

ATTACHMENT 8

Title Page

Southern California Edison Company

FERC FPA Electric Tariff

Tariff Title: Rate Schedule

Tariff Record Title: First Revised Rate Schedule FERC No. XXX

AMENDED & RESTATED ELDORADO SYSTEM  
CO-TENANCY AND OPERATING AGREEMENT

AMONG

DEPARTMENT OF WATER AND POWER  
OF THE CITY OF LOS ANGELES

NEVADA POWER COMPANY  
d/b/a NV Energy

AND

SOUTHERN CALIFORNIA EDISON COMPANY

Contract Effective Date: \_\_\_\_\_  
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**DWP No. BP 16-021**

**AMENDED & RESTATED ELDORADO SYSTEM  
CO-TENANCY AND OPERATING AGREEMENT  
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**AMENDED & RESTATED ELDORADO SYSTEM  
CO-TENANCY AND OPERATING AGREEMENT**

**1. PARTIES:**

The parties to this Amended & Restated Eldorado System Co-Tenancy and Operating Agreement are: DEPARTMENT OF WATER AND POWER OF THE CITY OF LOS ANGELES, a department organized and existing under the Charter of the City of Los Angeles, a municipal corporation of the State of California (“LADWP”) NEVADA POWER COMPANY, doing business as NV Energy, a Nevada corporation (“NV Energy”); and SOUTHERN CALIFORNIA EDISON COMPANY, a California corporation (“SCE”); each referred to as a “Co-Owner” and collectively as the “Co-Owners.”

**2. RECITALS:**

This agreement is made with reference to the following facts, among others:

- 2.1 LADWP is a municipal utility serving the water and electricity needs of Los Angeles, California. LADWP is engaged in the generation, transmission and distribution of electric power and energy in parts of the States of Arizona, California, Nevada and Utah.
- 2.2 NV Energy is an electric utility engaged in the generation, transmission and distribution of electric power and energy in parts of the states of Arizona, California, and Nevada.
- 2.3 SCE is an electric utility engaged in the generation of electric power and energy in the States of California and Arizona and in the transmission and distribution of electric power and energy in parts of the States of California and Nevada.
- 2.4 On December 20, 1967, NV Energy, SCE and Salt River Project Agricultural Improvement and Power District (“SRP”) entered into the Eldorado System Conveyance and Co-Tenancy Agreement (“Eldorado Co-Tenancy Agreement”), as amended, which provided for the ownership, as tenants-in-common, of the Eldorado System and which sets forth their rights and obligations with respect to such ownership. On December 23, 1968, LADWP and SCE entered into the Eldorado System Conveyance 2 and Eldorado System Conveyance and Co-Tenancy Agreement Assignment, under which LADWP became a Co-Owner of the Eldorado System.

- 2.5 On December 16, 1969, the Co-Owners and SRP entered into the Eldorado System Operating Agreement to provide for the operation and maintenance of the Eldorado System. By its terms, the Eldorado System Operating Agreement is coterminous with the Eldorado Co-Tenancy Agreement.
- 2.6 In 1971, the Co-Owners and SRP entered into the Communications Agreement, as defined herein.
- 2.7 On April 1, 1998, pursuant to California state law and the Transmission Control Agreement between the California Independent System Operator Corporation ("CAISO") and Participating Transmission Owners (as such term is defined in such agreement), SCE turned over operational control of its transmission lines and associated facilities, including those within its Ownership Interest in the Eldorado System, to the CAISO and became a Participating Transmission Owner in the CAISO.
- 2.8 LADWP, NV Energy and SRP did not turn over the operational control of their respective Ownership Interests in the Eldorado System to the CAISO.
- 2.9 The Eldorado System is currently located within the CAISO's Balancing Authority Area.
- 2.10 As of November 16, 2000, LADWP, NV Energy, SCE and SRP entered into the Mohave 500 kV Switchyard Transfer Agreement. Pursuant to the terms of such agreement, LADWP, NV Energy, SCE and SRP agreed, among other things, to transfer the Mohave Switchyard to the Eldorado System.
- 2.11 By successive amendments to the Eldorado Co-Tenancy Agreement, the termination date of the Eldorado Co-Tenancy Agreement, and correspondingly the Eldorado System Operating Agreement, was extended from July 1, 2006 to midnight December 31, 2016.
- 2.12 Consistent with the previously provided Waiver of Right of First Refusal by SCE in a letter dated October 30, 2013 and by NVE in a letter originally dated December 19, 2012 and further extended in a letter dated October 31, 2013, as of July 1, 2016 SRP's ownership interest in the Eldorado System was sold to LADWP pursuant to the Asset Purchase and Sale Agreement, dated July 24, 2015, by and between SRP and LADWP.
- 2.13 By this Agreement, the Co-Owners reflect the removal of SRP as a party and amend and restate the rights and obligations within the Eldorado Co-Tenancy

Agreement, the Eldorado System Operating Agreement, and the Communications Agreement among the Co-Owners pursuant to the terms set forth herein.

**3. SECTION HEADINGS AND DEFINITIONS:**

Section headings in this Agreement are for convenience only and are not to be construed to define, limit, expand, interpret, or amplify the provisions of this Agreement. When initially capitalized in this Agreement, or amendments hereto, the following words or phrases whether in the singular or the plural, shall have the meaning specified:

- 3.1 ACCOUNTING PRACTICE: Generally accepted accounting principles and practices applicable to electric utility operations.
- 3.2 AEGIS: Associated Electric & Gas Insurance Services, the utility industry mutual insurer that provides the insurance under Section 20.1 as applicable.
- 3.3 AGREEMENT: This Amended & Restated Eldorado System Co-Tenancy and Operating Agreement, as amended and restated, among LADWP, NV Energy, and SCE.
- 3.4 APPLICABLE RELIABILITY ENTITY: The Western Electricity Coordinating Council or its successor.
- 3.5 APPLICABLE STANDARDS: Any applicable regulation, rule, order, law, standard, procedure or requirement issued by any local, state, regional or federal entity with jurisdiction over the operation and maintenance of the Eldorado System, including the Applicable Reliability Entity and the North American Electric Reliability Corporation (“NERC”); applicable procedures and/ or protocols of the Balancing Authority; and any standard, procedure or other requirement adopted by the Co-Owners in writing pursuant to any provision of this Agreement and in conformance with Good Utility Practice; in each case as amended from time to time and whether now existing or hereafter imposed or arising.
- 3.6 AUDITING COMMITTEE: The Auditing Committee established pursuant to Section 21.1.
- 3.7 BALANCING AUTHORITY: The responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports interconnection frequency in real time. The Balancing Authority for the Eldorado System is the CAISO, provided however that CAISO may be removed as the Balancing Authority by unanimous

approval by the Co-Owners in accordance with Applicable Standards and amendment to this Agreement.

- 3.8 BALANCING AUTHORITY AREA: The collection of generation, transmission, and loads within the metered boundaries of a Balancing Authority.
- 3.9 BENEFITS RATIO: The ratio to be determined in accordance with the method set forth in Exhibit 10.
- 3.10 CAPACITY: Electrical rating expressed in megawatts ("MW") or megavolt-amperes ("MVA").
- 3.11 CAPACITY ENTITLEMENT: The Capacity entitlement of each Co-Owner in each Component of the Eldorado System, as applicable, pursuant to Section 7.
- 3.12 CAPITAL ADDITIONS: The addition of any Units of Property to the Eldorado System; the enlargement, modification or betterment of any Units of Property constituting a part of the Eldorado System; or the replacement of any Units of Property constituting a part of the Eldorado System, irrespective of whether such replacement constitutes an enlargement, modification or betterment of that which it replaces, which additions, enlargements, modifications, betterments, and replacements in accordance with Accounting Practice would be capitalized.
- 3.13 CAPITAL ADMINISTRATIVE AND GENERAL (A&G) RATIO: The ratio to be determined in accordance with the method set forth in Exhibit 12.
- 3.14 COMMUNICATIONS AGREEMENT: The Mohave-Eldorado Communication Facilities Agreement among the Department of Water and Power of the City of Los Angeles, Nevada Power Company, Salt River Project Agricultural Improvement and Power District, and Southern California Edison Company, dated February 16, 1971.
- 3.15 COMPONENT(S) OF THE ELDORADO SYSTEM: Any of the components of the Eldorado System as follows:
- 3.15.1 The Eldorado-Mohave Line,
  - 3.15.2 The Eldorado 500 kV Switchyard,
  - 3.15.3 The Eldorado 500/220 kV Transformers,
  - 3.15.4 The Eldorado 220 kV Switchyard,
  - 3.15.5 The Eldorado General Facilities,
  - 3.15.6 The Eldorado-Mead Lines,
  - 3.15.7 The Mohave Switchyard.



- 3.16 CONNECTING FACILITIES: The equipment and facilities, including any Capital Additions thereto, approved by the Engineering and Operating Committee and added to the Eldorado System in accordance with Section 26 from the Last Structure to a Component of the Eldorado System as shown in Exhibit 4.
- 3.17 CONNECTING PROPERTY INSURANCE: All-risk physical damage insurance, including mechanical breakdown, procured and maintained in accordance with Section 20.1.3, covering the Connecting Facilities which are solely owned by a Co-Owner.
- 3.18 COORDINATING COMMITTEE: The Coordinating Committee established pursuant to Section 21.1.
- 3.19 COST RESPONSIBILITY RATIOS: – The ratios of responsibility, one ratio for each Component of the Eldorado System, for the costs associated with such facilities as described in Section 6.
- 3.20 ELDORADO 220 KV SWITCHYARD: The 220 kV Switchyard at the Eldorado Substation comprising the termination facilities for the transmission lines and the 220 kV connection to the Eldorado 500/220 kV Transformers, including the 220 kV busses, circuit breakers, disconnect switches, and the structures thereto as shown in Exhibit 4. The Eldorado 220kV Switchyard does not include the Southern California Edison Additional Facility, which is the 220 kV switchyard located within the property of the Eldorado Substation and owned by SCE.
- 3.21 ELDORADO 500 KV SWITCHYARD: The 500 kV switchyard at the Eldorado Substation comprising the termination facilities for the transmission lines and the 500 kV connection to the Eldorado 500/220 kV Transformers, including the 500 kV busses, circuit breakers, disconnect switches, and the structures thereto as shown in Exhibit 4.
- 3.22 ELDORADO 500/220 KV TRANSFORMERS: The Eldorado No. 3AA and No. 4AA 500/220 kV transformer banks and the equipment associated therewith, the tertiary shunt reactors, a spare 500/220 kV transformer, and the transformer leads from the high and low voltage transformer bushings to the points of termination on the busses in the Eldorado 500 kV Switchyard and the Eldorado 220 kV Switchyard, respectively, in the Eldorado Substation.
- 3.23 ELDORADO GENERAL FACILITIES: All or part of those certain structures, improvements and facilities of the Eldorado Substation which include dikes,

roadways, control house, communications building, ancillary buildings, trenches, conduits, control and power cables, control equipment, station communication equipment, batteries, auxiliary equipment, station grounding grid, fencing, lighting and yard improvements, and any other facilities that provide support for the Eldorado Substation. The Eldorado General Facilities shall not include: (i) any termination facilities associated with any line or transformer termination at the Eldorado Substation; (ii) the Connecting Facilities as listed in Exhibit 5; (iii) any 500/220 kV transformer banks located at the Eldorado Substation; or (iv) the tertiary shunt reactors.

- 3.24 ELDORADO-MEAD LINES: The Eldorado-Mead No. 1 and No. 2 220 kV transmission lines between the Eldorado Substation and the Mead substation.
- 3.25 ELDORADO-MOHAVE LINE: The Eldorado-Mohave 500 kV transmission line between the Mohave Switchyard and the Eldorado 500 kV Switchyard.
- 3.26 ELDORADO SUBSTATION: An electrical substation located in Boulder City, Nevada, consisting of the Eldorado General Facilities, the Eldorado 220 kV Switchyard, the Eldorado 500 kV Switchyard, the Eldorado 500/220kV Transformers, and all appurtenant facilities thereto.
- 3.27 ELDORADO SYSTEM: All of the Components of the Eldorado System, the Connecting Facilities, and all rights-of-way and easements associated with such Components of the Eldorado System and Connecting Facilities.
- 3.28 ELDORADO SYSTEM LIABILITY: Any loss, damage, claim, cost, charge, expense, payment, penalty (including, without limitation, penalties related to, or assessed in connection with, Applicable Standards), judgment, agreed-to mitigation or settlement, regulatory allocation, or fee of any kind or nature (including costs of prosecuting, investigating, and pursuing settlement of injuries and damage claims, such as attorneys' fees, judgments (including costs of in-house counsel as long as these costs are covered by the AEGIS policy), liens, and the cost of labor and related supplies and expenses incurred in injuries and damages activities, all as referred to in FERC Account 925 or any successor account) incurred by a Co-Owner or Operating Agent, or their directors, officers, employees or any other person or entity whose negligence would be imputed to such Co-Owner or Operating Agent (including direct, indirect or consequential loss, damage, claim, cost, charge or expense; and whether or not resulting from the active, passive, or gross negligence of such Co-Owner or Operating Agent, its

directors, officers, employees or any other person or entity whose negligence would be imputed to such Co-Owner or Operating Agent) from:

- 3.28.1 the performance or non-performance of Operating Work and Capital Additions;
  - 3.28.2 the engineering, repair, supervision, inspection, testing, protection, operation, maintenance, replacement, reconstruction, use or ownership of the Eldorado System; or
  - 3.28.3 the performance or non-performance of any obligation(s) or the exercise of any right(s) by a Co-Owner(s) under the System Agreements, including SCE's obligations pursuant to Exhibit 16.
- 3.29 E&O COMMITTEE: The Engineering and Operating Committee established pursuant to Section 21.1.
- 3.30 FERC: The Federal Energy Regulatory Commission or its regulatory successor.
- 3.31 FERC ACCOUNTS: The accounts prescribed in FERC's Uniform System of Accounts for Public Utilities and Licensees in effect Agreement or as subsequently amended, subject to the relevant provisions of the Federal Power Act and 18 C.F.R. Part 101. References in this Agreement to specific FERC Account number(s) shall mean the FERC Account number(s) in effect as of the execution date of this Agreement or any equivalent successor FERC Account number(s).
- 3.32 GOOD UTILITY PRACTICE: Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be any one of a number of the optimum practices, methods or acts to the exclusion of all others, but rather to be acceptable practices, methods or acts generally accepted in the region.
- 3.33 LAST STRUCTURE: The transmission structure or transmission facility, inside or outside of the Eldorado System real property, to which a Connecting Facility is attached as depicted for each Connecting Facility on Exhibit 4. The Last Structure is not a part of the Eldorado System. For Connecting Facilities for which there is no physical Last Structure, such Last Structure shall be defined as

the point at which the Connecting Facilities cross the Eldorado System real property line.

- 3.34 MOHAVE SWITCHYARD: The 500 kV switchyard located in Laughlin, Nevada comprising the termination facilities for the transmission lines and the facilities located in two (2) unused bay positions, including the 500 kV busses, circuit breakers, disconnect switches, the structures thereto, and any other facilities that provide support for the Mohave Switchyard as shown in Exhibit 4.
- 3.35 OPERATING AGENT: The Co-Owner exclusively responsible for Operating Work and Capital Additions pursuant to this Agreement.
- 3.36 OPERATING EMERGENCY: An unplanned event or circumstance which reduces or may reduce the amount of transmission Capacity in the Eldorado System or any Component of the Eldorado System that may be made available under prudent operating criteria.
- 3.37 OPERATING INSURANCE: Policies of insurance to be procured and maintained in accordance with Section 20.
- 3.38 OPERATING WORK: Any engineering, procurement, repair, supervision, recruitment, training, expediting, inspection, insuring, testing, protection, operation, use, management, retirement, construction, reconstruction, maintenance, modification, relocation, record preparation, record retention, contract preparation, contract execution, contract performance, work associated with land issues, in each case pertaining to the Eldorado System or any other work undertaken by the Operating Agent that is required by any System Agreement, Good Utility Practice or Applicable Standards or that is necessary for the safe and reliable operation of the Eldorado System; or any work necessitated by an Operating Emergency.
- 3.39 OPERATION AND MAINTENANCE A & G RATIO: The ratio to be determined in accordance with the method set forth in Exhibit 11.
- 3.40 OWNERSHIP INTEREST: The ownership percentages of each Co-Owner in each of the Components of the Eldorado System as set forth in Exhibit 2 or in a Connecting Facility as set forth in Exhibit 5.
- 3.41 PAYROLL TAX RATIO: The ratio to be determined in accordance with the method set forth in Exhibit 8.

- 3.42 SPARE PARTS: Spare parts or equipment, the cost of which is capitalized, which are stocked for emergency use and which are not scheduled for periodic replacement.
- 3.43 SYSTEM AGREEMENTS: This Agreement, and the documents listed in Exhibit 1, but only to the extent applicable, and subject to the terms and conditions set forth in such documents, as said agreements and documents may be supplemented or amended.
- 3.44 UNITS OF PROPERTY: As described in FERC's "List of Units of Property for Use in Connection with Uniform System of Accounts Prescribed for Public Utilities and Licensees" subject to the provisions of the Federal Power Act, 18 C.F.R. Part 101 (2007) in effect as of the date of this Agreement, and as such list may be amended from time to time.
- 3.45 WESTERN CONTRACT: United States Department of the Interior Bureau of Reclamation Pacific Northwest-Pacific Southwest Intertie Project Contract for Interconnections at Mead Substation with Southern California Edison Company, Contract No. 14-06-300-1871, as it may be amended or replaced, which agreement provides for the interconnection of the Eldorado-Mead Lines to the Mead substation owned by United States Department of Energy acting through the Western Area Power Administration.
- 3.46 WORKERS COMPENSATION RATIO: The ratio to be determined in accordance with the method set forth in Exhibit 9.

**4. EFFECTIVE DATE TERM AND TERMINATION:**

- 4.1 This Agreement shall become effective on January 1, 2017 ("Effective Date") subject to acceptance of the Agreement by FERC. The Co-Owners who are subject to FERC jurisdiction shall file this Agreement at FERC upon signature by those Co-Owners.
- 4.2 Subject to Sections 4.5 and 25, this Agreement shall terminate on December 31, 2046 unless extended in accordance with Section 25.8.
- 4.3 The Eldorado Co-Tenancy Agreement, the Eldorado Operating Agreement, the Communications Agreement, the Agreement for the Interconnection of the Nevada Power Company's Eldorado-Magnolia and Eldorado-NSO Lines to the Eldorado 220 kV Switchyard (SCE FERC Rate Schedule No. 500), and the Amended and Restated Agreement for Additional Nevada Power Company Connections to the Eldorado System (SCE FERC Rate Schedule Number 429)

(the latter two agreements collectively the “Connections Agreements”) are hereby amended and restated in this Agreement on the Effective Date of this Agreement. All obligations incurred, but not satisfied, under the Eldorado Co-Tenancy Agreement, the Eldorado Operating Agreement, the Communications Agreement, and the Connections Agreements shall survive under this Agreement until satisfied. Any action by any committee established by the terms of the Eldorado Co-Tenancy Agreement and the Eldorado Operating Agreement acting within its authority under such agreements shall be deemed to be an action by such committee under this Agreement and shall have the same force and effect as a decision by the comparable committee under this Agreement.

- 4.4 This Agreement shall continue in effect subject to Section 25 and to the satisfaction of all conditions precedent to termination set forth in Section 4.5 If and to the extent required by FERC, a notice of termination shall promptly be filed with FERC by the Operating Agent upon satisfaction of all conditions necessary for termination.
- 4.5 This Agreement shall continue in effect subject to Section 25 and to the satisfaction of all conditions precedent to termination set forth in Section 4.5 If and to the extent required by FERC, a notice of termination shall promptly be filed with FERC by the Operating Agent upon satisfaction of all conditions necessary for termination.
- 4.6 This Agreement shall not terminate, and no Co-Owner shall be relieved of any rights, duties or responsibilities hereunder, until all of the following conditions are fully performed in accordance with Good Utility Practice, Accounting Practice, Applicable Standards, or other applicable standards commonly recognized in the electric utility industry:
  - 4.6.1 No further action is required to complete the paying, settling and collecting of all debts and/or liabilities under this Agreement.
  - 4.6.2 All assets have been reduced to cash or cash equivalent.
  - 4.6.3 Assets from liquidation have been distributed to the Co-Owners in accordance with their respective Ownership Interests.
  - 4.6.4 The Co-Owners are in receipt of a full and final accounting of the liquidation and distribution of assets.
  - 4.6.5 The Co-Owners agree that all obligations in this Agreement have been fully performed or waived.

- 4.6.6 The Co-Owners have complied with all applicable laws and regulations, including without limitation, all laws and regulations pertaining to the environmental impacts of the Eldorado System.
- 4.6.7 No additional actions, whether required by law, regulation, equity, or otherwise, are required prior to full termination of this Agreement and to achieve dissolution of the business relationship between and among the Co-Owners as is related to this Agreement.
- 4.7 The Co-Owners may, at their election, direct the Coordinating Committee, the Auditing Committee, the E&O Committee, or any ad hoc committee or other entity, to undertake the completion of one or more of the conditions precedent set forth in Section 4.5, and such committees or entities shall certify to the Co-Owners the satisfactory completion of each such condition precedent so performed.

