

VALERO - DEPARTMENT
ELECTRIC SERVICE AGREEMENT

BETWEEN

ULTRAMAR INC. (A SUBSIDIARY OF
VALERO ENERGY CORPORATION)

AND

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

DWP No. RCS140003

VALERO - DEPARTMENT
ELECTRIC SERVICE AGREEMENT

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EXHIBIT 2 - DEPARTMENT DELIVERED EXCESS GENERATION RATE TERMS
AND CONDITIONS

VALERO - DEPARTMENT
ELECTRIC SERVICE AGREEMENT

This Agreement is made and entered into by and between Ultramar Inc. (a subsidiary of Valero Energy Corporation), hereinafter referred to as "Customer" or "Valero", and the City of Los Angeles acting by and through the Department of Water and Power, hereinafter referred to as "Department". Each of the Department and Customer are hereinafter referred to individually as a "Party" and together as "Parties".

1. RECITALS: This Agreement is made with reference to the following:

- 1.1 Customer is currently receiving Electric Service in accordance with the applicable rate schedule(s), currently CG-3 and CG-3[i], Customer Generation Service in the Electric Rate Ordinance.
- 1.2 This agreement is entered into in accordance with Section 676(b) of the Charter of the City of Los Angeles, establishing a rate for Customer's Electric Service that is essentially that for Customer Generation Service with modification when minimum Load Factor requirements are attained in accordance with Sections 7.2 and 7.3 of this Agreement and when Department Delivered Excess Generation is purchased

by Customer during a Notification Event in
accordance with Section 7.4 of this Agreement.

- 1.3 Customer desires to receive and purchase Electric Service from the Department at the location(s) identified in Exhibit 1 of this Agreement.
- 1.4 Customer maintains a high load factor by shifting electricity usage of its business endeavor to the Base Period, which is beneficial to the Department.
- 1.5 The Parties have determined that it is mutually beneficial to enter into this Agreement.

2. AGREEMENT: In consideration of the foregoing Recitals, which are hereby incorporated herein, and of the mutual benefits, terms, and conditions contained herein, the Parties agree as follows:

- 2.1 Customer agrees to receive and purchase Electric Service from the Department pursuant to the terms and conditions of this Agreement.
- 2.2 The Department agrees to provide and sell Electric Service to Customer pursuant to the terms and conditions of this Agreement.
- 2.3 Customer and the Department shall bear their own costs incurred in the implementation of the

Agreement in accordance with the terms and conditions of the Agreement.

3. DEFINITIONS: The definitions, terms, conditions and requirements provided in the rate established in Section 7 of this Agreement and the Rules are incorporated in and made a part of this Agreement by reference. Notwithstanding anything to the contrary, the following additional terms, when initially capitalized, whether in the singular or plural tense, shall mean:

- 3.1 Agreement: This VALERO - DEPARTMENT ELECTRIC SERVICE AGREEMENT.
- 3.2 Billing Period: The time interval between two consecutive reading dates of the Department's electric revenue meters used for billing purposes.
- 3.3 Electric Rate Ordinance: City of Los Angeles Ordinance No. 168436, effective on January 31, 1993, and all amendments, revisions, replacements, and supplements thereof, including but not limited to City of Los Angeles Ordinance Nos. 182273 and 182288.
- 3.4 Facility: The location(s) owned by or leased to Customer identified in Exhibit 1 of the Agreement.

3.5 Load Factor: For any Billing Period, the sum of total kilowatt-hours ("kWh") used by the Customer at the Facility during the Billing Period divided by the product of the highest Supplemental Demand recorded during the High Peak Period and Low Peak Period and the sum of the total number of hours in the Billing Period. Load Factor shall be stated as a percentage rounded to one decimal place. It may also be expressed by the following formula:

$$\frac{\text{Total kWh in the Billing Period}}{(\text{Highest Supplemental Demand recorded during the High Peak Period and Low Peak Period} \times \text{total hours in the Billing Period})}$$

3.6 Rules: The Rules Governing Water and Electric Service adopted by the Board of Water and Power Commissioners of the City of Los Angeles under Resolution No. 56 dated September 8, 1983, and all amendments, revisions, and replacements thereof.

4. EFFECTIVE DATE AND TERM: This Agreement shall become effective upon the "Effective Date", which is the first day of the month following the date this Agreement is executed by the Department. Unless terminated in accordance with Section 5 of this Agreement, this Agreement terminates upon the fifth (5th) anniversary of the Effective Date.

