 95% of such Energy is furnished to customers of LADWP who purchase such Energy other than for resale and are located in an area throughout which LADWP provided, at all times during the 10-year period ending on the date of acquisition by SCPA of the Facility, electricity distribution services. The uses and sales described in the immediately preceding sentence that comply with the provisions of Paragraph 3 of this Certificate are referred to herein as "**Qualified Use**".

5. **Compliance with Rules, Procedures and Protocols of SCPA.** LADWP shall comply with the rules, procedures and protocols developed and promulgated by the SCPA Board of Directors as provided in Section 10.3 of the Power Sales Agreement in order to ensure that the Facility and the Energy produced therefrom are used for a Qualified Use to the extent necessary for interest on the Bonds to be excludable from the gross income of the owners thereof for federal income tax purposes.

6. **Expected Use.** LADWP currently expects to use for a Qualified Use all Energy scheduled to be sold and delivered by SCPA to LADWP in each month during the term of the Power Purchase Agreement.

EXECUTED AND DELIVERED on _____, 200__

City of Los Angeles acting by and through the
Department of Water and Power

Name: _____
Title: _____

APPENDIX H

**POWER PURCHASE AGREEMENT
BETWEEN
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
AND
MILFORD WIND CORRIDOR PHASE I, LLC
DATED AS OF MARCH 16, 2007**