**5. LAND AND PROPERTY:**

- 5.1 The Co-Owners are parties to various documents and agreements, as listed in Exhibit 1, with respect to the real property on which the Eldorado System is located. Such rights to the Eldorado System real property are depicted in Exhibit 17. The Co-Owners intend that, unless otherwise provided, such documents and agreements, including any rights with respect to the real property pertaining to the Eldorado System acquired by any of the Co-Owners thereunder, continue to be used for the benefit of the Eldorado System during the term of this Agreement, subject to and in accordance with the terms and conditions of the System Agreements.
- 5.2 The Operating Agent and each of the Co-Owners shall coordinate and consult with each other regarding real property issues directly affecting or impacting the operation and maintenance of the Eldorado System (including, without limitation, the need to acquire new real property rights). Subject to the prior consent of the Co-Owners, the Operating Agent may be authorized to acquire, maintain, extend or renew rights to real property as required for the Eldorado System. Unless otherwise agreed by the Co-Owners, all rights to real property shall be held by the Co-Owners as tenants-in-common. Notwithstanding the foregoing, nothing provided for herein shall prevent an individual Co-Owner (including without limitation SCE acting as a Co-Owner), from acquiring individual rights, title, or interests provided that the exercise of such rights shall

not: (i) interfere with any other Co-Owner's activities or the operation or maintenance of the Eldorado System; or (ii) the provisions of this Agreement. In addition, such Co-Owner shall promptly notify the Operating Agent and other Co-Owners of any such individually acquired rights.

- 5.3 For those portions of the Eldorado-Mohave Line right-of-way as described in items 4 and 6 of Exhibit 1 and shown in Exhibit 17, the Co-Owners shall have undivided interests in such right-of-way equal to their respective Ownership Interests in the Eldorado-Mohave Line.
- 5.4 For those portions of the Eldorado-Mead Lines right-of-way as described in item 2 of Exhibit 1 and shown in Exhibit 17, the Co-Owners shall have undivided interests in such right-of-way equal to their respective Ownership Interests in the Eldorado-Mead Lines.
- 5.5 For the Eldorado Substation site as described in item 3 of Exhibit 1 and shown in Exhibit 17, the Co-Owners shall have undivided interests in such site equal to their respective Ownership Interests in the Eldorado General Facilities.
- 5.6 Any rights, titles and interests in and to any real property on which the Eldorado System is located that is acquired by any of the Co-Owners after the effective date of this Agreement shall be held by such Co-Owner(s) during the term of this Agreement for the benefit of the Eldorado System, subject to and in accordance with the terms and conditions of the System Agreements.
- 5.7 Any patrol, maintenance or access roads used or usable for the patrol, maintenance, construction and/or reconstruction of the Eldorado System or any facilities of a Co-Owner not included in the Eldorado System, shall be deemed to be common patrol, maintenance and access roads, and the rights of the Co-Owners to use those roads shall be deemed to be present in each Co-Owner simultaneously and such rights shall be as follows:
- 5.7.1 Each Co-Owner shall have the right to use any of such patrol, maintenance or access roads for the patrol, maintenance, construction and/or reconstruction of any electric transmission lines or other facilities of such Co-Owner (not as a Co-Owner) located, or to be located, within access distance of such roads, which right is independent of and in addition to any right the Co-Owner may have as a Co-Owner, and which right such Co-Owner may assign, transfer, convey, or otherwise hypothecate independent of the terms of Sections 24 and 25.



5.7.2 Each Co-Owner shall have the right to use any of such patrol, maintenance or access roads for the patrol, maintenance, construction and/or reconstruction of the Eldorado System. To the extent maintenance or repair of such roads is or may be required in the opinion of the Operating Agent, the Co-Owners shall execute a maintenance agreement containing terms substantially similar to the terms set forth in that certain agreement entitled Access Road Use and Maintenance Agreement and dated February 10, 2014 whereby the Co-Owners and any third party users will assume the cost of maintenance and/or repair on a prorated basis.

5.8 The Co-Owners, and each Co-Owner, hereby assume their respective rights and obligations applicable to all System Agreements relating to land or land rights and agree to keep and perform all of the terms, covenants and conditions in such System Agreements on their part to be kept and performed. By executing this Agreement the Co-Owners do not intend to abandon any real property rights acquired by an individual Co-Owner prior to execution of this Agreement (including without limitation individually owned rights of way) that may overlap the Eldorado System or that may be situated adjacent to the Eldorado System. Each Co-Owner agrees that they shall exercise such individually held rights in a manner that does not endanger or interfere with the Eldorado System or any other Co-Owner's use of the Eldorado System.

5.9 The Co-Owners shall coordinate and cooperate with the Operating Agent on resolving issues pertaining to real property issues relating or arising out of the Eldorado System and associated matters. Such cooperation shall include without limitation, the acquisition of new easements or leaseholds and/or the extension of easement and/or leasehold terms.

**6. OWNERSHIP, TITLES, AND COST RESPONSIBILITIES:**

6.1 The Co-Owners shall hold title to and own as tenants-in-common each Component of the Eldorado System as shown in Exhibit 2 and any co-owned Connecting Facilities as shown in Exhibit 5B in accordance with the System Agreements.

6.2 The ownership and titles to the Eldorado System vested in one or more of the Co-Owners shall be deemed to be concurrent as to time, right and priority.

- 6.3 The Connecting Facilities located within the Eldorado System that are owned solely by a Co-Owner, as listed in Exhibit 5A are and shall remain the sole property of that Co-Owner.
- 6.4 In the event that any Co-Owner assigns, transfers, conveys or otherwise disposes of any part or all of its rights, titles and interests in and to the Eldorado System, or the System Agreements, in accordance with Sections 23, 24, or 25, the Co-Owners shall execute an amendment to this Agreement and/or System Agreements, as necessary to reflect the change in ownership and/or rights, titles and interest of each Co-Owner resulting from such transfer, conveyance or disposition. The Co-Owners hereby acknowledge that Operating Agent may be required to file such amended Agreement or System Agreements at FERC.
- 6.5 Each Co-Owner shall be responsible for costs associated with each Component of the Eldorado System in accordance with the Cost Responsibility Ratios set forth below:
- 6.5.1 Each Co-Owner's Cost Responsibility Ratio for the Eldorado-Mohave Line, including the associated right of way, shall be equal to each Co-Owners' Ownership Interest for such line.
  - 6.5.2 Each Co-Owner's Cost Responsibility Ratio for the Eldorado 500 kV Switchyard shall be determined in accordance with Exhibit 3-Sheet 4.
  - 6.5.3 Each Co-Owner's Cost Responsibility Ratio for the Eldorado 500/220 kV Transformers, excluding the tertiary shunt reactors, shall be equal to each Co-Owner's Ownership Interest in such transformer banks.
  - 6.5.4 Each Co-Owner's Cost Responsibility Ratio for the Eldorado 220 kV Switchyard shall be determined in accordance with Exhibit 3-Sheet 2.
  - 6.5.5 Each Co-Owner's Cost Responsibility Ratio for the Eldorado General Facilities shall be determined in accordance with Exhibit 3-Sheet 1.
  - 6.5.6 Each Co-Owner's Cost Responsibility Ratio for the Eldorado-Mead Lines, including the Eldorado-Mead Lines rights of way, shall be equal to each Co-Owner's Ownership Interest for such lines.
  - 6.5.7 Each Co-Owner's Cost Responsibility Ratio for the Mohave Switchyard shall be determined in accordance with Exhibit 3-Sheet 3.

6.5.8 Each Co-Owners Cost Responsibility Ratio for the tertiary shunt reactors connected to the Eldorado 500/220 kV Transformers shall be equal to each Co-Owners Ownership Interest for such tertiary shunt reactors.

6.6 Subject to Sections 14.11 and 26.3, each Co-Owner shall be responsible for costs associated with each Connecting Facility in accordance with its Ownership Interest in that Connecting Facility as shown on Exhibit 5.

**7. CAPACITY ENTITLEMENTS:**

Except as provided in this Section 7, each Co-Owner shall have a Capacity Entitlement in the Eldorado-Mead Lines, the Eldorado-Mohave Line, and the Eldorado 500/220 kV Transformer Banks equal to its Ownership Interest in each such Component of the Eldorado System multiplied by the Capacity in each such Component of the Eldorado System. Such Capacity Entitlements are as shown in Exhibit 6. Any increase in the Capacity of a Capacity Entitlement resulting from the investment by a Co-Owner in facilities outside of the Eldorado System shall be allocated to the Co-Owner making such investment, provided that such increase in Capacity shall not diminish the amount or adversely affect the use of any other Co-Owner's previously existing Capacity Entitlement.

**8. SCHEDULING AND CURTAILMENT OF CAPACITY ENTITLEMENTS:**

- 8.1 Each Co-Owner shall be responsible for scheduling and curtailing its Capacity Entitlements, in accordance with procedures agreed to by the E&O Committee in accordance with Applicable Standards. The E&O Committee may revise such procedures from time to time as it determines necessary.
- 8.2 In the event of an Operating Emergency, in accordance with Applicable Standards, the Operating Agent shall provide information to the relevant entities and take other actions as required.
- 8.3 If, in accordance with Applicable Standards, any curtailment of Capacity Entitlement is required, each Co-Owner shall reduce its use of the affected Capacity Entitlement in accordance with the procedures established pursuant to Section 8.1.
- 8.4 In accordance with Applicable Standards, the E&O Committee may from time to time direct the Operating Agent to conduct system studies to determine any reduction in Capacity Entitlements required as a result of a failure of or limitation on the Eldorado System or any adjacent facilities affecting the Eldorado System as well as other factors that may limit the Co-Owners use of their Capacity

Entitlements. Any such reduction in Capacity or limitation on use of the Co-Owners' Capacity Entitlement shall be shared pro-rata by the Co-Owners based on their Ownership Interest in the affected Component of the Eldorado System. The costs for any required studies will be allocated to the Co-Owners in proportion to their Ownership Interests in the Eldorado General Facilities.

**9. TRANSMISSION LOSSES:**

The Co-Owners will establish and maintain a transmission losses calculation methodology in accordance with Applicable Standards. Such methodology shall be approved by the E&O Committee. Each Co-Owner shall be responsible for compensating the Balancing Authority or any third party(ies) entitled to compensation for its transmission losses in accordance with the methodology. Alternatively, a Co-Owner may elect to instead compensate the Balancing Authority according to the Balancing Authority's losses calculation and assessments of losses to that Co-Owner's own schedules.

**10. COMMUNICATIONS FACILITIES:**

Subject to the approval of the E&O Committee, SCE will provide the communications facilities necessary for the operation of the Eldorado System in accordance with Exhibit 16. The Co-Owners will pay for such communications facilities as set forth in Exhibit 16.

**11. PERFORMANCE OF OPERATING WORK AND CAPITAL ADDITIONS:**

- 11.1 SCE shall serve as the Operating Agent unless and until it resigns or is removed in accordance with Section 12.
- 11.2 The Co-Owners hereby appoint SCE as their agent and SCE hereby agrees to undertake, as their agent, agency responsibility for the sole and limited purpose of performance of Operating Work and the making of Capital Additions in accordance with this Agreement.
- 11.3 Subject to this Agreement, the Operating Agent shall:
  - 11.3.1 Perform Operating Work.
  - 11.3.2 Make Capital Additions.
  - 11.3.3 Keep and maintain records of monies received and expended, obligations incurred, credits accrued, and contracts entered into in connection with the performance of Operating Work and the making of Capital Additions and make such records available for inspection by the other Co-Owners at reasonable times and places, subject to the limitation of Section 11.4.

- 11.3.4 Not suffer any liens, liabilities, judgments, penalties, sanctions or awards to remain in effect unsatisfied against the Eldorado System (other than the liens permitted pursuant to this Agreement for taxes or assessments not yet delinquent, for liens associated with SCE's Trust Indenture, dated as of October 1, 1923, as amended from time to time, or any refinancing thereof, for workman's compensation awards, for labor and material not yet delinquent, or undetermined charges for liens incidental to the performance of Operating Work and the making of Capital Additions); provided, however, that the Operating Agent: (i) shall not be required to pay or discharge any such liens, liabilities, judgments, penalties, sanctions or awards as long as the Operating Agent or other Co-Owner (as provided in Section 34) in good faith shall be contesting the same or the lawfulness or validity thereof, which contest shall operate during the pendency thereof to prevent the collection or enforcement of such liens, liabilities, judgments, penalties, sanctions or awards so contested; and (ii) may pay or discharge any such liens, liabilities, judgments, penalties, sanctions or awards under protest if required to do so in order to contest paying the same or the lawfulness or validity thereof.
- 11.3.5 Upon request, provide the E&O Committee and the Auditing Committee with all written statistical and administrative reports, operating reports, written budgets, accounting records and information, and other records including substation operating logs pertaining to Operating Work and the making of Capital Additions which may be necessary for such committees to perform their responsibilities hereunder.
- 11.3.6 Apprise the Co-Owners of any changes or developments that will substantially impact, in the Operating Agent's reasonable judgment, the ability of the Operating Agent to perform Operating Work and/or make Capital Additions if the Operating Agent is not already obligated to communicate such changes or developments to the Co-Owners under any other Section of this Agreement.
- 11.3.7 Furnish the Co-Owners with copies of written notices given or received pursuant to the System Agreements.
- 11.3.8 Present claims to any insurer for losses and damages covered by valid and collectible Operating Insurance procured by the Operating Agent;

provided, that if insurance is purchased by a Co-Owner other than the Operating Agent pursuant to Section 20.3, the Co-Owner procuring the insurance shall be responsible for presenting claims to its respective insurer. The Operating Agent shall assist the Co-Owner upon request.

11.3.9 Upon the request of a Co-Owner, provide such Co-Owner, subject to Section 11.4, in reasonable quantity without direct charge therefor, a copy or copies of any reports, studies, record, list, budget, manual, accounting or billing summary, classification of accounts or other documents or revisions of any of the aforesaid items, all as prepared in accordance with this Agreement.

11.4 The Operating Agent shall have no responsibility to retain documents required to be prepared or maintained in accordance with this Agreement beyond five (5) years after their preparation, unless any Applicable Standards or Operating Agent's company policy requires otherwise.

11.5 The Operating Agent may request assistance, such as the lending of equipment or personnel, from the other Co-Owners. To the extent available, the other Co-Owners shall lend all necessary equipment and personnel assistance as may be requested by the Operating Agent in the performance of Operating Work and the making of Capital Additions.

## **12. RESIGNATION AND REMOVAL OF THE OPERATING AGENT:**

12.1 The Operating Agent shall serve as such during the term of and pursuant to the terms of this Agreement.

12.2 The Operating Agent may resign, at any time and for any reason within its sole judgment and its sole discretion, by giving a written notice of such resignation to the Coordinating Committee and to all of the Co-Owners in accordance with Section 32. The notice of resignation shall be given at least one (1) year in advance of the date that such resignation shall become effective unless an earlier effective date is agreed to by all of the Co-Owners.

12.3 Within three (3) months of the date that the existing Operating Agent provides its notice of resignation to the Co-Owners pursuant to Section 12.2, the Coordinating Committee by unanimous agreement shall appoint a new Operating Agent from among the Co-Owners. If the Co-Owners fail to agree within the three month period on a new Operating Agent, the Operating Agent may appoint an interim Operating Agent from among the Co-Owners to serve as Operating

Agent beginning upon the conclusion of the one year notice period provided in Section 12.2 until such time as the Co-Owners agree on the replacement Operating Agent.

12.4 The Operating Agent may be removed by the Co-Owners as set forth in this Section 12.4.

12.4.1 In the event a Co-Owner shall be of the opinion that the Operating Agent's action(s) or failure(s) to act constitutes:

- (i) intentional disregard for maintaining reliable and efficient operations of the Eldorado System;
- (ii) intentional failure to implement the policies, procedures and/or decisions of any committee established under this Agreement and acting within its authority; and/or
- (iii) intentional wrongdoing;

then such Co-Owner may provide written notice to the Coordinating Committee that it intends to seek the removal of the Operating Agent.

12.4.2 After receiving written notice, the Coordinating Committee shall consider and seek to resolve the proposed removal of the Operating Agent and the issues surrounding such proposed removal. If the members of the Coordinating Committee representing the Co-Owners other than the existing Operating Agent ("Operating Agent Sub-Committee") unanimously agree that the existing Operating Agent has acted or failed to act as alleged in the notice provided under Section 12.4.1, then, subject to any dispute resolution process invoked pursuant to Section 12.4.4, the Operating Agent Sub-Committee may remove the existing Operating Agent and designate a replacement Operating Agent from among the Co-Owners as provided herein.

12.4.3 Within five (5) days after a decision to remove the existing Operating Agent, the existing Operating Agent shall be so notified by a written notice pursuant to Section 32. Such notice shall (i) state the reasons for the removal; (ii) designate the replacement Operating Agent; (iii) state the effective date of the removal, subject to subsequent consultation as needed between the existing and replacement Operating Agents and the Operating Agent Sub-Committee; and (iv) provide a general procedure and timetable for the transfer of the rights, responsibilities and

obligations of the Operating Agent as provided for in this Agreement from the existing Operating Agent to the replacement Operating Agent. The existing Operating Agent shall continue to perform its obligations under this Agreement in accordance with the timetable set forth in the written notice of removal as such timetable may be modified by the Operating Agent Sub-Committee following consultation with the existing and/or replacement Operating Agent and subject to Section 12.4.5.

12.4.4 Upon receipt of a written notice of removal issued under Section 12.4.3, the existing Operating Agent may seek to initiate dispute resolution procedures pursuant to Section 28 of this Agreement, provided that such initiation is within thirty (30) days of its receipt of such notice. Dispute resolution may include a determination of whether the Operating Agent acted or failed to act as alleged in the notice provided pursuant to Section 12.4.1.

12.4.5 Notwithstanding anything in this Section 12 to the contrary, so long as any process or proceeding to remove the existing Operating Agent, including any Coordinating Committee action or dispute resolution proceedings under Section 28, is still pending and has not been finally resolved, the existing Operating Agent shall continue to perform its obligations under this Agreement as Operating Agent. If the dispute resolution proceedings result in the removal of the existing Operating Agent, then, within thirty (30) days after the issuance of a final decision in the dispute resolution proceeding, the Operating Agent Sub-Committee shall issue a new timetable for the transfer of the rights, responsibilities and obligations of the Operating Agent under this Agreement from the existing Operating Agent to the replacement Operating Agent. The existing Operating Agent shall continue to perform its obligations under this Agreement after the issuance of the decision in the dispute resolution proceeding and in accordance with the revised timetable issued by the Operating Agent Sub-Committee.

12.5 A proceeding to remove the Operating Agent under this Section 12 does not preclude the exercise by a Co-Owner, including the Operating Agent, of any rights and remedies pursuant to any other section of this Agreement. Failure of



the Operating Agent to contest removal shall not be asserted by a Co-Owner to be an admission by the Operating Agent in any proceeding of any matter alleged pursuant to Section 12.4.

- 12.6 If the Operating Agent Sub-Committee fails to reach agreement for the removal of the existing Operating Agent as set forth in Section 12.4.2, or if a final decision in a dispute resolution proceeding initiated under Section 12.4.4 determines that the existing Operating Agent shall not be removed, then the existing Operating Agent shall not be subject to any further or future removal action(s) or proceeding(s) based solely on the same action(s) or failure(s) to act that were alleged in the notice pursuant to Section 12.4.1 and that were the basis for the Coordinating Committee's deliberations on the removal decision; provided that no Co-Owner shall be precluded from asserting in any future notice under Section 12.4.1 that such action(s) or failure(s) to act demonstrate a course of conduct.
- 12.7 Upon any change in Operating Agent, this Agreement shall be modified as appropriate.

### **13. OPERATING EMERGENCY:**

- 13.1 In the event of an Operating Emergency, the Operating Agent shall take any and all steps reasonably necessary and required to terminate the Operating Emergency, subject to the provisions of this Section 13 and Applicable Standards.
- 13.2 Pursuant to Applicable Standards the Operating Agent shall, as soon as practicable after the commencement of an Operating Emergency notify all entities so required, including the Balancing Authority, of the occurrence of the Operating Emergency. Such notice shall include, if and as required by Applicable Standards; (1) the identification of the cause of the Operating Emergency, as available; and (2) the steps taken or to be taken in order to terminate the Operating Emergency.
- 13.3 In the event the Operating Agent determines that the estimated expenditures required to terminate an Operating Emergency are expected to exceed an amount set in writing by the E&O Committee pursuant to Section 21.7.9, if so required to immediately take such steps, the Operating agent shall expend such funds as reasonably required in accordance with Applicable Standards and Good Utility Practices. In the event of emergency termination actions whose costs are

estimated to exceed the amount set in writing by the E&O Committee but such actions need not be implemented within five (5) days, the Operating Agent shall notify the Co-Owners and shall call a meeting of the E&O Committee to be held, to the extent practicable, not later than five (5) days following such determination. At such meeting the Operating Agent shall submit the following information as it is reasonably available and known:

- 13.3.1 The estimated date when the Operating Emergency can be terminated.
  - 13.3.2 The person or persons whom the Operating Agent proposes would perform the work and furnish the materials required to terminate the Operating Emergency.
  - 13.3.3 The estimated amount of overtime, if any, which would be paid in order to expedite the termination of the Operating Emergency.
  - 13.3.4 The costs that are proposed to be capitalized, facilities to be retired, and salvage to be realized.
  - 13.3.5 The costs that are proposed to be charged as maintenance expense.
  - 13.3.6 Such other information as may be necessary or has been requested by the E&O Committee.
- 13.4 The E&O Committee shall review and approve the items as set forth in Section 13.3 relative to the termination of the Operating Emergency or shall recommend to the Operating Agent an alternative course of action. The E&O Committee, subject to Applicable Standards, may conduct studies relating to Operating Emergencies, including any reductions in Capacity of any Component of the Eldorado System resulting from such Operating Emergency.
- 13.5 In the event the Operating Emergency results in the destruction or damage of less than substantially all of the Eldorado System and the Co-Owners are unable to agree on the manner of repair, restoration or reconstruction, the Operating Agent, pending the resolution of such disagreement, shall be authorized, within the limits established pursuant to Section 21.7.11, to proceed with the repair, restoration or reconstruction necessitated by the Operating Emergency in accordance with Good Utility Practices, as such practices may be affected by special conditions existing as the result of or at the time of the Operating Emergency, and Applicable Standards.
- 13.6 The costs incurred and amounts expended and charged to FERC Accounts for maintenance expense by the Operating Agent for repair, restoration and

reconstruction of the Eldorado System arising out of an Operating Emergency shall be allocated to each Co-Owner in proportion to its respective Cost Responsibility Ratio in the Component(s) of the Eldorado System being repaired, restored or reconstructed and shall be billed in accordance with Section 16.