5. TERMINATION:

- 5.1 This Agreement may be terminated at any time by mutual written agreement of the Parties.
- 5.2 Either Party may terminate this Agreement at any time prior to its term by giving at least thirty (30) calendar days' advance written notice of such intent.
- 5.3 This Agreement is not transferable or assignable, in whole or in part.
- 5.4 This Agreement shall terminate immediately without further notice upon any sale of the Facility, name change of the business endeavor at the Facility, or change in ownership of Customer.
- 5.5 This Agreement shall terminate immediately without further notice upon the absence of an effective Customer Generation Interconnection Agreement entered into by and between Customer and the Department and, if Air Products and Chemicals, Inc. owns electrical and mechanical equipment associated with the generation of electricity at the Facility, Air Products and Chemicals, Inc. as an additional party to such Customer Generation Interconnection Agreement.

5.6 Agreement to terminate and termination by Customer shall be executed by the Customer's duly authorized chief executive or his or her designee.

5.7 Agreement to terminate and termination by the Department shall be executed by the Department's Rates Manager or his or her designee.

6. ELECTRIC SERVICE:

6.1 The Department shall provide Electric Service at each Facility identified in Exhibit 1 of the Agreement in accordance with the terms and conditions of the rate established herein in Section 7 of this Agreement, the Rules, and the applicable effective Customer Generation Interconnection Agreement.

6.2 The Department's billing for Electric Service and the Customer's corresponding payment shall be made in accordance with the Rules.

7. CONTRACT RATE:

7.1 The rate hereby established herein for Electric Service at each Facility identified in Exhibit 1 of the Agreement shall be in accordance with the otherwise applicable rate schedule(s), which are currently CG-3 and CG-3[i], Customer Generation

Service, in the Electric Rate Ordinance, as modified by the following Supplemental Capacity Charge discounts when a Supplemental Capacity Charge applies and for Department Delivered Excess Generation purchased during a Notification Event in accordance with Section 7.4.

7.2 HIGH SEASON BILLING PERIOD:

The Department shall provide a Supplemental Capacity Charge discount to the Customer's bill for a High Season Billing Period, provided Customer attains the corresponding minimum Load Factor during that particular High Season Billing Period, in accordance with the following Table 1.

Table 1

Minimum Load Factor Attained by Customer	Supplemental Capacity Charge Discount For High Season Months as % of the Supplemental Capacity Charge set forth in Rate Schedule(s) CG-3 an CG-3[i] of the Electric Rate Ordinance
70.0%	40.0%
75.0%	55.0%
80.0%	70.0%
85.0%	85%
90.0%	100%

7.3 LOW SEASON BILLING PERIOD:

In the event the Customer attains an average monthly High Season Load Factor of not less than seventy percent (70%), which is calculated as the average of the Load Factor values for the Billing Periods during the last prior months of June through September, the Department shall provide a Supplemental Capacity Charge discount to the Customer's bills for the eight-month Low Season period immediately following that particular High Season, in accordance with the following Table 2. If the Effective Date of this Agreement occurs during any month outside of the High Season, then recorded amounts from the last prior High Season months will be used to calculate the initial average High Season Load Factor for the Supplemental Capacity Charge discounts for that particular Low Season. However, if the Effective Date of this Agreement occurs during the month of June, July, August, or September, then recorded amounts from that month and the subsequent High Season months within that particular High Season, if any, will be used to calculate the initial average monthly High

Season Load Factor for the Supplemental Capacity Charge discount for the initial subsequent Low Season.

Table 2

Minimum Average Monthly High Season Load Factor Attained by Customer	Supplemental Capacity Charge Discount for Low Season Months as % of the Supplemental Capacity Charge set forth in the Appropriate Rate Schedule(s) CG-3 an CG-3[i] of the Electric Rate Ordinance
70.0%	40.0%
75.0%	55.0%
80.0%	70.0%
85.0%	85%
90.0%	100%

7.4 PURCHASE OF DEPARTMENT DELIVERED EXCESS GENERATION:

Due to the unique operations of Customer, there are times when Customer may be able to curtail certain quantities of self-generated energy and purchase Department Delivered Excess Generation during a Notification Event in accordance with Exhibit 2 of this Agreement. Customer shall evaluate all Notification Events and respond to the Department by written notice confirming the date(s), time, and quantity of self-generated energy that the Customer will curtail at its Facility during a particular

Notification Event. The Department and Customer agree to coordinate with one another to maximize, to the extent commercially reasonable, the Customer's purchase of Department Delivered Excess Generation in place of self-generated energy used by Customer at its Facility. Customer shall minimize self-generated energy output during a Notification Event. The Department and Customer, at their own expense, must have access to e-mail to receive notifications through a primary and secondary e-mail address, as specified in Section 11.3 by and for each Party. During a Notification Event, the Department shall exclude all measured values recorded by Department meters from the determination of Load Factor for the previous Billing Period.

8. MEASUREMENTS: Energy and demand consumption values shall be based on Department-owned meters located at the Facility. Such meters shall be read, tested, and maintained in accordance with the Rules and the Department's procedures and practices.