- 13.7 The costs incurred and amounts expended by the Operating Agent which are for Capital Additions that are required due to an Operating Emergency shall be allocated to each Co-Owner in proportion to its respective Cost Responsibility Ratio in the Component(s) of the Eldorado System being added to, enlarged or improved and shall be billed in accordance with Section 16.

**14. EXPENSES OF OPERATING WORK:**

- 14.1 In determining the expenses of Operating Work, the Operating Agent shall include the following expenses to the extent that they are chargeable to the Eldorado System in accordance with Accounting Practice:
- 14.1.1 Operation expenses chargeable to transmission FERC Accounts 560 and 562-567.
  - 14.1.2 Maintenance expenses chargeable to transmission FERC Accounts 568-573.
  - 14.1.3 Overhead expenses applicable to the expenses included in Sections 14.1.1 and 14.1.2 incurred by the Operating Agent. Such overhead expenses shall be determined in accordance with Exhibit 7.
  - 14.1.4 Applicable labor loading charges for the Operating Agent's employees whose salaries and wages are charged to the operation and maintenance expense accounts. Such labor loading charges shall include time off allowances, employee payroll taxes chargeable to FERC Account 408 and employee pensions and benefits chargeable to FERC Account 926.
  - 14.1.5 The Operating Agent's administrative and general expenses associated with the performance of Operating Work as determined in accordance with Section 14.5.
  - 14.1.6 All costs incurred by the Operating Agent which are chargeable to FERC Accounts 408 (excluding payroll and ad valorem taxes), 924 and 925.
  - 14.1.7 All costs incurred by a Co-Owner or Connecting Facility for any equipment and/or personnel assistance provided to the Operating Agent in the performance of Operating Work.

- 14.1.8 Any and all other costs otherwise allowable under this Agreement.
- 14.2 Payroll tax expenses incurred by the Operating Agent which are allocable to the Eldorado System pursuant to Section 14.1.4 shall be determined by multiplying the sum of the Operating Agent's total labor charges included in the expenses determined in accordance with Sections 14.1.1, 14.1.2 and 14.1.3 by the Payroll Tax Ratio. Such Payroll Tax Ratio shall be applied as set forth in Sections 14.6 and 14.7.
- 14.3 Employee pensions and benefits expenses incurred by the Operating Agent that are allocable to the Eldorado System pursuant to Section 14.1.4 shall be determined by multiplying the sum of the Operating Agent's total labor charges included in the expenses determined in accordance with Sections 14.1.1, 14.1.2 and 14.1.3 by the Benefits Ratio. Such Benefits Ratio shall be applied as set forth in Sections 14.6 and 14.7.
- 14.4 That portion of employee workers compensation insurance expenses incurred by the Operating Agent which is allocable to the Eldorado System as part of administrative and general expenses pursuant to Section 14.1.5 and to the labor expense portion of FERC Account 926 shall be determined by multiplying the sum of the Operating Agent's total labor charges included in FERC Accounts 920, 921, 926 and 932 by the Workers' Compensation Ratio. Such Workers' Compensation Ratio shall be applied as set forth in Sections 14.6 and 14.7.
- 14.5 The Operating Agent's administrative and general expenses which are allocable to operation and maintenance of the Eldorado System pursuant to Section 14.1.5 shall be equal to the sum of: (i) the total labor charges included in the expenses determined in accordance with Sections 14.1.1, 14.1.2 and 14.1.3 multiplied by a decimal fraction, hereinafter referred to as the Operation and Maintenance A & G Ratio; and (ii) one percent (1%) of the total non-labor charges included in the expenses determined in accordance with said Sections 14.1.1, 14.1.2 and 14.1.3. Such Operation and Maintenance A & G Ratio shall be derived and applied as set forth in Sections 14.6 and 14.7.
- 14.6 An estimated Payroll Tax Ratio, Workers Compensation Ratio, Benefits Ratio, and Operation and Maintenance A & G Ratio shall be used. Such ratios shall be based on the Operating Agent's system-wide expenses for the most recent calendar year information is available; provided, that by agreement of the Auditing Committee, such ratios may be adjusted to more accurately reflect the

expenses of the current year because of tax legislation, labor contract negotiations, or other factors not reflected in the estimated costs.

- 14.7 As soon as practicable after the end of each calendar year, the actual Payroll Tax Ratio, Workers Compensation Ratio, Benefits Ratio, and Operation and Maintenance A & G Ratio for such year shall be determined in accordance with the method set forth in Exhibits 8, 9, 10 and 11, respectively, by using said year's actual system-wide expenses of the Operating Agent. Using said actual ratios, the portions of the Operating Agent's payroll tax expenses, employee workers compensation insurance expenses, employee pensions and benefits expenses, and administrative and general expenses for which the Co-Owners are obligated hereunder shall be determined for such year. To the extent that such expenses are more or less than those already paid by the Co-Owners during said year, the Operating Agent shall debit or credit the Co-Owners for the amount of such difference.
- 14.8 Any Co-Owner may request that the method used to determine the Operating Agent's payroll tax expenses, employee workers compensation insurance expenses, employee pensions and benefits expenses, and administrative and general expenses be submitted to the Auditing Committee for review if such Co-Owner believes that such method results in an unreasonable burden on it; provided, that such review may be requested only after October 1, 2017, and thereafter at intervals of not less than two (2) years each. After any such request, the Auditing Committee shall review the then-current method and shall attempt to determine whether or not an unreasonable burden does exist. If, after such review, the Auditing Committee determines that the application of the then-current method does result in an unreasonable burden on one or more of the Co-Owners, the Auditing Committee shall determine and recommend a modified method to the Coordinating Committee that would eliminate any unreasonable burden. After the Auditing Committee submits its recommendation, the Coordinating Committee shall adopt such recommendation within sixty (60) days or, if the Coordinating Committee does not adopt the Auditing Committee's recommendation, the Auditing Committee shall determine another modified method that eliminates any such unreasonable burden. If the Auditing Committee is unable to agree on another method to eliminate any such

unreasonable burden, the Auditing Committee shall submit the entire matter to the Coordinating Committee for its consideration.

- 14.9 Any modified method adopted by the Coordinating Committee or determined through other means shall not be retroactive and shall become effective on the first day of the calendar year following such adoption or determination. Said modified method shall stay in effect no less than two (2) years.
- 14.10 The costs of Operating Work associated with each Component of the Eldorado System shall be allocated to each Co-Owner in accordance with each Co-Owner's Cost Responsibility Ratio for each Component of the Eldorado System.
- 14.11 The costs of Operating Work associated with each of the Connecting Facilities solely owned by a Co-Owner as shown on Exhibit 5A shall be allocated to that Co-Owner. In accordance with Section 26.3, the costs of Operating Work associated with the Connecting Facilities shown in Exhibit 5B shall be allocated to the interconnecting third party. In the event of a default by a third party in payment for Operating Work for the Connecting Facilities shown on Exhibit 5B, the Co-Owners shall pay for such Operating Work in proportion to their Ownership Interest in the Connecting Facilities as described in Section 16.1.
- 14.12 The costs of the Western Contract shall be allocated among the Co-Owners in proportion to their Ownership Interest in the Eldorado-Mead Lines.

**15. SPARE PARTS:**

- 15.1 The Operating Agent shall maintain a Spare Parts inventory for the Eldorado System in accordance with the policies established by the E&O Committee pursuant to Section 21.7.7(i).
- 15.2 The Operating Agent shall purchase all replacements of Spare Parts and shall allocate the costs thereof to the Co-Owners in proportion to their respective Ownership Interests, as applicable, in the Component of the Eldorado System or Ownership Interest of Connecting Facilities for which the Spare Part is committed or if such commitment cannot be made, the allocation of the costs of said Spare Parts shall be as determined by the Auditing Committee.

**16. BILLING AND PAYMENT:**

The Operating Agent shall bill the Co-Owners (except that the Co-Owner serving as the Operating Agent is not required to submit a bill to itself) and each Co-Owner (including the Co-Owner acting as Operating Agent) shall pay, for costs incurred under this Agreement as follows:

- 16.1 Costs incurred pursuant to or described in Sections 13, 14, 15, 26.3, and Exhibit 16, shall be billed pursuant to invoices to be rendered on or before the last day of each month for costs incurred during the prior month. Costs for Capital Additions shall be billed pursuant to invoices to be rendered on or before the last day of each month for costs incurred in that month based on the estimate of spending for the month in the quarterly forecast provided in accordance with Section 19.6 and shall be trued up in the following month based on actual spending. Payments shall be due within fifteen (15) calendar days following receipt of any invoices provided pursuant to this Section 16.1. In the event of a default by a third party in accordance with Sections 14.11 or 26.3, such bills shall include each Co-Owner's share of the default amount in accordance with their Ownership Interest in the Connecting Facility set forth in Exhibit 5 B.
- 16.2 Costs described in or incurred pursuant to Sections 17, 20, and 34 shall be billed when incurred by the Operating Agent. Payments shall be due within fifteen (15) calendar days following receipt of the invoice.
- 16.3 Billings or credits pursuant to Section 14.7 shall be reflected in invoices to be rendered, or credits to be made, to the Co-Owners within a reasonable period of time following the end of each calendar year. Any payments by the Co-Owners shall be due within fifteen (15) calendar days following receipt of any such invoices.
- 16.4 Late payments will accrue interest each day from the due date of the invoice until payment is received by the Operating Agent. The interest rate shall be calculated in accordance with the methodology set forth in FERC's regulations at 18 CFR § 35.19a(a)(2)(iii) or any successor regulation.
- 16.5 If a Co-Owner disputes all or any portion of any payment which it is required to make to or entitled to receive from the Operating Agent, the disputing Co-Owner shall give written notice of its protest to the Operating Agent and shall pay under protest on or before the due date or accept under protest the full amount of such payment. The notice of protest shall specify the amount being disputed and the reason for the dispute. If the protest is not resolved within thirty (30) days following the receipt of the notice by the Operating Agent, the matter shall be referred to the Coordinating Committee for dispute resolution in accordance with Section 28. In the event it is determined subsequently that, as the result of the protest, any Co-Owner(s) are entitled to a refund of all or any portion of a

payment or to an additional payment from the Operating Agent, the Operating Agent shall thereupon pay to such Co-Owner(s) the amount of refund or additional payment with interest computed as described in Section 16.4.

Payments not made under protest shall be deemed to be correct, except to the extent that audits reveal over or under payment that may necessitate billing adjustments.

- 16.6 All invoices to be presented by the Operating Agent to the Co-Owners shall be deemed received (i) upon successful electronic mail transmission or (ii) five (5) days after deposit in the mail if sent by first class United States mail, postage prepaid, in each case addressed to the Co-Owners at their respective addresses set forth in Exhibit 14.
- 16.7 Each Co-Owner may, at any time, by notification in writing to the Operating Agent, change the address to which invoices shall be sent.
- 16.8 All payments to be made by the Co-Owners to the Operating Agent shall be made by check and shall be deemed received five (5) days after deposit in the mail if sent by first class United States mail, postage prepaid, to the Operating Agent at the payment address listed in Exhibit 14. Alternatively, payments may be made by wire transfer upon request by a Co-Owner with such transfer deemed received upon receipt by such Co-Owner of a confirmation of such wire transfer. The Operating Agent may, at any time, by notification in writing to the Co-Owners, change the address to which payments shall be sent. Payment of invoices by a Co-Owner will not constitute a waiver of any rights or claims a Co-Owner may have under this Agreement.
- 16.9 The Operating Agent shall be fully reimbursed, as set forth above, for all costs and expenses incurred in connection with Operating Work and work associated with the making of Capital Additions performed pursuant to the System Agreements.
- 16.10 Subject to Section 14.11, costs that are attributable to a third party interconnecting into the Eldorado System pursuant to the terms of this Agreement and the terms of the third party's interconnection agreement with the Co-Owners shall be billed by the Operating Agent directly to the third party.



**17. TAXES:**

- 17.1 The Co-Owners shall use their reasonable efforts to have any taxing authority imposing any taxes or assessments on the Eldorado System assess and levy such taxes or assessments directly against each Co-Owner.
- 17.2 All taxes or assessments levied against each Co-Owner's Ownership Interests in the Eldorado System shall be the sole responsibility of the Co-Owner upon whom said taxes and assessments are levied, unless such taxes or assessments were levied directly against an individual Co-Owner on behalf of any or all of the other Co-Owners.
- 17.3 If taxes or assessments are levied and assessed in a manner other than specified in Section 17.1, the Auditing Committee shall have the responsibility to establish equitable standard practices and procedures for the apportionment among the Co-Owners of such taxes and assessments and the payment thereof.

**18. ANNUAL BUDGETS:**

- 18.1 No later than August 15 of each calendar year, the Operating Agent shall prepare and submit to the E&O Committee for its review and approval the proposed annual budget for Operating Work and the proposed annual budget for Capital Additions for the next calendar year of operation.
- 18.2 No later than October 15 of each calendar year, the E&O Committee shall approve the annual budget for Operating Work and the annual budget for Capital Additions for the next calendar year.
- 18.3 If the budget for Operating Work is not approved by the E&O Committee in final form prior to the beginning of the next calendar year, the Operating Agent (i) shall continue to perform Operating Work and (ii) shall be fully reimbursed by the Co-Owners for all Operating Work performed and expenses incurred during such time as the E&O Committee has failed to approve a final budget for Operating Work.
- 18.4 The Operating Agent shall only make Capital Additions that have been approved by the E&O Committee.
- 18.5 Any information relating to the preparation of the annual budget for Operating Work and the annual budget for Capital Additions that the Operating Agent requests from a Co-Owner shall be promptly supplied to the Operating Agent by such Co-Owner.

18.6 The E&O Committee may at any time during the year approve revisions to the annual budget for Operating Work and to the annual budget for Capital Additions (subject to the provisions of Section 19.5).

**19. CAPITAL ADDITIONS AND RETIREMENTS:**

19.1 The Co-Owners recognize that from time to time it may be necessary or desirable to make Capital Additions to and/or retire facilities comprising all or part of a Component of the Eldorado System or the Connecting Facilities or that Capital Additions or retirements may be required by Applicable Standards.

19.2 Any such Capital Additions and retirements shall be noted by an amendment to this Agreement if required by the E&O Committee, including any revisions to exhibits.

19.3 The rights, titles and interests, including Ownership Interests, of any Co-Owner in and to any Capital Addition(s) to a Component of the Eldorado System shall be equal to such Co-Owner's Ownership Interest in such Component of the Eldorado System. The rights, titles and interests, including Ownership Interest, of any Co-Owner in and to any Capital Addition(s) to a Connecting Facility shall be equal to such Co-Owner's Ownership Interest in such Connecting Facility

19.4 All Capital Additions, including a contingency allowance for capital expenditures that may be necessitated by an Operating Emergency, shall be included in the annual budget for Capital Additions. After such budget has been approved by the E&O Committee, each Co-Owner shall be obligated for the costs incurred under the approved budget in accordance with its applicable Ownership Interest in the affected Component(s) of the Eldorado System or its Ownership Interest in the Connecting Facility, unless the capital cost for such Connecting Facility is paid for by a third party.

19.5 At any time, a Co-Owner may propose a Capital Addition not included in the budget for Capital Additions. The Operating Agent shall prepare a proposed capital budget item sheet for such proposed Capital Addition and submit the capital budget item to the E&O Committee for approval. If such Capital Addition is approved, the Operating Agent shall revise the budget for Capital Additions to include the estimated expenditures for the approved Capital Addition, and each Co-Owner shall be obligated for the costs incurred under the approved revised budget in accordance with such Co-Owner's Ownership

Interest in the affected Component(s) of the Eldorado System or Ownership Interest in an applicable Connecting Facility.

- 19.6 After the E&O Committee has approved the budget for Capital Additions, the Operating Agent shall submit to such committee a forecast of quarterly cash requirements for each Capital Addition included in the approved budget.
- 19.6.1 If the Operating Agent determines that the expenditures for a specific Capital Addition will exceed the approved amount for such Capital Addition by ten percent (10%) or more, the Operating Agent shall submit a revised capital budget item sheet for the Capital Addition including a revised forecast of quarterly cash requirements to the E&O Committee for approval. Upon approval by the E&O Committee of the revised capital budget item, the Operating Agent shall submit to the E&O Committee a revised budget for Capital Additions reflecting the revised expenditures of the Capital Addition.
- 19.6.2 Subject to Section 19.6.1, if the Operating Agent determines that the timing of expenditures for a specific Capital Addition will significantly differ from the forecasted expenditures, the Operating Agent shall submit a revised forecast of capital expenditures for such Capital Addition to the E&O Committee.
- 19.7 The Operating Agent shall be responsible for the design and construction of all Capital Additions, subject to the approval of the Co-Owners as set forth in this Section 19.
- 19.8 The costs of Capital Additions shall include:
- 19.8.1 All costs incurred by the Operating Agent (other than obligations for interest during construction) which conform to the provisions of Electric Plant Instruction 3 of the FERC Accounts entitled "Components of Construction Cost"; provided, however, that (i) charges pursuant to Items 8 (injuries and damages) and 14 (insurance) of said Instruction 3 shall not include any costs shared by the Co-Owners pursuant to Section 20 and (ii) charges pursuant to Item 16 (taxes) of said Instruction 3 shall not include any taxes shared by the Co-Owners pursuant to Section 17. However, such charges shall include costs of any injuries or damages arising out of and occurring during the course of construction of Capital Additions and the cost of any additional insurance which the Operating

Agent deems necessary to protect the interests of the Co-Owners during the effectuation of such Capital Additions prior to the time the coverage provided in Section 20 becomes applicable thereto.

- 19.8.2 If any Capital Additions are made by the Operating Agent's employees, the employee payroll taxes and employee pensions and benefits shall be determined by multiplying the sum of the Operating Agent's labor charges included in Section 19.8.1 by the Payroll Tax Ratio and the Benefits Ratio determined pursuant to Exhibit 8 and Exhibit 10, respectively.
- 19.8.3 The Operating Agent's administrative and general expenses allocable to Capital Additions shall be equal to the sum of: (i) the Operating Agent's total labor charges included in Section 19.8.1 multiplied by a decimal fraction, hereinafter referred to as the Capital A & G Ratio; and (ii) one percent (1%) of the total non-labor charges included in said Section 19.8.1. Said Capital A&G Ratio shall be determined in accordance with the method shown in Exhibit 12.
- 19.8.4 An estimated Benefits Ratio and Capital A&G Ratio for application in this Section 19 shall be used and year-end adjustments shall be made in a manner similar to that described in Sections 14.6 and 14.7.
- 19.8.5 All costs incurred by a Co-Owner for any equipment and/or personnel assistance provided to the Operating Agent in the performance of Capital Additions.
- 19.9 The costs of any Capital Additions shall be capitalized in accordance with the applicable Accounting Practice.
- 19.10 In the event of the retirement of any facilities comprising all or part of a Component of the Eldorado System, any proceeds realized from the salvage of such facilities shall be distributed to the Co-Owners in accordance with their respective Ownership Interests in such Component of the Eldorado System. In the event of the retirement of any facilities comprising all or part of a Connecting Facility, any proceeds realized from the salvage of such facilities shall be distributed to the Co-Owners in accordance with their respective Ownership Interest in the Connecting Facility.
- 19.11 Capital Additions installed under this Agreement shall be constructed in compliance with Applicable Standards and Good Utility Practice.

**20. OPERATING INSURANCE:**

- 20.1 The Operating Agent shall procure and maintain the following types of Operating Insurance for the Eldorado System during the term of this Agreement, in the amounts as indicated below:
- 20.1.1 Excess liability insurance, including automobile liability and employer's liability coverage as currently provided under the AEGIS excess liability policy or any replacement thereof with policy limits of thirty five million dollars (\$35,000,000), but not including wildfire coverage or any additional insurance excess of the AEGIS excess liability policy that may be maintained by Operating Agent within its corporate insurance program.
- 20.1.2 Workers compensation insurance covering employees of the Operating Agent engaged in the performance of Operating Work which may be satisfied by a program of self-insurance; and
- 20.1.3 All-risk physical damage insurance including mechanical breakdown coverage, but excluding coverage for California Earthquake peril, for the full replacement value of the Eldorado System exclusive of the transmission lines that are part of the Eldorado System.
- 20.2 The cost of Operating Insurance, including satisfaction of any self-insured retention or applicable deductible, shall be allocated to each Co-Owner based on such Co-Owner's Ownership Interest in each Component of the Eldorado System or, except as for Connecting Property Insurance as provided for in Section 20.3.1, Connecting Facility shown in Exhibit 5A.
- 20.3 In the event that any other Co-Owner's insurance program affords equal or better coverage on a more favorable cost basis than that available to the Operating Agent, the Co-Owners may agree that such insurance program may be utilized to afford all or part of the insurance coverage required by Section 20.1; provided, that if such insurance program is utilized, it must be utilized for the entire line of insurance (i.e., each subsection of Section 20.1 is considered a line of insurance).
- 20.3.1 For Connecting Facilities that are solely owned by a Co-Owner, such Co-Owner shall be responsible for procuring Connecting Property Insurance for the Connecting Facilities without any cost allocation to the other Co-Owners. Such Co-Owner shall also be required to waive, and require its insurer(s) to waive, all rights of recovery from or subrogation against the

Operating Agent and the other Co-Owners, and include a waiver of subrogation in favor of the Operating Agent and the other Co-Owners under the required Property Insurance policy.

- 20.4 All Co-Owners shall be listed as additional insureds on the Operating Insurance policies procured pursuant to Sections 20.1.1 and 20.1.3. The Operating Insurance policies procured pursuant to Section 20.1.1 shall carry standard severability of interest provisions.
- 20.5 Upon request of the Co-Owners, the Operating Agent or Co-Owner providing Operating Insurance shall make available for viewing a copy of each of the policies of Operating Insurance: (i) by secure electronic means, such as through a portal, that allow the Co-Owners to view but not copy or disseminate the policies of Operating Insurance; or (ii) at its place of business during normal business hours. With regard to the insurance policies required by 20.1.1, only a copy of the AEGIS policy, or any replacement thereof, is required to be provided.
- 20.6 The Operating Agent or Co-owner providing Operating Insurance shall provide thirty (30) days advance notice of cancellation of the Operating Insurance or five (5) business days advance notice of material changes to the Operating Insurance that may arise during the annual renewal of the Operating Insurance to the Co-Owners.
- 20.7 Operating Insurance policies in Sections 20.1.1 and 20.1.3 shall be primary and non-contributory insurance for all purposes in relation to the Co-Owners and shall be so endorsed if the provision is not accounted for in the standard policy terms. Any insurance carried by a Co-Owner individually shall not participate with the Operating Insurance as respects any loss or claim for which valid and collectible Operating Insurance shall apply and shall apply solely as respects the individual interest of the Co-Owner carrying such insurance. Any insurance carried by the Operating Agent as part of its corporate insurance program for wildfire liability, liability coverage in excess of the AEGIS excess liability policy, or California earthquake peril under the all-risk physical damage insurance policy shall not participate with the Operating Insurance as respects any loss or claim for which valid and collectible Operating Insurance shall apply and shall apply solely as respects the individual interest of the Operating Agent.
- 20.8 The insurable values, limits, deductibles, retentions, and other material terms of Operating Insurance required by Section 20.1 shall be agreed upon by the Co-

Owners. The Operating Agent or Co-Owner providing Operating Insurance shall use reasonable efforts to maintain Operating Insurance on the same basis as agreed upon by the Co-Owners; provided, however, in the event Operating Insurance is cancelled or material changes arise during the annual renewal of the Operating Insurance, the Operating Agent or Co-Owner providing such insurance is authorized to renew Operating Insurance or bind replacement Operating Insurance which in the reasonable judgment of the Operating Agent or Co-Owner are required to protect the Co-Owners. Thereafter, the Operating Agent or Co-Owner providing Operating Insurance shall provide an explanation of the Operating Insurance renewal or replacement to the Co-Owners.

- 20.9 The Operating Agent or Co-Owner providing Operating Insurance may elect to include the coverage required in Section 20.1 in the Operating Agent's or the Co-Owner's corporate insurance program to the extent it can accommodate the coverage agreed to pursuant to Section 20.8. However, nothing herein shall require the Operating Agent or Co-owner providing Operating Insurance to include the coverage required in Section 20.1 in its corporate insurance program or to alter the values, limits, deductibles, retentions or other material terms under its corporate insurance program in order to accommodate the coverage sought by the Co-Owners pursuant to Section 20.8 or coverage changes desired by the Co-Owners under Section 20.11.
- 20.10 If the Operating Agent or any other Co-Owner provides Operating Insurance which combines coverage required by this Operating Agreement with coverage outside the scope of that required by this Operating Agreement, the Co-Owners shall agree on the method of allocating the cost of Operating Insurance prior to the initial placement. Such method of allocation shall continue until such method is changed, subject to the provisions of Section 20.11. If the Co-Owners are unable to agree on such allocation method, the Operating Agent or Co-Owner may make an estimated allocation and bill the Co-Owners on the basis thereof with adjustment to be made when the dispute is resolved.
- 20.11 Except as provided in Section 20.12, and subject to Section 20.9, if a Co-Owner desires changes in any Operating Insurance policy or in the allocation of costs to the Co-Owners, such Co-Owner shall notify the Operating Agent or Co-Owner providing Operating Insurance and all other Co-Owners in writing of the desired changes not less than ninety (90) days prior to the renewal or anniversary date of

such Operating Insurance policy. The Co-Owners shall make a good faith effort to confer within thirty (30) days of the date of the notice. If the Co-Owners agree to the change(s) proposed under this Section, such change(s) shall be incorporated in the next insurance policy renewal.

- 20.12 In the event the Co-Owners are unable to agree upon matters relating to Operating Insurance change(s) proposed pursuant to Section 20.11, and subject to Section 20.9, the Operating Agent, pending the resolution of such disagreement, shall procure such policies of insurance as in its best judgment are necessary and required to protect the Co-Owners against the insurable risks for which Operating Insurance is required.
- 20.13 Each Co-Owner shall have the right by written notice to the Operating Agent or Co-Owner providing Operating Insurance to name any mortgagee, trustee or secured party on the Operating Insurance policies procured pursuant to Section 20.1.3 as loss payees as its interests in the Eldorado System may appear.
- 20.14 The Operating Agent may at its option be in whole or in part a self-insurer for workers compensation. Furthermore, with agreement of the Co-Owners, any other Operating Insurance requirement may be met by self- insurance.
- 20.15 Notwithstanding any other provision of this Agreement, insurance required pursuant to Section 20.1.3 for the Connecting Facilities that are solely owned by a Co-Owner as shown in Exhibit 5A shall be the responsibility of that Co-Owner.

## **21. ADMINISTRATION:**

- 21.1 The Co-Owners shall cooperate with each other and with the Operating Agent to ensure effective coordination and interchange of information and to provide consultation on a prompt and orderly basis among the Co-Owners in connection with various administrative and technical problems which may arise from time to time in connection with the implementation of the terms and conditions of the System Agreements. To implement this obligation, the Co-Owners hereby establish a Coordinating Committee, an E&O Committee and an Auditing Committee.
- 21.2 The Co-Owners, acting through the Coordinating Committee, the E&O Committee or the Auditing Committee, shall have the right to establish ad hoc committees as necessary or appropriate in the performance of each such committee's functions.



- 21.3 Except as specifically provided otherwise herein, no committee established hereunder shall act except upon the unanimous agreement of all of the committee representatives.
- 21.4 Within thirty (30) days after the execution of this Agreement, each Co-Owner shall designate its representative on the Coordinating Committee, the E&O Committee and the Auditing Committee by written notice pursuant to Section 32 to the other Co-Owners. Each Co-Owner's representatives shall have the authority to act on behalf of such Co-Owner.
- 21.5 Each Co-Owner shall notify the other Co-Owners promptly of any change in the designation of its representative on said committees. Any of the Co-Owners may, by written notice pursuant to Section 32 to the other Co-Owners, designate an alternate or substitute to act as its representative on said committees in the absence of the regular member or to act on specific occasions with respect to specified matters.
- 21.6 The Coordinating Committee shall consist of one (1) representative from each Co-Owner who shall be authorized by such Co-Owner to exercise all rights, undertake all actions and decisions, and perform all obligations and duties of a Coordinating Committee member. An alternate may be designated for such representative to act in his/her absence. The functions of the Coordinating Committee shall be as follows:
- 21.6.1 Liaise among the Co-Owners at the management level.
- 21.6.2 Review, discuss and seek to resolve issues related to the Eldorado System.
- 21.6.3 Consider such matters and take such action as are specifically provided in the System Agreements.
- 21.6.4 Exercise general supervision over the E&O Committee and the Auditing Committee and establish general policies and practices to be followed by said committees.
- 21.6.5 Review, discuss, and act upon issues and problems referred to it by the E&O Committee and Auditing Committee.
- 21.6.6 Review, discuss and act upon disputes among the Co-Owners arising under the System Agreements in accordance with Section 28.

- 21.6.7 Discuss any potentially significant impacts, as they may be reasonably ascertained, of Applicable Standards upon the Eldorado System or upon one or more of the Co-Owners and, to the extent reasonably possible, jointly work in good faith to attempt to mitigate such impacts.
- 21.6.8 Any action, agreement or determination made by the Coordinating Committee shall be reduced to writing and shall become effective when signed by the representative of each Co-Owner on said committee; provided, that in the event of an Operating Emergency, action may be taken or a determination may be made on the basis of oral approvals and such action or determination shall subsequently be reduced to writing.
- 21.7 The E&O Committee shall consist of one (1) representative from each Co-Owner, but an alternate may be designated for such representative to act in his/her absence. The functions of the E&O Committee shall be as follows:
- 21.7.1 Provide liaison among the Co-Owners and between them and the Operating Agent with respect to the operation and maintenance of the Eldorado System pursuant to this Agreement.
- 21.7.2 Review and approve annual Operating Work plans and associated budgets.
- 21.7.3 Review and approve Capital Additions and associated budgets.
- 21.7.4 Consider such matters and take such action as are specifically provided in the System Agreements.
- 21.7.5 Determine transmission loss methodology in the Eldorado System in accordance with Section 9.
- 21.7.6 Perform such other functions and duties as may be assigned to it by the Coordinating Committee.
- 21.7.7 Review and approve the following items related to the performance of Operating Work and Capital Additions:
- (i) The policies for establishing the Spare Parts inventory.
  - (ii) The Operating Agent's analysis of the total expenditures caused by an Operating Emergency.
- 21.7.8 Determine the Capacity of each Component of the Eldorado System, as applicable, including any revision to such Capacity if a change in components or conditions of the use thereof shall require such revision.

If the Capacity of a Component of the Eldorado System is revised, the Operating Agent shall modify Exhibit 6 accordingly.

21.7.9 As of the Effective Date and from time to time thereafter, establish the expenditure limit for the Operating Agent to terminate an Operating Emergency. Any expenditures above such limit shall require E&O Committee approval in accordance with Section 13.3.

21.7.10 Review all requests for interconnection to the Eldorado System and advise the Operating Agent.

21.7.11 Establish the expenditure limit for the Operating Agent to repair damages to the Eldorado System pursuant to Section 27.3. Any expenditures above such limit shall require E&O Committee approval in accordance with Section 27.3.

21.7.12 Develop and modify procedures for scheduling and curtailment of Capacity Entitlements as set forth in Section 8.

21.8 The Auditing Committee shall consist of one (1) representative from each Co-Owner, but an alternate may be designated for such representative to act in his/her absence. The functions of the Auditing Committee shall be as follows:

21.8.1 Develop procedures that are consistent with Accounting Practices for providing proper accounting and financial liaison among the Co-Owners incidental to the operation and maintenance of the Eldorado System.

21.8.2 Keep itself informed on accounting and financial aspects of the operation and maintenance of the Eldorado System.

21.8.3 Advise and prepare recommendations to the Coordinating Committee on matters involving auditing and financial transactions.

21.8.4 Consider such matters and take such actions as are specifically provided in the System Agreements.

21.8.5 Perform such other functions and duties as may be assigned to it by the Coordinating Committee.

21.8.6 Make periodic audits at least once in a three (3) year period of the records maintained by the Operating Agent in its performance of Operating Work and Capital Additions and any other company records maintained by the Operating Agent in support of the invoices sent to the Co-Owners.

- 21.8.7 Certify to the Co-Owners, only for management purposes and for the use of the Co-Owners, that the Operating Agent's accounting methods and records, including any allocations for Operating Work and Capital Additions, are in accordance with the System Agreements and Accounting Practice.
- 21.8.8 Review and approve the format and content of the Operating Agent's accounting records and reports for Operating Work and Capital Additions.
- 21.8.9 In addition to the audits to be performed by the Auditing Committee in accordance with Section 21.8.6, any Co-Owner may request at any time a special audit of one or more particular aspects of the books, records, accounting, expenditures, and billings of the Operating Agent required to be maintained by the Operating Agent in accordance with Section 11. The requesting Co-Owner(s) will select the auditors to perform the special audit in consultation with the Auditing Committee; the Auditing Committee shall review the audit report. The Operating Agent will make its books and records and all sources of relevant information that pertain to the Eldorado System, and accounting for the same, available for inspection at a reasonable time and place and for a reasonable duration subject to a reasonable non-disclosure agreement. To the extent the special audit results in an adjustment to the books and records of the Operating Agent resulting in an adjustment of the relative obligations of each Co-Owner, costs incurred in performing the special audit shall be allocated to each Co-Owner according to the Cost Responsibility Ratio for the General Facilities, and the special audit report shall be made available to each Co-Owner. If the special audit results in no such adjustments, the requesting Co-Owner(s) shall be assigned the full cost of the special audit
- 21.9 The Coordinating Committee, the E&O Committee and the Auditing Committee shall each keep written minutes and records of all meetings, and any action, agreement or determination made by any such committee shall be reduced to writing and shall become effective when signed by a representative of each Co-Owner on said committee; provided, that in the event of an Operating Emergency, action may be taken or a determination may be made by the E&O

Committee on the basis of oral approvals and such action or determination shall subsequently be reduced to writing.

21.10 In the event that the members of the E&O Committee or of the Auditing Committee disagree as to any matter within their authority hereunder, the matter shall, upon the request of any member, be promptly submitted to the Coordinating Committee for resolution.

21.11 Committees established pursuant to the terms and conditions of the System Agreements shall have no authority to modify any of the provisions of the System Agreements.

**22. WAIVER OF RIGHTS TO PARTITION:**

The Co-Owners agree that their rights, titles and interests in the Eldorado System shall be held as tenants-in-common for the duration of the term of this Agreement, including any extension thereof. For the term of this Agreement each Co-Owner agrees as follows:

22.1 That it hereby waives the right to partition any one or more of the Components of the Eldorado System, any or any Connecting Facility (whether by partitionment in kind or by sale and division of the proceeds thereof); and

22.2 That it will not resort to any action at law or in equity to partition (in either such manner) any one or more of the Components of the Eldorado System, or any Connecting Facility, and waives the benefits of all laws that may now or hereafter authorize such partition.

**23. MORTGAGE AND CERTAIN TRANSFERS OF CO-OWNERS' INTERESTS:**

23.1 Each Co-Owner shall have the right at any time and from time to time to mortgage, create or provide for a security interest in or convey in trust its respective rights, titles and interests in the Eldorado System, any Component of the Eldorado System, any Connecting Facility, and/or in, to and under the System Agreements to the extent permitted herein, to a trustee or trustees under deeds of trust, mortgages or indentures, or to secured parties under a security agreement, as security for its present or future bonds or other obligations or securities, and to any successors or assigns thereof, without: (i) the need for the prior consent of any other Co-Owner; and (ii) any such mortgagee, trustee or secured party or parties assuming or becoming in any respect obligated to perform any of the obligations of the mortgaging or conveying Co-Owner prior to such mortgagee, trustee or secured party taking possession of or its initiation of foreclosure or other remedial proceedings, whichever occurs first.

- 23.2 Any mortgagee, trustee or secured party under present or future deeds of trust, mortgages, indentures or security agreements of a Co-Owner and any successor or assign thereof, and any receiver, referee or trustee in bankruptcy or reorganization of a Co-Owner, and any successor by action of law or otherwise, and any purchaser, transferee or assignee of any thereof, for purposes of this Section 23.2 referred to as "Third-Party Holder," may:
- 23.2.1 Without need for the prior consent of the other Co-Owners, succeed to and acquire all the rights, titles and interests of a Co-Owner in the Eldorado System, any Component of the Eldorado System, any Connecting Facility, and/or in, to and under the System Agreements; or
- 23.2.2 Take possession of or foreclose upon any of said rights, titles and interests of such Co-Owner, and hold and own such rights, titles and interests subject to the terms, covenants and conditions of the System Agreements, including the obligation to pay money associated with or arising out of any obligation incurred by the Co-Owner prior to the Third-Party Holder taking possession of or initiating foreclosure or other remedial procedures.
- 23.3 Each Co-Owner shall have the right to transfer or assign, at any time, its rights, titles and interests in the Eldorado System, any Component of the Eldorado System, any Connecting Facility, and/or in, to and under the System Agreements, without the need for the prior consent of any other Co-Owner, to any of the following:
- 23.3.1 To any corporation or other entity acquiring all or substantially all of the property, securities or stock of such Co-Owner;
- 23.3.2 To any corporation or entity into which or with which such Co-Owner may be merged or consolidated; or
- 23.3.3 To any corporation or entity the stock or ownership of which is wholly owned by such Co-Owner or the affiliate, parent or subsidiary of such Co-Owner.
- 23.4 To effectuate any transfer of rights, titles, and interests pursuant to Section 23.3, the assigning Co-owner shall require any successor to the rights, titles and interests of a Co-Owner in the Eldorado System, or to any Component of the Eldorado System, or to any Connecting Facility, and/or in, to and under the System Agreements, or any portion thereof, to perform the following:

- 23.4.1 Assume and agree in writing to fully perform and discharge all of the obligations of such Co-Owner under the System Agreements, to the extent of the rights, titles and interests acquired by it; and
  - 23.4.2 Promptly notify each of the other Co-Owners in writing of such transfer or assignment and furnish to each Co-Owner evidence of such transfer or assignment; and
  - 23.4.3 Specifically agree in writing with the remaining Co-Owners at the time of such transfer or assignment that it will not transfer or assign any rights, titles and interests acquired from a Co-Owner without complying with the terms and conditions of Section 24.
- 23.5 No Co-Owner shall be relieved of any of its obligations under the System Agreements by a transfer or assignment under this Section 23 without the express prior written consent of all of the remaining Co-Owners, which consent shall not be unreasonably withheld.
- 23.6 Any transfer or assignment made pursuant to the provisions of this Section 23 shall not be subject to the terms, covenants and conditions set forth and contained in Section 24.

**24. RIGHT OF FIRST REFUSAL:**

- 24.1 Except as provided in Section 23, should any Co-Owner ("Assigning Co-Owner") desire to assign, transfer, sell, convey or otherwise dispose of (hereinafter collectively referred to as "Assign") its rights, titles and interests in the Eldorado System, any Component of the Eldorado System, any Connecting Facility, and/or in, to and under the System Agreements, or any part thereof or interest therein (hereinafter referred to as "Transfer Interest"), to any person, limited liability company, corporation, partnership, joint venture, governmental agency, or any other form of entity or any other Co-Owner (hereinafter referred to as "Acquiring Party"), the remaining Co-Owners, or any one or more of them, shall have the right of first refusal, as hereinafter described, to purchase such Transfer Interest on the basis set forth herein.
- 24.2 The Assigning Co-Owner shall give the Acquiring Party notice of the other Co-Owners' right of first refusal as stated in this Section 24 and shall make the assignment of the Transfer Interest to such Acquiring Party contingent upon such right of first refusal.

- 24.3 No Assigning Co-Owner shall Assign a Transfer Interest to an Acquiring Party without the consent of all of the other Co-Owners which consent shall not be unreasonably withheld.
- 24.4 No Assigning Co-Owner shall finalize the assignment of a Transfer Interest to an Acquiring Party until such time as all necessary regulatory approvals for such assignment have been received.
- 24.5 If an Assigning Co-Owner receives a bona fide written offer for a Transfer Interest that the Assigning Co-Owner wishes to accept, such Assigning Co-Owner shall first offer the other Co-Owners a right of first refusal as provided for in this Section 24.
- 24.6 Within fifteen (15) days after an Assigning Co-Owner receives a bona fide written offer for a Transfer Interest that such Assigning Co-Owner desires to accept, such Assigning Co-Owner shall serve a written notice of the offer upon the remaining Co-Owners pursuant to Section 32. Such notice shall disclose the approximate proposed date of assignment and all of the terms and conditions of the bona fide written offer, including the applicable price and structure of the proposed assignment.
- 24.7 A Co-Owner (or the Co-Owners acting as a group) may signify its/their desire to exercise its/their right of first refusal with respect to the Transfer Interest for which the bona fide offer has been made by serving a written notice of its intention upon the other Co-Owners pursuant to Section 32, within ninety (90) days after the notice of a bona fide offer has been served. Failure by a Co-Owner to serve notice as provided within the time period specified in this Section 24.7 shall be conclusively deemed to be notice of its intention not to purchase the Transfer Interest.
- 24.8 A Co-Owner (or the Co-Owners acting as a group) may exercise its right of first refusal by agreeing to acquire the Transfer Interest on the same material terms and provisions as contained in the bona fide offer. Notwithstanding the foregoing, to the extent a Co-Owner, whether acting individually or as part of a group of Co-Owners, is required to obtain any regulatory approval(s) in connection with the acquisition of the Transfer Interest, such Co-Owner may condition its exercise of the right of first refusal hereunder on obtaining the requisite regulatory approval(s). All parties shall be obligated to act promptly and cooperatively in taking all requisite steps to assure that such Co-Owner



obtains the regulatory approval(s) necessary for its exercise of the right of first refusal, as soon as reasonably practicable.

- 24.9 If a Co-Owner (or Co-Owners acting as a group) fails to obtain the necessary regulatory approval(s), such Co-Owner shall not be obligated to proceed with the acquisition of the Transfer Interest; provided, however, that if such Co-Owner was part of a group of Co-Owners, the remaining members of the group may either proceed with the acquisition of the Transfer Interest or, promptly upon the denial of any regulatory approval(s), determine that they will not acquire the Transfer Interest. No Co-Owner (or Co-Owners acting as a group) shall bear any liability whatsoever in connection with its failure to proceed with and/or consummate the acquisition of the Transfer Interest pursuant to a right of first refusal upon denial of any regulatory approval(s).
- 24.10 The Assigning Co-Owner shall notify the other Co-Owners of any revision to the material terms or provisions of a bona fide offer. Such notification will initiate a period of thirty (30) days for the other Co-Owners, individually or collectively, to elect to exercise their respective right of first refusal on the new terms.
- 24.11 The Co-Owner(s) who purchase a Transfer Interest pursuant to a right of first refusal shall receive title to and shall own the Transfer Interest as tenants-in-common, subject to the same rights, duties and obligations as are applied to the Transfer Interest as were applied when such interest was held by the Assigning Co-Owner, and shall acquire the Transfer Interest as follows:
- 24.11.1 Unless otherwise agreed to by the purchasing Co-Owners, if there is more than one purchasing Co-Owner, the percentage interest of each such purchasing Co-Owner in each Component of the Eldorado System or any Connecting Facility constituting a part of the Transfer Interest shall be determined by the following formula:
- $$T = (A/B) \times C$$
- where
- T = The percentage of the Transfer Interest to be purchased by a Co-Owner desiring to purchase.
- A = The then-existing Ownership Interest of such purchasing Co-Owner in the Component of the Eldorado System or any Connecting Facility being purchased.