9. BILLING AND PAYMENTS:

- 9.1 Bills and payments shall be transmitted to the following addresses:

9.1.1 If to Customer:

Ultramar INC VALERO WILMINGTON REFINERY
(Customer name)
2412 E. ANAHEIM ST
(Customer address)
WILMINGTON, CA 90744
(City, State, Zip Code)

Attention: Accounts Payable
9.1.2 If to the Department:

Department of Water and Power

of the City of Los Angeles

P.O. Box 51111, Room 424

Los Angeles, California 90051

Attention: Accounts Payable

9.2 Either party may, by written notice to the other Party, change the name or address of the person to receive invoices or payments pursuant to this Agreement.

10. ADMINISTRATION:

10.1 Customer's duly authorized chief executive or designee and the Department's Rates Manager or designee are hereby designated the Authorized Representatives who are empowered to act on each Party's behalf with respect to those matters contained in this Agreement.

10.2 The Authorized Representatives shall act as liaison between the Parties and shall provide means of securing effective cooperation and interchange of information on a prompt and orderly basis between the Parties.

10.3 The Authorized Representatives shall review, discuss, and attempt to resolve any disputes between the Parties arising under this Agreement.

11. NOTICES:

11.1 Any written notice under this Agreement shall be deemed properly given on the date of delivery if delivered in person or three (3) days after mailing if sent by registered or certified mail, postage prepaid, to the person specified below unless otherwise provided for in this Agreement.

11.1.1 If to Customer:

ULTRAMAR INC.
(Customer name)
2402 E. MAHEM ST.
(Customer address)
WILMINGTON, CA 90744
(City, State, Zip Code)

Attention: Refinery Manager

11.1.2 If to the Department:

Department of Water and Power
of the City of Los Angeles

111 N. Hope Street, Room 956

Los Angeles, California 90012

Attention: Rates Manager

11.2 Either Party may, by written notice to the other Party, change the name or address of the person to receive notices pursuant to this Agreement.

11.3 The Department and Customer shall list below a primary and secondary e-mail address for notices related to Notification Events. Any written notices related to Notification Events shall be provided to both the primary and secondary e-mail addresses.

11.3.1 If to Customer:

Primary DWP Power Management Email Valero.com

Secondary DWP Power Management Email Valero.com

11.3.2 If to the Department:

Primary Dalia.Trad@LADWP.com

Secondary Shirley.Chu-Nealy@LADWP.com

11.4 Each Party will notify the other of any changes in the contact information in Sections 11.1 and 11.3 above through written notice in accordance with Section 11.1.

12. UNDERSTANDING: Exhibit 1 and Exhibit 2 are incorporated herein and made a part of this Agreement. This Agreement contains the entire understanding between the Parties with

respect to the subject matter hereof; and there are no other promises, terms, conditions, obligations, understandings, or agreements between the Parties with respect thereto. This Agreement supersedes all previous communications, representations, understandings, and agreements, either oral or written, between the Parties with respect to the subject matter hereof. This is a fully integrated document.

13. EFFECT OF SECTION HEADINGS: Section headings appearing in the Agreement are inserted for convenience only and shall not be construed as interpretations of text.
14. GOVERNING LAW: This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the State of California and the City of Los Angeles, without regard to conflict of law principles. 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. The Parties must comply, to the extent applicable, with California law governing claims by or against public entities and presentment of such claims.

15. REPRESENTATION: Each Party has been represented by its respective legal counsel during the negotiation and execution of this Agreement. Both Parties agree that in any action to enforce the terms of this Agreement that each Party shall be responsible for its own attorney fees and costs.
16. NONDEDICATION OF FACILITIES: This Agreement shall not be construed as a dedication of any properties or facilities, or any portion thereof, by Parties to each other or the public.
17. SEVERAL OBLIGATIONS: The duties, obligations, and liabilities of the Parties are several and not joint or collective. Nothing contained in this Agreement shall be construed to create an association, trust, partnership, or joint venture or to impose a trust, partnership duty, obligation, or liability on or with regard to the Parties. Each Party shall be individually and severally liable for its own obligations under this Agreement.
18. EXECUTION IN COUNTERPARTS: This Agreement may be executed in counterparts, and, upon execution by each signatory, each executed counterpart shall have the same force and effect as an original instrument and as if all signatories had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signature thereon,

and may be attached to another counterpart of this Agreement identical in form hereto by having attached to it one or more signature pages.