B = The sum of the then-existing Ownership Interests of all purchasing Co-Owners in the Component of the Eldorado System or any Connecting Facility being purchased.

C = The Ownership Interest of the assigning Co-Owner in the Component of the Eldorado System or any Connecting Facility being purchased.

24.11.2 If there is only one purchasing Co-Owner, it shall acquire title to and own the entire Transfer Interest.

24.12 No assignment of a Transfer Interest shall relieve the Assigning Co-Owner from full liability and financial responsibility for performance after any such assignment of the following obligations:

- (i) all obligations and duties incurred by such Assigning Co-Owner prior to the effective date of such assignment under the terms and conditions of the System Agreements; and
- (ii) all obligations and duties arising after such assignment and attributable to the Assigning Co-Owner under the terms and conditions of the System Agreements.

24.12.1 The remaining Co-Owners may release the Assigning Co-Owner from the obligations set forth in 24.12(i) and/or (ii) once the Acquiring Party agrees in writing with the remaining Co-Owners to assume, fully perform, and discharge all of the obligations and duties of the Assigning Co-owner set forth in those provisions.

24.12.2 If the conditions of Section 24.12.1 are met, no Co-Owner may unreasonably withhold its express written consent to release an Assigning Co-Owner of any of its obligations and duties by an assignment under this Section 24.

24.13 Unless agreed otherwise by the Co-Owners at the time of transfer, an Acquiring Party that acquires the Transfer Interest shall be subject to all of the System Agreements with respect to the Transfer Interest.

## **25. RIGHTS AND OBLIGATIONS OF CO-OWNERS UPON TERMINATION**

25.1 No later than three years prior to the termination date set forth in Section 4.2, each Co-Owner shall give written notice to the other Co-Owners stating whether or not such Co-Owner desires to retain its Ownership Interest in the Components of the Eldorado System or Connecting Facilities. The failure of any Co-Owner to

notify the other Co-Owners within such deadline shall not be a default, but shall be deemed to be a notice by such Co-Owner that it does not desire to retain its Ownership Interest in the Eldorado System. The retaining Co-Owner(s) shall have a right and option to acquire the Ownership Interest of any Co-Owner not desiring to retain its Ownership Interest in any Component of the Eldorado System or Connecting Facilities for the net book value of such Co-Owners Ownership Interest in such Component(s) of the Eldorado System or Connecting Facilities.

- 25.2 A Co-Owner (or the Co-Owners acting as a group) may signify its/their desire to acquire the rights of a non-retaining Co-Owner by serving a written notice upon the other Co-Owners pursuant to Section 32, within ninety (90) days after deadline set forth in Section 25.1. Failure by a Co-Owner to serve notice within the time period specified in this Section 25.2 shall be deemed to be notice that it will not purchase the Ownership Interest of non-retaining Co-Owner(s).
- 25.3 To the extent a Co-Owner, whether acting individually or as part of a group of Co-Owners, is required to obtain any regulatory approval(s) in connection with the acquisition of the Ownership Interest, such Co-Owner may condition its exercise of the right to purchase hereunder upon obtaining the requisite regulatory approval(s). All parties shall be obligated to act promptly and cooperatively in taking all requisite steps to ensure that such Co-Owner obtains the regulatory approval(s) necessary for its exercise of the right to purchase, as soon as reasonably practicable.
- 25.4 If a Co-Owner (or Co-Owners acting as a group) fails to obtain the necessary regulatory approval(s), such Co-Owner shall not be obligated to proceed with the purchase of the Ownership Interest; provided, however, that if such Co-Owner was part of a group of Co-Owners, the remaining members of the group may either proceed with the acquisition of the Ownership Interest or, promptly upon the denial of any regulatory approval(s), determine that they will not acquire the Ownership Interest. No Co-Owner (or Co-Owners acting as a group) shall bear any liability whatsoever in connection with its failure to proceed with and/or consummate the acquisition of the Ownership Interest upon denial of any regulatory approval(s).
- 25.5 The Co-Owner(s) who purchase an Ownership Interest pursuant to this Section 25 shall receive title to and shall own the Ownership Interest as tenants-in-

common, subject to the same rights, duties and obligations as are applied to the Ownership Interest as were applied when such interest was held by the selling Co-Owner, and shall acquire the Ownership Interest as follows:

25.5.1 Unless otherwise agreed to by the purchasing Co-Owners, if there is more than one purchasing Co-Owner, the percentage interest of each such purchasing Co-Owner in each Component of the Eldorado System or Connecting Facility constituting a part of the Ownership Interest shall be determined by the following formula:

$$T = (A/B) \times C$$

where

T = The percentage of the Ownership Interest to be purchased by a Co-Owner desiring to purchase.

A = The then-existing Ownership Interest of such purchasing Co-Owner in the Component of the Eldorado System or Connecting Facility being purchased.

B = The sum of the then-existing Ownership Interests of all purchasing Co-Owners in the Component of the Eldorado System or Connecting Facility being purchased.

C = The Ownership Interest of the selling Co-Owner in the Component of the Eldorado System or Connecting Facility being purchased.

25.5.2 If there is only one purchasing Co-Owner, it shall acquire title to and own the entire Ownership Interest.

25.6 In the event the Co-Owners, or any one or more of them, fail to exercise their right and option to acquire all of the Ownership Interest of any Co-Owner not desiring to retain its Ownership Interest in a Component(s) of the Eldorado System or Connecting Facility, then the Co-Owners shall dispose of the Component(s) of the Eldorado System or Connecting Facility, in a manner to be mutually agreed upon, and the proceeds from the disposition of the Component(s) of the Eldorado System or Connecting Facilities shall be distributed to the Co-Owners in proportion to their Ownership Interest in such Component(s) of the Eldorado System or Connecting Facilities. If the Co-Owners are required to remove some or all of the Eldorado System facilities then the Operating Agent shall perform such removal including any environmental mitigation that may be required. The Co-Owners shall pay their proportionate

share of such removal and mitigation costs, less any salvage value in proportion to their Ownership Interest in the applicable Component(s) of the Eldorado System or Connecting Facility.

- 25.7 Unless otherwise agreed by the Co-Owners the transfer or disposition of Eldorado System facilities provided for in this Section 25 shall occur within three (3) years after the end of the term set forth in Section 4.1.
- 25.8 In the event that more than one or all of the Co-Owners agree to continue their ownership of Component(s) of the Eldorado System after the term set forth in Section 4.1, this Agreement will be amended and extended or replaced as agreed by the remaining Co-Owners, but in no event will this Agreement terminate prior to the effective date of any such amended or new agreement.

**26. INTERCONNECTIONS TO THE ELDORADO SYSTEM:**

- 26.1 All generator interconnection requests, including by a Co-Owner, to the Eldorado System will be processed in accordance with Applicable Standards. All transmission interconnection requests, including by a Co-Owners, to the Eldorado System, will be processed in accordance with the processes and procedures attached hereto as Exhibit 18.
- 26.2 Ownership of facilities added for an interconnection pursuant to this Section 26, to be located in the Eldorado System, shall be as follows:
- 26.2.1 If the interconnection is by one or more of the Co-Owner(s) (even if the interconnection relates to a project jointly-owned by such Co-Owner(s) and one or more third parties), such Co-Owner(s) shall own the Connecting Facilities. Such Connecting Facilities shall be shown in Exhibit 5A.
- 26.2.2 If the interconnection is exclusively by a third party, the Co-Owners shall own the Connecting Facilities as tenants-in-common in proportion to each Co-Owner's Ownership Interest in the Component of the Eldorado System where the interconnection occurs, in which case the Connecting Facilities shall be shown in Exhibit 5B, provided that one or more of the Co-Owners may elect to own such Connecting Facilities, in which case the Connecting Facilities shall be shown in Exhibit 5A.
- 26.3 To the extent permitted by Applicable Standards, any and all costs associated with an interconnection to the Eldorado System shall be the responsibility of the entity(ies) requesting the interconnection. To the extent permitted by Applicable

Standards, any and all costs associated with an interconnection to the Eldorado System shall, include but not be limited to, (i) construction costs associated with the applicable Connecting Facility and any Capital Additions to the Eldorado System required for the Connecting Facility, (ii) the costs following the in-service date of the Connecting Facility of Capital Additions to the Connecting Facility and, if required by the Connecting Facility, to the Eldorado System; (iii) Operating Work for the Connecting Facilities, (iv) a proportionate share of the cost of Operating Work for the General Facilities and the applicable Component of the Eldorado System and be the responsibility of the entity(ies) requesting the interconnection. The calculation of the proportionate share of the cost obligations for Section 26.3(iv) shall be included in the interconnection agreement entered into between the Co-Owners and the entity(ies) requesting the interconnection and shall be shown in Exhibit 3.

- 26.4 Except as required by Applicable Standards, any interconnections to the Eldorado System shall require unanimous agreement of the Co-Owners, which agreement shall not be unreasonably withheld, provided that such interconnections shall not have a substantial detrimental effect on the electric system of any Co-Owner or diminish the rights of any other Co-Owner to use its Capacity Entitlement in any Component of the Eldorado System or for a Co-Owner to use its Connecting Facilities.
- 26.5 Such interconnections shall not increase the investment in or costs of operating or maintaining any Component of the Eldorado System for any Co-Owner.
- 26.6 The terms and conditions relating to the interconnection of a third party's facilities and payment for the associated Connecting Facilities shall be set forth in an interconnection agreement between the Co-Owners and third party requesting the interconnection. Such interconnection agreement will be a System Agreement and listed on Exhibit 1.

**27. DESTRUCTION, DAMAGE, OR CONDEMNATION OF THE ELDORADO SYSTEM:**

- 27.1 If one or more of the Components of the Eldorado System are rendered inoperable or useless by destruction, significant damage or condemnation, the Co-Owners by unanimous agreement may elect to repair, restore or reconstruct the destroyed, damaged or condemned Component of the Eldorado System in

such a manner as to restore the Component of the Eldorado System to either (i) substantially the same general character and use or (ii) such general character and use as the Co-Owners may then agree. In the event of such election, the Co-Owners shall be obligated to pay for the costs of such repair, restoration or reconstruction in accordance with their respective Ownership Interests in the affected Component of the Eldorado System, and, upon completion thereof, the Co-Owners' rights, titles and interests therein shall be as provided in this Agreement which may be amended at that time.

- 27.2 In the event that any, but not all, of the Co-Owners desire to repair, restore or reconstruct any one or more of the Components of the Eldorado System when such have been rendered inoperable or useless by destruction, significant damage or condemnation ("Electing Co-Owner(s)"), then: (i) the proceeds from any insurance or from any award relating to such destroyed, damaged or condemned Component of the Eldorado System shall be distributed to the Co-Owners in accordance with their respective Ownership Interests in and to such Component of the Eldorado System; (ii) the Electing Co-Owners shall bear the costs to repair, restore or reconstruct such Component of the Eldorado System in accordance with cost allocations as agreed upon by the Electing Co-Owners; (iii) the Ownership Interest(s) in such Component of the Eldorado System shall pass from the Co-Owner(s) electing not to repair, restore or reconstruct such Component of the Eldorado System ("Non-Electing Co-Owners") to the Electing Co-Owners, as agreed upon by the Electing Co-Owners; and (iv) the Non-Electing Co-Owner(s) shall no longer hold any rights, title or interests in such Component of the Eldorado System.
- 27.3 Notwithstanding the foregoing, in the event that any one or more of the Components of the Eldorado System incurs damage in an amount estimated to not exceed that determined by the E&O Committee pursuant to Section 21.7.11, the Co-Owners shall be obligated to pay the costs of the repair in accordance with their respective Ownership Interests in such Component of the Eldorado System, and, upon completion thereof, the Co-Owners' rights, titles and interests therein shall be as provided for in this Agreement. If the estimated cost to repair such damage exceeds the amount determined by the E&O Committee in Section 21.7.11, the Operating Agent shall promptly inform the E&O Committee and request approval for the estimated expenditure in accordance with Section 19.

**28. DISPUTE RESOLUTION:**

- 28.1 In the event that a dispute between some or all of the Co-Owners should arise under the System Agreements, the Co-Owners agree that such disputes shall be initially submitted to the Coordinating Committee for resolution as set forth in this Section 28, unless the resolution of the matter is specifically governed by another provision of this Agreement or one of the other System Agreements.
- 28.2 A Co-Owner may initiate dispute resolution proceedings at any time by providing written notice to all other Co-Owners ("Notice") pursuant to Section 32 and to the Coordinating Committee. The Notice should identify: (a) the nature of the dispute; (b) the parties involved in the dispute; (c) the history of the dispute; and (iv) the proposed resolution of the dispute.
- 28.3 Within twenty (20) business days from its receipt of the Notice, any other Co-Owner(s) may, by written notice to all other Co-Owners pursuant to Section 32 and within the time period provided in Section 32.2(ii) and to the Coordinating Committee, provide a response to the Notice and the issues raised in the Notice ("Response"), and raise in the Response any additional issues relevant to the dispute.
- 28.4 The Coordinating Committee shall discuss the issues raised in the Notice and any Response(s) to determine if a unanimous resolution of the dispute is possible. The Coordinating Committee may refer the dispute to any other committee established under this Agreement for its consideration and input, may seek additional information from any of the Co-Owners or third parties, or may take any other steps, as consistent with this Agreement, necessary to resolve the dispute.
- 28.5 Within three (3) months from the time of initiation of dispute resolution pursuant to Section 28.2, the Coordinating Committee shall unanimously agree: (i) on a resolution of the dispute; (ii) that a one-time only three (3) month extension of time is necessary for the committee to continue working on resolving the dispute; or (iii) that a unanimous resolution is not feasible. In the event the Coordinating Committee fails to act by unanimous agreement either within three (3) months of the initiation of dispute resolution pursuant to Section 28.2 or within the three (3) month extension, such failure to act shall be deemed a determination that a unanimous resolution of the dispute is not feasible.



28.6 If the Coordinating Committee is unable to achieve a unanimous resolution of a dispute pursuant to the procedures of Section 12 or 28.5 of this Agreement, the Coordinating Committee may, by unanimous agreement, choose to submit the matter to binding arbitration administered by the JAMS under its Commercial Arbitration Rules, as such rules may be modified in writing by the unanimous agreement of the Coordinating Committee. Judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. If the Coordinating Committee does not unanimously agree to refer the matter to binding arbitration pursuant to this Section 28.6, any Co-Owner may seek to resolve the matter through any appropriate judicial or regulatory means.

**29. DEFAULTS:**

Each Co-Owner shall pay all monies and carry out all obligations agreed to be paid and/or performed by it pursuant to the System Agreements. Any default by a Co-Owner in any of the obligations imposed on it by any of the System Agreements shall be an act of default under this Agreement.

29.1 In the event of a default by a Co-Owner, any non-defaulting Co-Owner, including the Operating Agent, may provide a written notice of default to all of the other Co-Owners in accordance with Section 32. Such notice must clearly identify the fact, circumstance, request, issue, dispute, or matter to which such notice relates together with details reasonably sufficient to establish the existence of the alleged default.

29.2 The defaulting Co-Owner shall no later than five (5) business days after receipt of such notice take all steps reasonably necessary to cure such default as promptly and completely as possible and shall notify the other Co-Owners of such cure.

29.3 In the event the defaulting Co-Owner does not comply with Section 29.2, the non-defaulting Co-Owners shall either advance any necessary funds and/or render any necessary performance, as directed by the Operating Agent. Each non-defaulting Co-Owner shall contribute any requisite funds in the ratio of such Co-Owner's Ownership Interest in the Component of the Eldorado System or Connecting Facility affected by the default (as specified in the notice of default) to the total Ownership Interests of all non-defaulting Co-Owners in such Component of the Eldorado System or Connecting Facility; provided, however, that if such default cannot be related to any one particular Component of the

Eldorado System or Connecting Facility, each non-defaulting Co-Owner shall contribute the requisite funds in the ratios agreed to by the Coordinating Committee.

- 29.4 The defaulting Co-Owner shall pay to the Operating Agent funds equal to any funds advanced by the non-defaulting Co-Owners in accordance with Section 29.3 plus interest thereon. The interest rate shall be calculated in accordance with the methodology set forth in FERC's regulations at 18 CFR § 35.19a(a)(2)(iii) or any successor regulation. The Operating Agent shall determine the allocation to the non-defaulting Co-Owners of the funds, including interest thereon, paid by the defaulting Co-Owner to cure its default and shall provide, as agreed to by the non-defaulting Co-Owners, either a billing credit or a refund to the non-defaulting Co-Owners of the amounts paid by the defaulting Co-Owner.
- 29.5 In the event a Co-Owner disputes that it is in default of a performance obligation, such Co-Owner shall initiate dispute resolution under Section 28. A failure to initiate dispute resolution on a matter within thirty (30) days after receipt of a notice of default related thereto shall be deemed a waiver of the right to dispute a default.
- 29.6 The rights and remedies provided in this Agreement shall be in addition to the rights and remedies of the Co-Owners as set forth and contained in any of the System Agreements. In the event of a conflict between this Agreement and a System Agreement other than this Agreement, this Agreement shall govern.

**30. WAIVER:**

No waiver shall be effective unless it is in writing and is signed by the authorized representative of the waiving Co-Owner. Any waiver at any time by a Co-Owner of its rights with respect to a default or any other matter arising in connection with this Agreement shall not be construed or deemed to be a waiver with respect to any other right or remedy or any subsequent event of default or matter whether of a similar or different nature. Without limiting the foregoing, payment or delay in exercising any right or remedy shall not constitute a waiver of any kind.

**31. RELATIONSHIP OF CO-OWNERS:**

31.1 Except as provided for in this Agreement, the covenants, obligations and liabilities of the Co-Owners under the System Agreements are intended to be several and not joint or collective, and nothing contained in any System

Agreement shall ever be construed to create an agency relationship other than the agency relationship described in Section 11.2, association, joint venture, trust or partnership, or impose a trust or partnership covenant, obligation or liability on or with regard to any one or more of the Co-Owners. Each Co-Owner shall be individually responsible for its own covenants, obligations and liabilities under any of the System Agreements. No Co-Owner or group of Co-Owners shall be under the control of or shall be deemed to control any other Co-Owner or the Co-Owners as a group. Except as expressly provided in the System Agreements and except for the Operating Agent's authority to conduct Operating Work or such other activities as are allowed under the System Agreements, no Co-Owner shall have a right or power to bind any other Co-Owner(s) without its or their express written consent.

- 31.2 The Co-Owners hereby elect to be excluded from the application of Subchapter "K" of Chapter 1 of Subtitle "A" of the Internal Revenue Code of 1986, or such portion or portions thereof as may be permitted or authorized by the Secretary of the Treasury or a delegate insofar as such subchapter or any portion or portions thereof may be applicable to the Co-Owners under the System Agreements.

**32. NOTICES:**

- 32.1 All notices under this Agreement shall be, unless expressly provided otherwise herein, provided by the Co-Owners to each other at the addresses set forth in Exhibit 15.
- 32.2 Notices provided pursuant to this Section 32 shall be deemed received: (i) upon delivery if delivered in person, by electronic mail, or facsimile; or (ii) five (5) days after deposit in the mail if sent by first class United States mail, postage prepaid, at the addresses set forth in Exhibit 15.
- 32.3 Each Co-Owner may change its designation of the person who is to receive notices on its behalf and/or the address where the notices are sent under any provision of this Agreement by giving the other Co-Owners notice thereof in the manner provided in this Section 32.
- 32.4 Notwithstanding the foregoing, routine day-to-day communications under the System Agreements shall be conducted as agreed by the Co-Owners.

### 33. COVENANTS RUNNING WITH THE LAND:

33.1 All of the respective covenants and obligations of each of the Co-Owners set forth and contained in the System Agreements shall bind and shall be and become the respective covenants and obligations of:

- (i) Each such Co-Owner;
- (ii) All mortgagees, trustees and secured parties under all present and future mortgages, indentures and deeds of trust, and security agreements which are or may become a lien upon any of the properties of such Co-Owner;
- (iii) All receivers, assignees for the benefit of creditors, bankruptcy trustees and referees of such Co-Owner;
- (iv) All other persons, firms, partnerships or corporations claiming through or under any of the foregoing; and
- (v) Any successors or assigns of any of those mentioned in Sections 33.1(i) to 33.1(iv), inclusive;

and shall be covenants and obligations running with each Co-Owner's respective rights, titles and interests in the Eldorado System, any Component of the Eldorado System, and/or in, to and under the System Agreements, and shall be for the benefit of the respective rights, titles and interests of each of the Co-Owners, and its respective successors and assigns, in the Eldorado System.

33.2 It is the specific intention of this provision that all such covenants and obligations shall be binding upon any party which acquires any of the rights, titles and interests of a Co-Owner in the Eldorado System, any Component of the Eldorado System, and/or in, to and under the System Agreements, and that all of the above-described persons and groups shall be obligated to use such Co-Owner's rights, titles and interests in the Eldorado System, any Component of the Eldorado System, and/or in, to and under the System Agreements for the purpose of discharging its covenants and obligations under the System Agreements; except that in the case of a partial assignment the assignee shall only be required to share in the cost of fulfilling the covenants and obligations of the assigning Co-Owner(s) in, to and under the System Agreements to an extent proportionate to such assignment.

### 34. ELDORADO SYSTEM LIABILITY:

34.1 Liability between Co-Owners or between Co-Owners and the Operating Agent:

- 34.1.1 Except as provided in Sections 34.2, 34.3 and 34.4, as between the Co-Owners, or any Co-Owner and the Operating Agent, no Co-Owner or the Operating Agent shall be liable to any other Co-Owner and/or the Operating Agent for any Eldorado System Liability that results from no fault of, or from act(s) of ordinary negligence of such Co-Owner or the Operating Agent; provided, however, after exhaustion of valid and collectible insurance as set forth in Section 20, that each Co-Owner shall be responsible for the costs of repairing and replacing any affected Component of the Eldorado System or Connecting Facilities in accordance with its Ownership Interest in such Component or Connecting Facilities as set forth in Section 27.
- 34.1.2 Except as provided in Sections 34.2, 34.3, and 34.4, as between the Co-Owners, or any Co-Owner and the Operating Agent, a Co-Owner or the Operating Agent causing Eldorado System Liability as a result of its act(s) of gross negligence, reckless or wanton behavior, or willful or intentional wrongdoing and not covered by Operating Insurance, shall be an “Indemnifying Party” and after exhaustion of valid and collectible insurance as set forth in Section 20 shall indemnify and hold harmless the other Co-Owners and Operating Agent that are not an Indemnifying Party against any Eldorado System Liability; provided, however, that the Indemnifying Party shall not be liable for any special, indirect, punitive, incidental or consequential damages suffered by an indemnified Co-Owner and Operating Agent.
- 34.2 Liability for actions or other proceedings by retail customers or state regulators:
- 34.2.1 In the event that a retail electric customer brings a claim or action against any or all Co-Owners of the Eldorado System, and as provided for elsewhere in this Agreement, the Co-Owner that provides that customer electric service shall be solely responsible for responding to the claim(s) and for any Eldorado System Liability, or portion thereof, not covered by Operating Insurance. Consistent with this obligation, the responding Co-Owner shall defend, indemnify and hold harmless the other Co-Owners, and the Operating Agent to the extent the responding Co-Owner is not the Operating Agent, from any and all Eldorado System Liability claimed by and/or awarded to the retail electric customer, in its capacity as a retail

electric customer. The term "retail electric customer" means an electric consumer that brings a claim in its capacity as an electric consumer and to whom no power is delivered for resale.

34.2.2 In the event that a state regulatory authority that has jurisdiction over some, but not all, of the Co-Owners initiates an inquiry, investigation, or proceeding regarding the Eldorado System (for purposes of this Section 34.2.2, "inquiry, investigation, or proceeding"), the Co-Owner(s) subject to that regulatory authority shall be solely responsible for responding to the regulatory authority and satisfying any settlement with or judgment of such regulatory authority, or portion thereof, not covered by Operating Insurance. Consistent with this obligation, the responding Co-Owner(s) shall defend, indemnify and hold harmless the other Co-Owners, and the Operating Agent to the extent it is not a responding Co-Owner(s), from any and all Eldorado System Liability arising from that regulatory authority's actions.

34.3 Liability for claims or actions by a third party other than a retail customer or state regulatory authority: This Section 34.3 shall apply to any claim or action brought by a third party other than those addressed in Sections 34.2 and 34.4.

34.3.1 In the event of a claim or action brought by a third party against a Co-Owner or Operating Agent alleging Eldorado System Liability, that any of the Co-Owners or Operating Agent believe to be based on no-fault or act(s) of ordinary negligence, the Co-Owners shall cooperate in defending each other and/or the Operating Agent against any such claim or action. Co-Owner cooperation shall include reasonable and good faith participation in the defense, and also sharing of costs related to the defense and litigation according to each Co-Owner's Ownership Interest in the Component of the Eldorado System and/or Connecting Facilities involved in the cause of the alleged Eldorado System Liability. In the event any such claim or action results in any Eldorado System Liability, arising from no fault or act(s) of ordinary negligence, against one or more Co-Owners and/or the Operating Agent, the Co-Owners shall be responsible for the Eldorado System Liability, to the extent not covered by Operating Insurance, according to each Co-Owner's Ownership Interest in the Component of the Eldorado System and/or Connecting Facilities contributing to the cause of the

liability, or, if such Eldorado System Liability cannot be clearly attributed to a particular Component of the Eldorado System or Connecting Facility, according to each Co-Owner's Ownership Interest in the Eldorado General Facilities.

34.3.2 In the event of a claim or action brought by a third party against a Co-Owner or Operating Agent alleging Eldorado System Liability that the Co-Owners, or Operating Agent, believe involves gross negligence, reckless or wanton behavior, or willful or intentional wrongdoing on part of one or more Co-Owners or on part of the Operating Agent, the Co-Owners and Operating Agent shall each be responsible for the costs of their own defense in the litigation. To the extent the action proceeds to a judgment based on a finding that one or more of the Co-Owners or Operating Agent acted with gross negligence, reckless or wanton behavior, or willful or intentional wrongdoing, each such Co-Owner or Operating Agent shall be solely responsible for the percentage of the judgment and costs of defense not covered by Operating Insurance equal to the percentage contribution of its actions to the cause of the Eldorado System Liability. Any portion of the judgment not covered by Operating Insurance and not attributable to act(s) of gross negligence, reckless or wanton behavior, or willful intentional wrongdoing shall be shared by all Co-Owners, in accordance with provisions set forth elsewhere in this Agreement, according to each Co-Owner's Ownership Interest in the Component of the Eldorado System or Connecting Facilities contributing to the cause of the Eldorado System Liability, or, if such Eldorado System Liability cannot be clearly attributed to a particular Component of the Eldorado System or Connecting Facility, according to each Co-Owner's Ownership Interest in the Eldorado General Facilities.

34.3.3 With respect to any claim or action brought by a third party against a Co-Owner or Operating Agent alleging Eldorado System Liability, the Co-Owner(s) and Operating Agent must agree in writing to any settlement in which any such Co-Owner(s) or Operating Agent must participate or share.

34.4 Liability for claims or actions by a federal regulator or quasi-regulatory agents of its regulatory regime:

34.4.1 With respect to any notice, self-report, inquiry, investigation, or proceeding concerning the operation and maintenance, functioning, accounting or record-keeping related to, or other incidents of and exclusive to the operation of the Eldorado System that is brought by a federal regulatory authority or a quasi-regulatory authority that is an agent of its regulatory regime and that has authority to levy penalties on the Eldorado System and on any or all of its Co-Owners and Operating Agent (for purposes of this section 34.4, “inquiry, investigation, or proceeding”), the Operating Agent shall control and be responsible for responding to such inquiry, investigation, or proceeding. Co-Owners acknowledge that it is reasonable to consider reputational harm and cumulative impacts of penalties on Operating Agent and/or on Co-Owner(s) in negotiating settlement terms. All Co-Owners shall reasonably assist the Operating Agent, as relevant and appropriate, in responding to the inquiry, investigation, or proceeding, and share the costs of responding according to their Ownership Interest in the Eldorado General Facilities. In the event of resolution of any such notice, self-report, inquiry, investigation, or proceeding by settlement and/or mitigation the costs of which the Operating Agent seeks to bill any of the other Co-Owners pursuant to the terms of the System Agreements, the terms of the settlement and/or mitigation must be submitted to the affected Coordinating Committee members for their approval.

34.4.2 The Co-Owners shall share in any penalty, fine, judgment, agreed-to mitigation or settlement, regulatory allocation, fee or other payments levied by or arising from any such inquiry, investigation, or proceeding (for purposes of this section 34.5.2, the “liability”) to the extent each Co-Owner is subject to the scope and jurisdiction of the inquiry, investigation, or proceeding and according to each Co-Owner’s Ownership Interest in the Component of the Eldorado System or Connecting Facilities contributing to the basis for such liability, or, if such Eldorado System Liability cannot be clearly attributed to a particular Component of the Eldorado System or Connecting Facility, according to each Co-Owner’s Ownership Interest in the Eldorado General Facilities. If one or more Co-Owners believes that such liability is based on act(s) by one or more Co-Owners and/or the



Operating Agent of gross negligence, reckless or wanton behavior, or willful or intentional wrongdoing, the Co-Owners shall seek a finding of whether such act(s) occurred and caused in whole or in part the liability. The Co-Owner(s) and/or Operating Agent found to be responsible for act(s) of gross negligence, reckless or wanton behavior, or willful or intentional wrongdoing that caused the basis for the liability in whole or in part shall be solely responsible for satisfying any such liability.

- 34.5 Consistent with Nevada law concerning interpretation of indemnification clauses, the Co-Owners and Operating Agent agree and reiterate that the foregoing clauses provide for mutual indemnity and allocation of liability among the Co-Owners and Operating Agent in the event of any one more Co-Owner's or Operating Agent's ordinary negligence (including indemnification for such Co-Owner's or Operating Agent's own ordinary negligence), with the exception of Section 34.2 which provides otherwise. Nothing in this section 34.5 shall or is intended to conflict with any other provisions of this Section 34, and shall not be interpreted to so conflict.
- 34.6 Nothing contained in this Section 34 shall bar the right of any Co-Owner or Operating Agent to obtain specific performance of the provisions of this Agreement or injunctive relief.
- 34.7 The provisions of this Section 34 shall not be construed so as to relieve any insurer of its obligation to pay any insurance proceeds in accordance with the terms and conditions of valid and collectible Operating Insurance policies.

**35. REGULATORY AUTHORITY:**

Nothing in this Agreement is intended to expand or create any new, or additional jurisdiction by FERC over any of the Co-Owners.

**36. NO THIRD PARTY RIGHTS:**

The Co-Owners do not intend to create rights in or to grant remedies to any third party as a beneficiary of this Agreement or of any duty, covenant, obligation or undertaking established herein.

**37. UNCONTROLLABLE FORCES:**

No Co-Owner shall be considered to be in default in the performance of its obligations hereunder (other than the obligations of said Co-Owner to make payment of invoices rendered hereunder) when a delay in or failure of performance shall be due to an Uncontrollable Force.

37.1 The term "Uncontrollable Force" shall mean any cause beyond the reasonable control of the Co-Owner affected, including failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, labor dispute, labor, fuel, transportation or material shortage, sabotage, regulation or restriction imposed by governmental or lawfully established authority, restraint by court order or public authority, which by exercise of due diligence such Co-Owner could not reasonably have been expected to avoid and which by exercise of due diligence it shall be unable to overcome. Nothing contained herein shall be construed to require a Co-Owner to settle any strike or labor dispute in which it may be involved. A Co-Owner that fails to fulfill any of its obligations hereunder by reason of an Uncontrollable Force shall give prompt written notice of such fact to the other Co-Owners and an estimate, if possible, of when the Co-Owner claiming the Uncontrollable Force believes in good faith that the Uncontrollable Force will end and performance will resume. The Co-Owner claiming the Uncontrollable Force shall exercise due diligence to resume the performance of such obligation(s) with all reasonable dispatch.

37.2 Economic hardship is not considered an Uncontrollable Force.

**38. NO DEDICATION OF FACILITIES:**

The Co-Owners do not intend to dedicate and nothing in this Agreement shall be construed as constituting a dedication by a Co-Owner of its properties or facilities, or any part thereof, to any other Co-Owner or to the customers of any Co-Owner.

**39. RULES OF INTERPRETATION:**

This Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (i) the singular number includes the plural number and vice versa; (ii) reference to any person includes such person's successors and assigns but, in the case of a Co-Owner, only if such successors and assigns are permitted by this Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (iii) reference to any agreement (including this Agreement), document, instrument or tariff means such agreement, document, instrument or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (iv) unless expressly stated otherwise, reference to any Section or Exhibit means such Section of this Agreement or such Exhibit to this Agreement, as the case may be; (v) "hereunder," "hereof," "herein," "hereto" and words

of similar import shall be deemed references to this Agreement as a whole and not to any particular Section or other provision hereof or thereof; and (vi) "including" or "include" means "including without limitation" and "including, but not limited to" based on the item or items listed.

**40. GOVERNING LAW AND VENUE:**

This Agreement shall be interpreted in accordance with the substantive and procedural laws of the State of Nevada, notwithstanding any Nevada conflict of laws provision to the contrary. Any court action arising under this Agreement shall be initiated and prosecuted in a state or federal court in Clark County, Nevada or in state or federal court within the territory of the Federal District Court for the Southern District of California.

**41. SEVERABILITY:**

In the event that any of the terms, covenants or conditions of the System Agreements, or the application of any such term, covenant or condition to any person or circumstance, shall be held invalid by any court having jurisdiction in the premises, the remainder of the System Agreements, and the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

**42. ENTIRE AGREEMENT:**

This Agreement embodies the entire agreement between the Co-Owners concerning the subject matter hereof and supersedes all prior proposals, representations, negotiations or letters whether written or oral with respect to the matters herein agreed to. This Agreement amends and restates the Eldorado Co-Tenancy Agreement, the Eldorado System Operating Agreement, and the Communications Agreement and replaces those agreements while continuing the relationship among the Co-Owners pursuant to the terms set forth herein, provided that, pursuant to Section 12.11 of the Eldorado Co-Tenancy Agreement, SRP remains responsible for all obligations and duties under the terms and conditions of the System Agreements (as defined in the Eldorado Co-Tenancy Agreement), whether incurred by SRP prior to such assignment, or imposed and provided upon SRP after such assignment. The Co-Owners hereto shall not be bound by or be liable for any statement, representation, promise, inducement, or understanding of any kind relating to the subject matter hereof not set forth in this Agreement. This Agreement incorporates by reference all documents attached hereto or incorporated herein by reference.

**43. WARRANTY OF AUTHORITY:**

Each signatory hereto represents that he/she has been appropriately authorized to enter into this Agreement on behalf of the Co-Owner for whom he/she signs.

**44. AUTHORIZATION AND APPROVALS:**

Each Co-Owner shall be responsible for obtaining, at its own expense, its required authorizations and approvals, if any, relating to its participation in the construction, ownership, operation, maintenance or use of the Eldorado System, and to its performance of the terms and provisions of this Agreement, from federal, state or local regulatory authorities having jurisdiction to issue such authorizations and approvals, and each such Co-Owner shall keep the other Co-Owners informed of its applications therefor and authorizations issued in connection therewith.

**45. AMENDMENTS AND REVISIONS TO EXHIBITS:**

45.1 This Agreement and Exhibit 2 to this Agreement shall be modified or amended only through written agreement signed by all Co-Owners.

45.2 All Exhibits not referenced in Section 45.1 may be revised by the Operating Agent, subject to prior approval of the E&O Committee or Auditing Committee, as appropriate, which approval shall not be unreasonably withheld. Revisions to the Exhibit(s) approved in accordance with this Section 45.2 shall not require execution of an amendment to the Agreement or an amended and restated agreement. The Co-Owners each acknowledge that Operating Agent may, in accordance with Applicable Standards, file the revised Exhibit(s) subject to this Section 45.2 with FERC to reflect changes to the rate schedule.

**46. SIGNATURE IN COUNTERPARTS:**

This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument as if all the Co-Owners to the aggregated counterparts had signed the same instrument.

**47. RECORDING OF AGREEMENT:**

Each Co-Owner shall execute a recordable memorandum of this Agreement, and any amendment hereto, in the form and substance reasonably satisfactory to each of the Co-Owners. The Operating Agent shall thereafter cause the memorandum to be recorded in the Official Records of Clark County, Nevada.

**IN WITNESS WHEREOF**, the Co-Owners have caused this Agreement to be executed effective as of \_\_\_\_\_, 2016.

**NEVADA POWER COMPANY d/b/a NV Energy:**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

**SOUTHERN CALIFORNIA EDISON  
COMPANY:**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

**CITY OF LOS ANGELES  
DEPARTMENT OF WATER AND POWER**

:

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

General Manager

And: \_\_\_\_\_

Barbara E. Moschos, Secretary

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

**EXHIBIT 1**  
**LIST OF ELDORADO SYSTEM AGREEMENTS**

1. ELECTRICAL TRANSMISSION AND DISTRIBUTION EQUIPMENT AND SERVICING INVENTORY GREENHOUSE GAS REPORTING PROGRAM DESIGNATED REPRESENTATIVE AGREEMENT AMONG DEPARTMENT OF WATER AND POWER OF THE CITY OF LOS ANGELES, NEVADA POWER COMPANY (d/b/a NV Energy), SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT AND SOUTHERN CALIFORNIA EDISON COMPANY, dated February 6, 2013
  
2. ELDORADO-MEAD LINES RIGHT-OF-WAY GRANT  
Right-of-Way Grant N-2795  
Issued 12/5/1968;  
Expires 12/4/2018  
Issued to: Southern California Edison Company, Nevada Power Company, Salt River Project Agricultural Improvement and Power District;  
Map designation No. 1 and No. 2 Eldorado-Mead
  
3. ELDORADO SUBSTATION SITE - RIGHT-OF-WAY GRANT  
Right-of-Way Grant N-2655  
Issued 8/7/1969  
Expires 8/6/2019  
Issued to: Southern California Edison Company, Nevada Power Company, City of Los Angeles Department of Water & Power, Salt River Project Agricultural Improvement and Power District; Permitted Use: substation site, drainage area, and access road
  
4. ELDORADO-MOHAVE LINE RIGHT-OF-WAY GRANT  
Right-of-Way Grant N-3827  
Issued 12/30/1969  
Expires 12/29/2019  
Issued to: Southern California Edison Company, Nevada Power Company, Salt River Project Agric. Improvement and Power District; Permitted Use: 500kV electric transmission line  
Map designation: Mohave-Eldorado Electric Transmission Line
  
5. CO-OWNERS ASSIGNMENT AND AGREEMENT AMONG LOS ANGELES DEPARTMENT OF WATER AND POWER, NEVADA POWER COMPANY (d/b/a

NV Energy), SOUTHERN CALIFORNIA EDISON COMPANY AND SALT RIVER PROJECT, dated July 17, 1970.

6. EASEMENT AGREEMENT AMONG LOS ANGELES DEPARTMENT OF WATER AND POWER, NEVADA POWER COMPANY (d/b/a NV Energy), SOUTHERN CALIFORNIA EDISON COMPANY AND SALT RIVER PROJECT, dated November 16, 2000, as it may be amended. NV Energy and County recorder No. 20010124:01396.
7. UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF RECLAMATION PACIFIC NORTHWEST-PACIFIC SOUTHWEST INTERTIE PROJECT CONTRACT FOR INTERCONNECTIONS AT MEAD SUBSTATION WITH SOUTHERN CALIFORNIA EDISON COMPANY, CONTRACT NO. 14-06-300-1871 as it may be amended or replaced.
8. AGREEMENT FOR ADDITIONAL SOUTHERN CALIFORNIA EDISON COMPANY FACILITIES IN ELDORADO SUBSTATION AMONG DEPARTMENT OF WATER AND POWER OF THE CITY OF LOS ANGELES, NEVADA POWER COMPANY (d/b/a NV Energy) and SOUTHERN CALIFORNIA EDISON COMPANY dated as of the Effective Date.
9. LETTER OF AGREEMENT AMONG SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, NEVADA POWER COMPANY d/b/a NV ENERGY, SOUTHERN CALIFORNIA EDISON COMPANY and DEPARTMENT OF WATER AND POWER OF THE CITY OF LOS ANGELES for SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT'S OBLIGATIONS AND DUTIES ARISING OR ACCRUED AS OF OR PRIOR TO JULY 1, 2016 WITH RESPECT TO THEIR OWNERSHIP SHARE OF THE ELDORADO SYSTEM. Attached as Exhibit 19.

**EXHIBIT 2**  
**OWNERSHIP INTERESTS IN**  
**COMPONENTS OF THE ELDORADO SYSTEM**

Ownership Interests (%)

<u>Components of the Eldorado System</u>	<u>LADWP</u>	<u>NV Energy</u>	<u>SCE</u>
Eldorado-Mohave Line	45.300	21.140	33.560
Eldorado-Mead Lines	18.875	26.425	54.700
Eldorado 500 kV Switchyard <sup>1</sup>	29.250	10.570	60.180
Eldorado 500/220 kV Transformers (excluding the tertiary shunt reactors)			
Tertiary Shunt Reactors <sup>2</sup>	15.100	21.140	63.760
	30.000	14.000	56.000
Eldorado 220 kV Switchyard <sup>1</sup>	11.325	15.855	72.820
Eldorado General Facilities	17.262	11.288	71.450
Mohave Switchyard <sup>1</sup>	30.000	14.000	56.000

1. Ownership Interest percentages in specific Components of the Eldorado System as shown in this Exhibit 2 are calculated based on the original configuration of the Eldorado System as follows:

- a. Eldorado 500 kV Switchyard consisting of the 500 kV busses, termination facilities for the Eldorado-Mohave, Eldorado-Lugo, Eldorado-McCullough, and Eldorado-Moenkopi 500 kV transmission lines, and the 500 kV connection to the Eldorado 500/220 kV Transformers
- b. Eldorado 220 kV Switchyard consisting of the 220 kV busses, termination facilities for the Eldorado-Mead No. 1 and No. 2, Cima-Eldorado-Pisgah No. 1 and No. 2 220 kV transmission lines, and the 220 kV connection to the Eldorado 500/220 kV Transformers

The Ownership Interest percentages for Components of the Eldorado System do not change based on subsequent connections to Components of the Eldorado System.

2. The tertiary shunt reactors are part of the Eldorado 500/220 kV Transformers, but have a different Ownership Interest.



**EXHIBIT 2-SHEET 1**  
**ELDORADO GENERAL FACILITIES**  
**CALCULATION OF OWNERSHIP INTERESTS (%)**

The Ownership Interest for the Eldorado General Facilities is based on the sum of the initial investment by each Co-Owner in the facilities shown in the table below.