[Signature Page to Follow]

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

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

By BOARD OF WATER AND POWER
COMMISSIONERS OF THE CITY OF
LOS ANGELES

Date: _____

By: _____

MARCIE L. EDWARDS

General Manager

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

DEC 18 2014

BY: 
BRIAN E. STEWART
DEPUTY CITY ATTORNEY

Date: _____

And: _____

BARBARA E. MOSCHOS

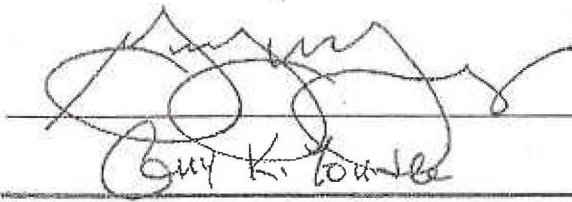
Secretary

ULTRAMAR INC. (A SUBSIDIARY OF VALERO ENERGY
CORPORATION)

Date: _____

1/7/15

By: _____



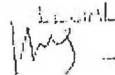
(Printed Name)

Title _____

Senior Vice President

Signature Page to VALERO - DEPARTMENT ELECTRIC SERVICE AGREEMENT

APPROVED

Legal


VALERO - DEPARTMENT
ELECTRIC SERVICE AGREEMENT

Exhibit 1
Service Address(es), Account and Meter Number(s)

<u>Service Address</u>	<u>Account Number</u>	<u>Meter Number</u>
2402 E Anaheim St Wilmington, CA 90744	3591380000 (2520299902402009050001)	APM2G30025-51 (R59) AUPMD12027-6 (unit)

VALERO - DEPARTMENT
ELECTRIC SERVICE AGREEMENT

Exhibit 2 - Department Delivered Excess Generation Rate
Terms and Conditions

Customer shall purchase Department Delivered Excess Generation from the Department in accordance with the terms and conditions as set forth in this Exhibit, as follows:

1. DEFINITIONS:

1.1 Average Cogenerator Energy ("G_A"): The average of the sum of energy produced by the Customer cogenerator on the three prior consecutive weekdays before a Notification Event if the Notification Event starts on a weekday or on the three prior consecutive weekends before a Notification Event if the Notification Event starts on a weekend. Average Cogenerator Energy will be measured (for those prior three weekdays or weekends) during the same time interval as the Notification Event and obtained from the Department electric unit meter installed at the output of the Customer cogenerator. The Average Cogenerator Energy shall be determined separately for each of the three time-of-use Periods, Base, Low Peak, and High Peak.

1.2 Average Delivered Energy ("D_A"): The average of the sum of total energy delivered from the Department to Customer on the three prior consecutive weekdays before a Notification Event if the Notification Event starts on a weekday or on the three prior consecutive weekends before a Notification Event if the Notification Event day starts on a weekend. Average Delivered Energy will be measured (for those prior three weekdays or weekends) during the same time interval as the Notification Event and obtained from the Department electric revenue meter installed at the Customer load. The Average Delivered Energy shall be determined separately for each of the three time-of-use Periods, Base, Low Peak, and High Peak.

1.3 Delivered Energy ("D_E"): Energy delivered by the Department to the Customer during the Notification Event and measured by the Department electric revenue meter installed at the Customer load. Delivered Energy shall be determined separately for each of the three time-of-use Periods, Base, Low Peak, and High Peak.

1.4 Department Delivered Excess Generation ("D_{EG}"): Energy delivered from the Department and consumed by Customer during a Notification Event, which shall be calculated separately for each of the three time-of-use Periods, Base, Low Peak, and High Peak by use of the following formula:

$$D_{EG} = (D_E) - (D_A)$$

1.5 Department Excess Generation Charge: A charge per kWh for Department Delivered Excess Generation according to this Exhibit. The Department Excess Generation Charge is \$0.045 per kWh.

1.6 Generation Energy ("G_E"): Energy produced by the Customer cogenerator during the Notification Event and measured from the Department electric unit meter installed at the output of the Customer cogenerator. Generation Energy shall be determined separately for each of the three time-of-use Periods, Base, Low Peak, and High Peak.

1.7 Notification Event: A duration of time for which the Department gives Customer advance written notice of the start and end time, including date, and quantity of Department Delivered Excess Generation the Department desires Customer to purchase during that duration of time.

2. SPECIAL BILLING CONDITIONS:

During a Notification Event, if the G_E for each of the time-of-use Periods is less than the corresponding G_A, Customer may purchase Department Delivered Excess Generation up to the quantity specified in the Department's notice for the Notification Event at the Department Excess Generation Charge of \$0.045 per kWh. During a Notification Event, if the G_E for each of the time-of-use Periods is not less than the corresponding G_A, Customer's bill for all rating periods shall be calculated as set forth in the otherwise applicable rate schedule(s), which are currently CG-3 and CG-3[i], Customer Generation Service, in the Electric Rate Ordinance, as modified by the Supplemental Capacity Charge discounts described in Section 7 of this Agreement when a Supplemental Capacity Charge applies.