Facility	Total	LADWP		NV Energy		SCE	
	Investment	Ownership	Investment	Ownership	Investment	Ownership	Investment
Eldorado 500 kV Switchyard	\$5,299,000	29.250%	\$1,549,958	10.570%	\$560,104	60.180%	\$3,188,938
SCE Series Capacitors <sup>1</sup>	\$3,200,000	0.000%	0	0.000%	0	100.000%	\$3,200,000
Eldorado 500/220 kV Transformers	\$3,109,000	15.100%	\$469,459	21.140%	\$657,243	63.760%	\$1,982,298
Tertiary Shunt Reactors	\$646,000	30.000%	\$193,800	14.000%	\$90,440	56.000%	\$361,760
Eldorado 220 kV Switchyard	<u>\$1,651,000</u>	11.325%	<u>\$186,976</u>	15.855%	<u>\$261,766</u>	72.820%	<u>\$1,202,258</u>
<b>TOTAL</b>	<b>\$13,905,000</b>		<b>\$2,400,193</b>		<b>\$1,569,553</b>		<b>\$9,935,254</b>

Calculation of Ownership Interest:

LADWP =  $(2,400,193/13,905,000) \times 100\% = 17.261\%$   
 NV Energy =  $(1,569,553/13,905,000) \times 100\% = 11.288\%$   
 SCE =  $(9,935,254/13,905,000) \times 100\% = 71.451\%$

The SCE series capacitors are not part of the Eldorado System and are included here solely for the purpose of calculating the Ownership Interest in the Eldorado General Facilities.

**EXHIBIT 2-SHEET 2**  
**ELDORADO 500 KV SWITCHYARD**  
**CALCULATION OF OWNERSHIP INTERESTS (%)**

<b>TERMINATIONS</b>	<b>LADWP</b>	<b>NV Energy</b>	<b>SCE</b>
Eldorado-Lugo	0.000	0.000	100.000
Eldorado-McCullough	100.000	0.000	0.000
Eldorado-Moenkopi	0.000	0.000	100.000
Eldorado-Mohave	45.300	21.140	33.560
Transformer No. 3AA	15.100	21.140	63.760
Transformer No. 4AA	15.100	21.140	63.760
<b>TOTAL = 600.000</b>	<b>175.500</b>	<b>63.420</b>	<b>361.080</b>

A. Sum of terminations percentages:

$$\begin{aligned} \text{LADWP} + \text{NV Energy} + \text{SCE} &= \\ 175.500 + 63.420 + 361.080 &= 600.000 \end{aligned}$$

B. Calculation of Ownership Interests:

$$\begin{aligned} \text{LADWP} &= (175.500/600.000) \times 100\% = 29.250\% \\ \text{NV Energy} &= (63.420/600.000) \times 100\% = 10.570\% \\ \text{SCE} &= (361.080/600.000) \times 100\% = 60.180\% \end{aligned}$$

$$\text{Total} = 100.000\%$$

**EXHIBIT 2-SHEET 3**  
**ELDORADO 220 KV SWITCHYARD**  
**CALCULATION OF OWNERSHIP INTERESTS (%)**

TERMINATIONS	LADWP	NV Energy	SCE
Eldorado-Mead No. 1	18.875	26.425	54.700
Eldorado-Mead No. 2	18.875	26.425	54.700
Eldorado-Pisgah No. 1	0.000	0.000	100.000
Eldorado-Pisgah No. 2	0.000	0.000	100.000
Transformer No. 3AA	15.100	21.140	63.760
Transformer No. 4AA	15.100	21.140	63.760
Total = 600.000	67.950	95.130	436.920

A. Sum of terminations percentages:

$$\text{LADWP} + \text{NV Energy} + \text{SCE} =$$

$$67.950 + 95.130 + 436.920 = 600.000$$

B. Calculation of Ownership Interests:

$$\text{LADWP} = (67.950/600.000) \times 100\% = 11.325\%$$

$$\text{NV Energy} = (95.130/600.000) \times 100\% = 15.855\%$$

$$\text{SCE} = (436.920/600) \times 100\% = 72.820\%$$

$$\text{Total} = 100.000\%$$

**EXHIBIT 3  
COST RESPONSIBILITY RATIOS FOR COMPONENTS OF THE ELDORADO  
SYSTEM**

**EXHIBIT 3-SHEET 1**

**ELDORADO GENERAL FACILITIES**

**COST RESPONSIBILITY RATIOS**

TERMINATIONS	LADWP	NV Energy	SCE	Third Parties
Transformer No. 3AA – 220 kV	15.100	21.140	63.760	
Transformer No. 4AA – 220 kV	15.100	21.140	63.760	
Eldorado-Mead No. 1	18.875	26.425	54.700	
Eldorado-Mead No. 2	18.875	26.425	54.700	
Eldorado-Cima-Pisgah No. 1	0.000	0.000	100.000	
Eldorado-Cima-Pisgah No. 2	0.000	0.000	100.000	
Eldorado-Merchant No. 1	0.000	0.000	100.000	
Eldorado-Merchant No. 2	0.000	100.000	0.000	
Eldorado-Magnolia	0.000	100.000	0.000	
Eldorado-NSO	0.000	100.000	0.000	
<b>Subtotal=1000.000</b>	<b>67.950</b>	<b>395.130</b>	<b>536.920</b>	<b>0.000</b>
Transformer No. 3AA – 500 kV	15.100	21.140	63.760	
Transformer No. 4AA – 500 kV	15.100	21.140	63.760	
Eldorado-Mohave	45.300	21.140	33.560	
Eldorado-McCullough	100.000	0.000	0.000	
Eldorado-Lugo	0.000	0.000	100.000	
Eldorado-Moenkopi	0.000	0.000	100.000	
Transformer No. 5 AA	0.000	0.000	100.000	
<b>Subtotal = 700.000</b>	<b>175.500</b>	<b>63.420</b>	<b>461.080</b>	<b>0.000</b>
<b>TOTAL=1700</b>	<b>243.450</b>	<b>458.550</b>	<b>998.000</b>	<b>0.000</b>

**Sum of terminations responsibilities:**

LADWP + NV Energy + SCE + Third Parties =

$$243.450 + 458.550 + 998.000 + 0.000 = 1700.000$$

**Calculation of Cost Responsibility Ratios:**

$$\text{LADWP} = (243.450/1700.000) \times 100\% = 14.321\%$$

$$\text{NV Energy} = (458.550/1700.000) \times 100\% = 26.973\%$$

$$\text{SCE} = (998.000/1700.000) \times 100\% = 58.706\%$$

$$\text{Third Parties} = (0.000/1700.000) \times 100\% = 0.000\%$$

$$\text{Total} = 100.000\%$$

**EXHIBIT 3-SHEET 2**  
**ELDORADO 220 KV SWITCHYARD**  
**COST RESPONSIBILITY RATIOS**

TERMINATIONS	LADWP	NV Energy	SCE	Third Parties
Transformer No. 3AA – 220 kV	15.100	21.140	63.760	
Transformer No. 4AA – 220 kV	15.100	21.140	63.760	
Eldorado-Mead No. 1	18.875	26.425	54.700	
Eldorado-Mead No. 2	18.875	26.425	54.700	
Eldorado-Cima-Pisgah No. 1	0.000	0.000	100.000	
Eldorado-Cima-Pisgah No. 2	0.000	0.000	100.000	
Eldorado-Merchant No. 1	0.000	0.000	100.000	0.000
Eldorado-Merchant No. 2	0.000	100.000	0.000	0.000
Eldorado-Magnolia	0.000	100.000	0.000	
Eldorado-NSO	0.000	100.000	0.000	
<b>Total=1000.000</b>	<b>67.950</b>	<b>395.130</b>	<b>536.920</b>	<b>0.000</b>

**A. Sum of terminations responsibilities:**

$$\text{LADWP} + \text{NV Energy} + \text{SCE} + \text{Third Parties} = \\ 67.950 + 395.130 + 536.920 + 0.000 = 1000.000$$

**B. Calculation of Cost Responsibility Ratios:**

LADWP	= (67.950/1000.000) x 100%	= 6.795%
NV Energy	= (395.130/1000.000) x 100%	= 39.513%
SCE	= (536.920/1000.000) x 100%	= 53.692%
Third Parties	= (0.000/1000) x 100%	= 0.000
Total		= 100.000%

**EXHIBIT 3-SHEET 3**  
**MOHAVE SWITCHYARD**  
**COST RESPONSIBILITY RATIOS**

TERMINATIONS	LADWP	NV Energy	SCE
Eldorado-Mohave	45.30	21.14	33.56
Lugo-Mohave	0.00	0.00	100.00
Laughlin-Mohave No.1	0.00	100.00	0.00
Laughlin-Mohave No.2	0.00	100.00	0.00
Vacant Position 2	30.00	14.00	56.00
Vacant Position 3	30.00	14.00	56.00
<b>TOTAL=600</b>	<b>105.30</b>	<b>249.14</b>	<b>245.56</b>

**Sum of terminations responsibilities:**

$$\begin{aligned} \text{LADWP} + \text{NV Energy} + \text{SCE} &= \\ 105.30 + 249.14 + 245.56 &= 600.00 \end{aligned}$$

**Calculation of Cost Responsibility Ratios:**

$$\begin{aligned} \text{LADWP} &= (105.30/600.00) \times 100\% &= & 17.550\% \\ \text{NV Energy} &= (249.14/600.00) \times 100\% &= & 41.523\% \\ \text{SCE} &= (245.56/600.00) \times 100\% &= & 40.927\% \\ \\ \text{Total} &&&= 100.000\% \end{aligned}$$

**EXHIBIT 3 SHEET 4**  
**ELDORADO 500 KV SWITCHYARD**  
**COST RESPONSIBILITY RATIOS**

TERMINATIONS	LADWP	NV Energy	SCE
Eldorado-Lugo	0.000	0.000	100.000
Eldorado-McCullough	100.000	0.000	0.000
Eldorado-Moenkopi	0.000	0.000	100.000
Eldorado-Mohave	45.300	21.140	33.560
Transformer No. 3AA	15.100	21.140	63.760
Transformer No. 4AA	15.100	21.140	63.760
Transformer No. 5AA	0.000	0.000	100.000
Total = 700.000	175.500	63.420	461.080

**A. Sum of terminations responsibilities:**

LADWP + NV Energy + SCE =

175.500 + 63.420 + 461.080 = 700.000

**B. Calculation of Cost Responsibility Ratios:**

LADWP =  $(175.500/700.000) \times 100\%$  = 25.071%

NV Energy =  $(63.420/700.000) \times 100\%$  = 9.060%

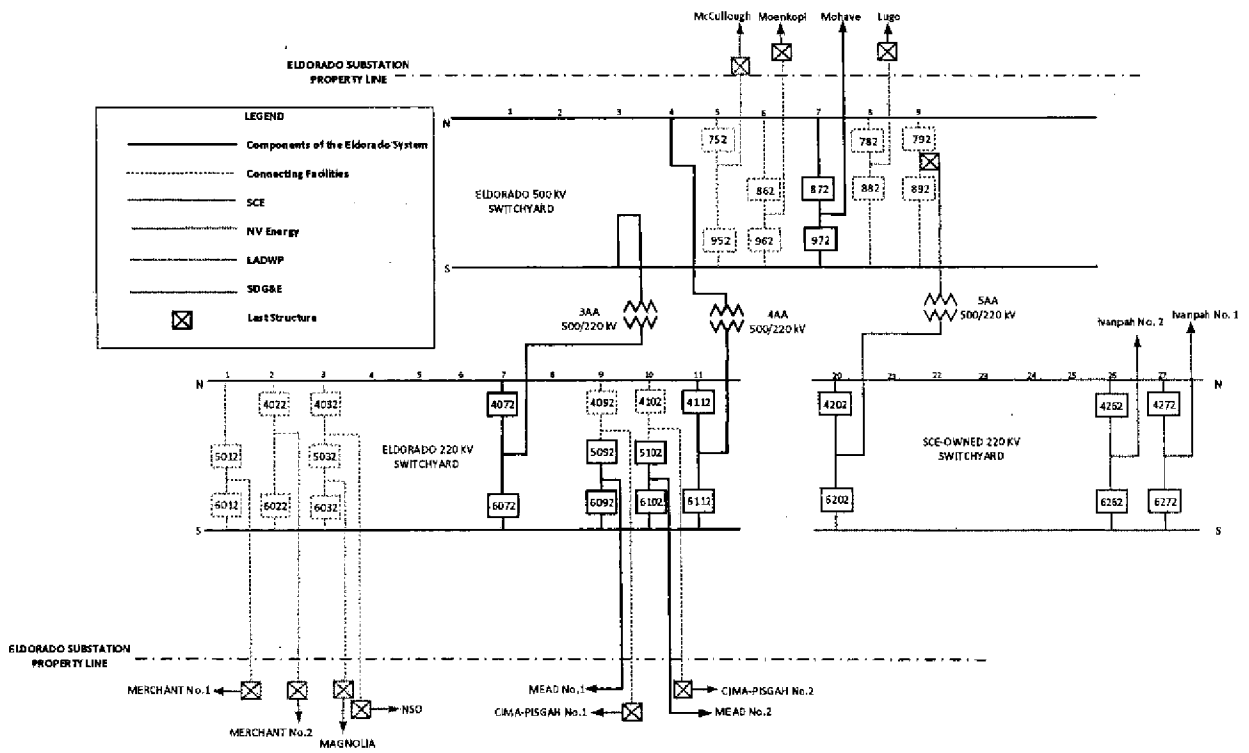
SCE =  $(461.080/700.000) \times 100\%$  = 65.869%

Total = 100.000%

### EXHIBIT 4

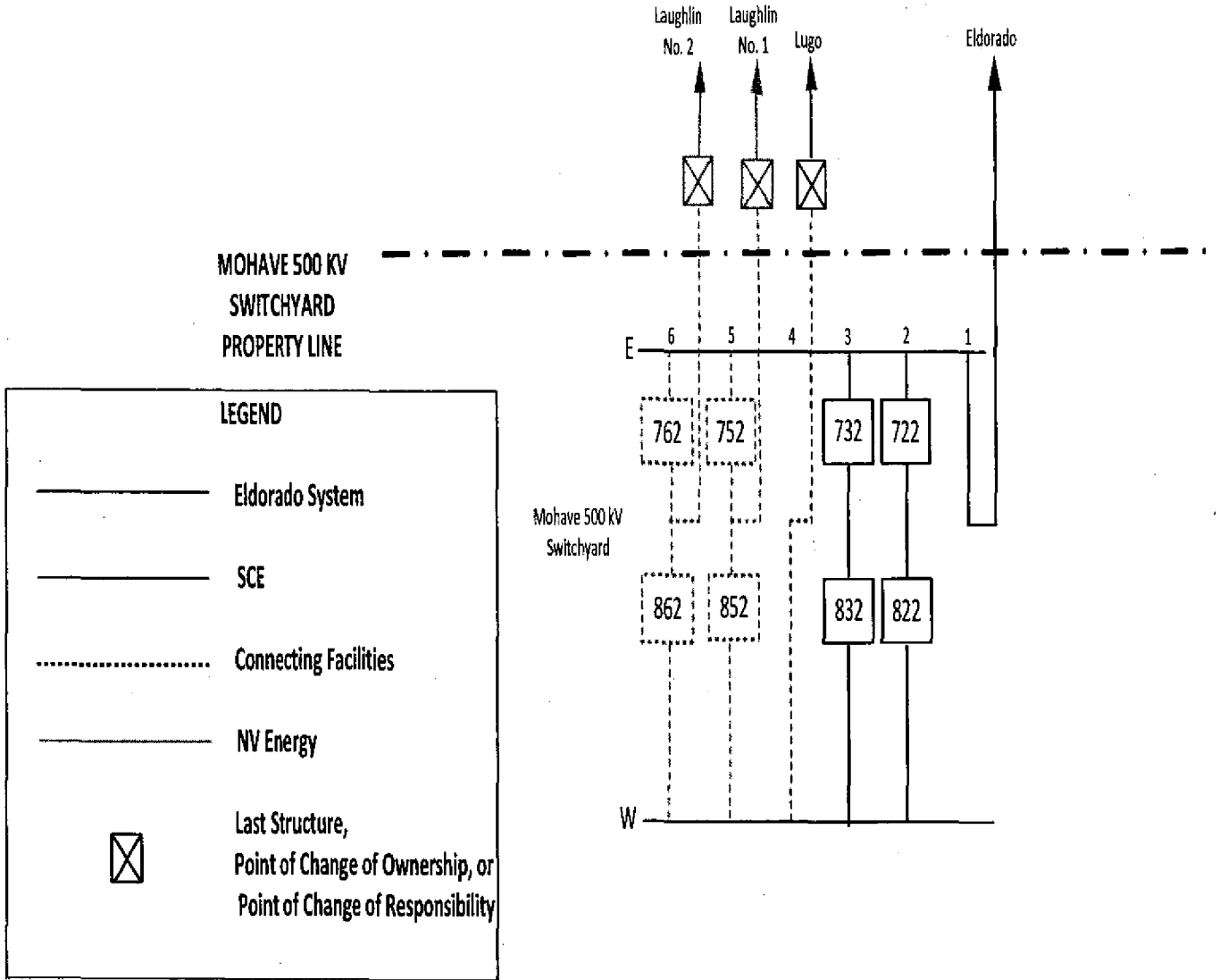
### ELDORADO SYSTEM ONE-LINE DIAGRAMS

#### EXHIBIT 4 SHEET 1 ELDORADO SUBSTATION





**EXHIBIT 4 SHEET 2**  
**MOHAVE SWITCHYARD**



**EXHIBIT 5 CONNECTING FACILITIES****EXHIBIT 5A****CONNECTING FACILITIES SOLELY OWNED BY A CO-OWNER**

1. Mohave Switchyard
  - 1.1. the Laughlin-Mohave No. 1 and No. 2 500 kV transmission lines to the Mohave Switchyard, including circuit breakers, disconnect switches, and associated equipment.
    - 1.1.1. Ownership shares: NV Energy 100%
  - 1.2. the Lugo-Mohave 500 kV transmission line to the Mohave 500 kV Switchyard, including transmission structures, series capacitors, line reactors, circuit breakers, disconnect switches, and associated equipment.
    - 1.2.1. Ownership Shares: SCE 100%
2. Eldorado 220 kV Switchyard
  - 2.1. the Eldorado-Magnolia 230 kV transmission line to the Eldorado 220 kV Switchyard, including transmission structures, circuit breakers, disconnect switches, and associated equipment.
    - 2.1.1. Ownership shares: NV Energy 100%
  - 2.2. the Eldorado-NSO 230 kV transmission line to the Eldorado 220 kV Switchyard, including transmission structures, circuit breakers, disconnect switches, and associated equipment.
    - 2.2.1. Ownership shares: NV Energy 100%
  - 2.3. the Cima-Eldorado-Pisgah No. 1 and No. 2 220 kV transmission lines to the Eldorado 220 kV Switchyard including transmission structures, circuit breakers, disconnect switches, and associated equipment.
    - 2.3.1. Ownership shares: SCE 100%
  - 2.4. the Eldorado-Merchant No. 1 230 kV transmission line to the Eldorado 220 kV Switchyard, including circuit breakers, disconnect switches, conductors and associated equipment.
    - 2.4.1. Ownership shares: SCE 100%

- 2.5. the Eldorado-Merchant No. 2 230 kV transmission line to the Eldorado 220 kV Switchyard, including circuit breakers, disconnect switches, conductors and associated equipment.
  - 2.5.1. Ownership shares NV Energy 100%
3. Eldorado 500 kV Switchyard
  - 3.1. the Eldorado-McCullough 500 kV transmission line including transmission structures, circuit breakers, disconnect switches, and associated equipment.
    - 3.1.1. Ownership shares: LADWP 100%
  - 3.2. the Eldorado-Lugo 500 kV transmission line including transmission structures, circuit breakers, disconnect switches, series capacitors, line reactors, and associated equipment.
    - 3.2.1. Ownership Shares: SCE 100%
  - 3.3. the Eldorado-Moenkopi 500 kV transmission line including transmission structures, circuit breakers, disconnect switches, series capacitors, line reactors, and associated equipment.
    - 3.3.1. Ownership Shares: SCE 100%
  - 3.4. the Connecting Facilities for the Eldorado 5AA Bank, including circuit breakers, disconnect switches, and associated equipment.
    - 3.4.1. Ownership shares: SCE 100%

**EXHIBIT 5B**

**CONNECTING FACILITIES JOINTLY OWNED BY THE CO-OWNERS**

(Reserved)

**EXHIBIT 6**  
**CAPACITY ENTITLEMENTS IN**  
**COMPONENTS OF THE ELDORADO SYSTEM (MW)**

Component	LADWP	NV Energy	SCE
Eldorado-Mohave Line	716	334	530
Eldorado-Mead Lines	215	301	624
Eldorado 500/220 kV Transformers	159	222	669

Calculation of Capacity Entitlements:

Eldorado-Mohave Line:

Capacity = 1580 MW

Capacity Entitlements:

$$\text{LADWP} = 45.300\% \times 1580 \text{ MW} = 716 \text{ MW}$$

$$\text{NV Energy} = 21.140\% \times 1580 \text{ MW} = 334 \text{ MW}$$

$$\text{SCE} = 33.560\% \times 1580 \text{ MW} = 530 \text{ MW}$$

Eldorado-Mead Lines:

Capacity = 1140 MW

Capacity Entitlements:

$$\text{LADWP} = 18.875\% \times 1140 \text{ MW} = 215 \text{ MW}$$

$$\text{NV Energy} = 26.425\% \times 1140 \text{ MW} = 301 \text{ MW}$$

$$\text{SCE} = 54.700\% \times 1140 \text{ MW} = 624 \text{ MW}$$

Eldorado 500/220 kV Transformers:

Capacity = 1050 MW

Capacity Entitlements:

$$\text{LADWP} = 15.100\% \times 1050 \text{ MW} = 159 \text{ MW}$$

$$\text{NV Energy} = 21.140\% \times 1050 \text{ MW} = 222 \text{ MW}$$

$$\text{SCE} = 63.760\% \times 1050 \text{ MW} = 669 \text{ MW}$$

**EXHIBIT 7**  
**ALLOCATION OF OVERHEAD EXPENSES**

Overhead expenses incurred by the Operating Agent which are allocable to the Eldorado System shall be comprised of, but not limited to, the following:

1. A portion of the following expenses in the Operating Agent's Grid Operations Management organization with such portion determined by multiplying the total of such salaries and expenses by a ratio, the numerator of which is the total payroll for the operating portion of Operating Work for the Eldorado Substation and the denominator of which is the total payroll supervised by the Grid Operations Management Director and his/her staff.
  - (a) The salaries and expenses of the Grid Operations Management Director and his/her supervisory, administrative, engineering and clerical staffs.
  - (b) Stationery and office supplies expenses.
  - (c) Payroll and other costs incurred in the operation of Operating Agent's Substation Training organization and the salaries and expenses of Grid Operations Management personnel while attending such training.
  - (d) Miscellaneous overhead expenses not assignable to any of the above functions of the Grid Operations Management organization, including automotive expenses of overhead personnel and moving expenses of employees, where applicable.
  
2. A portion of the following expenses in the Operating Agent's Substation Construction and Maintenance organization with such portion determined by multiplying the total of such salaries and expenses by a ratio, the numerator of which is the total payroll for the maintenance portion of Operating Work for the Eldorado Substation and Mohave Switchyard and the denominator of which is the total payroll supervised by the Substation Construction and Maintenance Director and his/her staff.
  - (a) The salaries and expenses of the Substation Construction and Maintenance Director and his/her supervisory, administrative, engineering and clerical staffs.
  - (b) Stationery and office supplies expenses.
  - (c) Payroll and other costs incurred in Substation Construction and Maintenance organization employee training meetings.
  - (d) Miscellaneous overhead expenses not assignable to any of the above functions of the Substation Construction and Maintenance organization, including

automotive expenses of overhead personnel and moving expenses of employees, where applicable.

3. A portion of the following expenses in the Operating Agent's Transmission organization with such portion determined by multiplying the total of such salaries and expenses by a ratio, the numerator of which is the total payroll for the maintenance portion of Operating Work for the Eldorado-Mohave Line and Eldorado-Mead Lines and the denominator of which is the total payroll supervised by the Transmission Manager and his/her staff.
  - (a) The salaries and expenses of the Transmission Manager and his/her supervisory, administrative, engineering, and clerical staffs.
  - (b) Stationery and office supplies expenses.
  - (c) Payroll and other costs incurred in Transmission organization employee training meetings.
  - (d) Miscellaneous overhead expenses not assignable to any of the above functions of the Transmission organization, including automotive expenses of overhead personnel and moving expenses of employees, where applicable.
4. A portion of the following expenses incurred in the Grid Control Management organization with such portion determined by multiplying the total of such salaries and expenses by a ratio, the numerator of which is the total payroll for Operating Work for the Eldorado Substation and the denominator of which is the total payroll supervised by the Grid Control Management Manager and his/her staff.
  - (a) The salaries and expenses of the Grid Control Management Manager and his/her supervisory, administrative, engineering, and clerical staffs, but excluding transmission dispatchers.
  - (b) Stationery and office supplies expenses.
  - (c) Expenses (excluding payroll costs) incurred in attending certain conventions, committee meetings and classes by Grid Control Management personnel.
  - (d) Miscellaneous overhead expenses not assignable to any of the above functions of the Grid Control Management organization, including automotive expenses of overhead personnel, publication and printing services, facsimile services, and moving expenses of employees, where applicable.
5. The Operating Agent's company organizational titles referred to in this Exhibit A are subject to change during the term of this Agreement. The total of such allocable overhead expenses shall be allocated and charged to the appropriate FERC Accounts for

the Eldorado System on the basis of the Operating Agent's direct labor charges to such accounts.



**EXHIBIT 8**  
**PAYROLL TAX RATIO**

2012<sup>1</sup>

The Payroll Tax Ratio shall be determined in the manner demonstrated in the example below using, where indicated, expenses reported in the Annual Report of the Operating Agent to the FERC ("FERC Form 1"):

<b>Payroll Taxes for 2012</b>	Payroll taxes applicable to labor charged to operation and maintenance, construction and other accounts per FERC Form 1, pages 262 and 263.	
	FICA and HIT	\$137,113,666
	FUTA	1,593,935
	SUI (State Employment Training Tax)	5,431,749
	<b>Total</b>	<b>\$144,139,350</b>
<b>Labor Base for 2012</b>	Total labor charged to operation and maintenance, construction and other accounts, per FERC Form 1, page 355, column (d), line 96.	\$1,852,487,137
<b>PAYROLL TAX RATIO FOR 2012</b>	<u>\$144,139,350</u>	
	\$1,852,487,137 =	<b>7.78%</b>

1. 2012 data used for illustrative purposes only. References to FERC Form 1 line items are to the 2012 FERC Form 1 and are subject to change to comparable line references in subsequent FERC Form 1s.

**EXHIBIT 9**  
**WORKERS COMPENSATION RATIO**  
2012<sup>1</sup>

The Workers Compensation Ratio shall be determined in the manner demonstrated in the example below using, where indicated, expenses reported by the Operating Agent in the FERC Form 1:

<u>Workers' Compensation Expenses for 2012</u>			
	Employee injuries expenses:	Schedule B	
	Disability allowance and compensation		\$7,685,992
	Employee Medical expenses		<u>\$8,849,502</u>
			\$ 16,535,494
	Portion of liability insurance premium allocable to workers' compensation coverage	Schedule C	<u>2,245,916</u>
	Total workers' compensation expenses		\$18,781,410
<u>Labor Base for 2012</u>			
	Total Labor charged to operation and maintenance, per FERC Form 1, page 355, column (d), line 65		\$ 1,107,166,003
	Total Labor charged to Constructions per FERC Form 1, page 355, column (d), line 71		730,866,622
	Total Labor charged to other accounts, per FERC Form 1, page 355, column (d), line 95.		<u>14,454,512</u>
	Net Labor Base		\$ 1,852,487,137
<b>WORKERS' COMPENSATION RATIO FOR 2012</b>			<u>\$18,781,410</u> \$1,852,487,137 = 1.01%

1. 2012 data used for illustrative purposes only. References to FERC Form 1 line items are to the 2012 FERC Form 1 and are subject to change to comparable line references in subsequent FERC Form 1s.

**EXHIBIT 10**  
**BENEFITS RATIO**

2012<sup>1</sup>

The Benefits Ratio shall be determined in the manner demonstrated in the example below using, where indicated expenses reported by the Operating Agent in FERC Form 1:<sup>1</sup>

<u>Pensions and Benefits Expenses for 2012</u>			
		Labor	Total
Employee pensions and benefits charged to account 926, per FERC Form 1, page 323, column (b) line 187	Sch D	\$7,414,957	\$293,595,750
Severance Cost Adjustment	Sch 4		53,100
Plus employee pensions and benefits capitalized	Sch E		180,386,329
Employee pensions and benefits charged to/paid by others			(3,941,842)
Subtotal		\$7,414,957	\$470,093,337
Payroll taxes	7.78%		576,884
Workers' compensation	1.01%		74,891
Total pensions and benefits expenses			\$470,745,112
<u>Labor Base for 2012</u>			
Total labor charged to operation and maintenance, construction, and other accounts, per FERC Form 1, page 355, column (d) line 96			\$1,852,487,137
Less: labor charged to employee pensions and benefits (see above)		\$7,414,957	
Less: Temporary Labor	Sch A	3,512,871	10,927,828
Net Labor Base			\$1,841,559,309
<b>BENEFITS RATIO FOR 2012</b>		<u>\$470,745,112</u> \$1,841,559,309 =	<b>25.56%</b>

1. 2012 data used for illustrative purposes only. References to FERC Form 1 line items are to the 2012 FERC Form 1 and are subject to change to comparable line references in subsequent FERC Form 1s.

**EXHIBIT 11**  
**OPERATION AND MAINTENANCE A & G RATIO**

2012<sup>1</sup>

The Operation and Maintenance A&G Ratio shall be determined in the manner demonstrated in the example below using, where indicated expenses reported by the Operating Agent in FERC Form 1:

<u>Administrative and General Expenses for 2012 allocable to Operation and Maintenance per FERC Form 1, pages 322-323.</u>		<u>Labor</u>	<u>Total</u>
A/C 920 Administrative and general salaries	FF1	\$536,918,160	\$536,918,160
921 Office supplies and expenses	FF1		106,486,299
920 Remove 30% RP&A Costs	Exh 4	(2,639,987)	(2,639,987)
921 Remove 30% RP&A Costs	Exh 4		(149,112)
920 Remove 50% Other Depts.	Exh 5	(3,582,601)	(3,582,601)
921 Remove 50% Other Depts.	Exh 5		737,327
920 Remove Results Sharing	Sch 3	(169,327,483)	(169,327,483)
920 Remove Executive Incentive Comp	Sch 3	(17,441,932)	(17,441,932)
920 Remove Stock Based Comp	Sch 3	(18,611,497)	(18,611,497)
920 Remove Severance	Sch 3	(2,980,295)	(2,980,295)
Add Results Sharing for A&G	Sch 3		60,092,017
Add EIC for A&G	Sch 3		13,516,809
Add Stock Based Comp	Sch 3		18,611,497
Add Severance	Sch 3		2,980,295
LTI Adjustment	Sch 5		(5,309,854)
Total accounts 920 and 921		322,334,365	519,299,643
55.54% of accounts 920 and 921 applicable to operations & maintenance	See Exhibit 12	179,024,506	288,419,022
A/C 923 Outside services	FF1	267,689	67,510,845
923 Remove 50% Other Depts	Exh 5		(29,044)
923 Directly Billed Adjustment	Sch 4		(318,855)
935 Maintenance of general plan	FF1	1,896,050	11,685,945
935 Remove 50% Other Depts	Exh 5		(1,398,138)
Subtotal		\$181,188,245	365,869,775
Payroll taxes	7.78%		14,096,445
Workers' compensation	1.01%		1,830,001
Pensions and benefits	25.56%		46,311,716
Payroll Taxes for A&G Results Sharing		\$60,092,017	2,596,583
Total A & G expenses allocable to operations and maintenance			430,704,520
Less: A&G expenses allocable to O&M non-labor at 1% (see Exhibit E-1b Supplement)			15,326,158
<b>Total A&amp;G expenses allocable to O&amp;M labor</b>			<b>\$415,378,362</b>

**Operation and Maintenance Labor Base**

Total Labor charged to operation and maintenance accounts, per FERC Form 1, page 355, column (d), line 65	\$1,107,166,003	\$1,107,166,003
Less: amount of such labor charged to administrative and general accounts:		
Labor per FERC Form 1, page 354, column (b), line 27	272,353,922	
Labor per FERC Form 1, page 355, column (b), line 61	94,326	
		<u>272,448,248</u>
Net labor base		\$834,717,755
<b>Operation and Maintenance A &amp; G Ratio for 2012</b>	$\frac{\$415,378,362}{\$834,717,755} =$	49.76%

**Exhibit 11  
Supplement  
Operation and Maintenance Non-Labor Base**

Total O & M expenses per FERC Form 1, page 320-323, line 198			<b>\$7,502,290,058</b>
Add: Billings to outside parties	Sch H		123,607,535
Less:			
Fuel expense (lines 5, 25, 63)		\$311,422,766	
Purchased power (line 76)		3,668,240,656	
Other (line 78)		46,112,914	
A&G expense (line 197)		1,145,332,086	
Results Sharing Non-A&G Depts	Sch 3	<u>87,455,651</u>	
			<u>5,258,564,073</u>
Total O&M expense base			2,367,333,520
Less: O&M labor base subtotal (see Exhibit 11)			<u>834,717,755</u>
O&M non-labor base			<u>\$1,532,615,765</u>
Construction Non-labor base			
Total construction expenditures, excluding A&G, injuries and damage expense, and AFUDC	Exh 1		\$3,489,818,000
Less:			
Construction labor base	Exhibit 12		<u>653,782,577</u>
Construction non-labor base			<u>\$2,836,035,423</u>

1. 2012 data used for illustrative purposes only. References to FERC Form 1 line items are to the 2012 FERC Form 1 and are subject to change to comparable line references in subsequent FERC Form 1s.

**EXHIBIT 12**  
**CAPITAL A & G RATIO**

2012<sup>1</sup>

The Capital A&G Ratio shall be determined in the manner demonstrated in the example below using, where indicated expenses reported by the Operating Agent in FERC Form 1:

<u>Administrative and General Expenses for 2012 allocable to Construction per FERC Form 1, page 322</u>			<u>Labor</u>	<u>Total</u>
A/C	920 Administrative and general salaries	FF1	\$536,918,160	\$536,918,160
	921 Office supplies and expenses	FF1		106,486,299
	920 Remove 30% RP&A Costs	Exh 4	(2,639,987)	(2,639,987)
	921 Remove 30% RP&A Costs	Exh 4		(149,112)
	920 Remove 50% Other Depts	Exh 5	(3,582,601)	(3,582,601)
	921 Remove 50% Other Depts	Exh 5		737,327
	920 Remove Results Sharing	Sch 3	(169,327,483)	(169,327,483)
	920 Remove Executive Incentive Comp	Sch 3	(17,441,932)	(17,441,932)
	920 Remove Stock Based Comp	Sch 3	(18,611,497)	(18,611,497)
	920 Remove Severance	Sch 3	(2,980,295)	(2,980,295)
	Add Results Sharing for A&G	Sch 3		60,092,017
	Add EIC for A&G	Sch 3		13,516,809
	Add Stock Based Comp	Sch 3		18,611,497
	Add Severance	Sch 3		2,980,295
	LTI Adjustment	Sch 5		(5,309,854)
	<b>Total Accounts 920 and 921</b>		<b><u>\$322,334,365</u></b>	<b><u>\$519,299,643</u></b>
	43.50% (see Exhibit 13) of accounts 920 and 921 applicable to construction		<b><u>\$140,215,449</u></b>	<b>\$225,895,345</b>
	Payroll taxes	7.78%		10,908,762
	Workers' compensation	1.01%		1,416,176
	Pensions and benefits	25.56%		35,839,069
	Payroll Taxes for A&G Results Sharing		\$60,092,017	<u>2,033,694</u>
	<b>Total A &amp; G expense allocable to construction</b>			<b>276,093,046</b>
	Less: A & G expense allocable to construction non-labor @ 1% (see Exhibit 11 Supplement)			<u>28,360,354</u>
	<b>A &amp; G Expenses allocable to construction labor</b>			<b><u>\$247,732,692</u></b>
	<u>Construction Labor Base</u>			
	Total labor charged to construction accounts per FERC Form 1, page 355, column (d), line 71			<b>\$730,866,622</b>
	Less: A & G labor allocated to construction accounts	Sch D	<u>77,084,045</u>	<u>77,084,045</u>

Construction direct labor base subtotal			<u>653,782,577</u>
<b>Total construction labor base</b>			<b>\$653,782,577</b>
<b>CAPITAL A &amp; G RATIO FOR 2012</b>		$\frac{\$247,732,692}{\$653,782,577} =$	<b>37.89%</b>

1. 2012 data used for illustrative purposes only. References to FERC Form 1 line items are to the 2012 FERC Form 1 and are subject to change to comparable line references in subsequent FERC Form 1s.

**EXHIBIT 13**  
**DETERMINATION OF OPERATION AND MAINTENANCE AND CONSTRUCTION LABOR**  
**RATIOS TO BE USED IN CAPITAL A&G RATIO AND OPERATION AND MAINTENANCE**  
**A&G RATIO**  
2012<sup>1</sup>

<u>Labor Charges for 2012</u>			
Total Labor charged to operation and maintenance accounts per FERC Form 1, page 355, column (d), line 65		\$1,107,166,003	\$1,107,166,003
Less: Amount of such labor charged to administrative and general expense accounts:			
Labor per FERC Form 1, page 354, column (b), line 27		272,353,922	
Labor per FERC Form 1, page 355, column (b), line 61		94,326	272,448,248
<b>Net labor charged to operation and maintenance accounts</b>			<b><u>\$834,717,755 (A)</u></b>
Total labor charged to construction accounts per FERC Form 1, page 355, column (d), line 71			\$730,866,622
Less: A&G labor allocated to construction accounts	Sch D	77,084,045	<u>77,084,045</u>
<b>Net labor charged to construction accounts</b>			<b><u>\$653,782,577 (B)</u></b>

Total labor charged to other accounts per FERC Form 1, page 355, column (d), line 95			\$14,454,512
<b>Net labor charged to other accounts</b>			<b><u>\$14,454,512 (C)</u></b>
<b>Total labor base for this computation (A+B+C)</b>			<b><u>\$1,502,954,844 (D)</u></b>
Ratio of operation and maintenance	=	$\frac{(A)}{(D)}$	$\frac{\$834,717,755}{\$1,502,954,844} = 55.54\%$
Ratio of construction labor	=	$\frac{(B)}{(D)}$	$\frac{\$653,782,577}{\$1,502,954,844} = 43.50\%$
Ratio of labor charged to other accounts	=	$\frac{(C)}{(D)}$	$\frac{\$14,454,512}{\$1,502,954,844} = 0.96\%$

1. 2012 data used for illustrative purposes only. References to FERC Form 1 line items are to the 2012 FERC Form 1 and are subject to change to comparable line references in subsequent FERC Form 1s.



**EXHIBIT 14**

**BILLING AND PAYMENT ADDRESSES**

Billing Addresses:

- Nevada Power Company d/b/a NV Energy  
Attn: Jenifer Root, Accounts Payable

Street address: 6100 Neil Road – M/S S4A60  
Reno, Nevada 89511

Mailing address: P.O. Box 10100 – M/S S4A60  
Reno, Nevada 89520-0024  
e-mail: JRoot@nvenergy.com  
fax: 775-834-3561

- Department of Water and Power of  
The City of Los Angeles  
Attn: **MS. Lillian Sanchez**  
Projects, Billings and Claims Accounting, Room 424  
111 North Hope Street  
Los Angeles, California 90012  
Phone: 213 367-4700

Payment Address:

- Southern California Edison Company  
Accounts Receivable  
2244 Walnut Grove Ave.  
P. O. Box 800  
Rosemead, CA 91770

**EXHIBIT 15**  
**ADDRESSES FOR NOTICES**

Department of Water and Power of  
the City of Los Angeles  
c/o Mr. Michael Webster Senior Assistant General Manager- Power System  
Box 51111, Room 921  
111 North Hope Street  
Los Angeles, California 90051-5700  
Fax: 213 367-0313  
e-mail: Michael Webster@ladwp.com

Nevada Power Company d/b/a NV Energy  
c/o Director, Transmission Business Planning  
Street address: 6100 Neil Road – M/S S3B40  
Reno, NV 89511  
Mailing address: P.O. Box 10100 – M/S S3B40  
Reno, NV 89520-0024  
E-mail: JWickersham3@nvenergy.com

Southern California Edison Company  
Manager of Grid Contracts Management  
P. O. Box 800  
Rosemead, California 91770  
Fax: (626) 302-9292

**EXHIBIT 16**  
**COMMUNICATIONS FACILITIES**

1. ADDITIONAL DEFINITIONS:

Capitalized terms used but not defined herein shall have the meaning set forth in this Agreement. The following terms, when used herein, whether in the singular or the plural, shall have the meanings specified:

- 1.1 Communications Facilities Cost Responsibility Ratio: The percentage of each Co-Owner's cost responsibility for the Eldorado System Communications Facilities as shown on Table 3.
- 1.2 Eldorado System Communications Facilities: The SCE Project Facilities and Leased Project Facilities as graphically depicted in Figure 1. The Eldorado System Communications Facilities are not Components of the Eldorado System or Connecting Facilities, but are solely owned by SCE.
- 1.3 Leased Project Facilities: The communications facilities, leased by SCE for the benefit of the Eldorado Co-Owners and the Eldorado System from third party telecommunication facilities providers, and required for the protection, operation, and maintenance of the Eldorado System.
- 1.4 Monthly Service Charge: The monthly charge for the Eldorado System Communications Facilities as determined in Section 4 of this Exhibit 16.
- 1.5 SCE Project Facilities: The communications facilities, including land or land rights, owned by SCE and required for the protection, operation, and maintenance of the Eldorado System including, but not limited to communications voice and data circuits, microwave channels, fiber optic circuits, channel-end equipment, and communications sites.

2. FACILITIES:

- 2.1 SCE shall furnish, operate and maintain the SCE Project Facilities, and shall make all necessary contractual arrangements with third party communications facilities providers for Leased Project Facilities.
- 2.2 SCE shall operate and maintain the SCE Project Facilities in accordance with Applicable Standards and Good Utility Practice.
- 2.3 The Leased Project Facilities shall be furnished, operated and maintained in accordance with Applicable Standards, and the provisions of applicable agreements with third party communications facilities providers.
- 2.4 Consistent with the Communications Facilities Cost Responsibility Ratios, the Co-Owners shall reimburse SCE for SCE's actual cost for the following:
  - 2.4.1 SCE's continuing expenses associated with the operation and maintenance of the SCE Project Facilities, and,

2.4.2 SCE's expenses associated with the Leased Project Facilities.

2.4.3 SCE's carrying charges for advancement of capital necessary to construct the SCE Project Facilities.

3 CAPITAL ADDITIONS, BETTERMENTS, REPLACEMENTS, OR RETIREMENTS:

3.1 SCE shall be responsible for the design and construction of any additions, betterments, replacements, or retirements for the SCE Project Facilities. Capital costs for any such additions, betterments, or replacements shall be charged in accordance with Section 4.1.3 of this Exhibit 16.

4 MONTHLY SERVICE CHARGES:

4.1 Consistent with the Communications Facilities Cost Responsibility Ratios, the Co-Owners shall reimburse SCE for SCE's actual cost for the Eldorado System Communications Facilities as follows:

4.1.1 The monthly charge for the Leased Project Facilities, multiplied by the Communications Facilities Cost Responsibility Ratio for each Co-Owner

4.1.2 Operation and maintenance charges for the SCE Project Facilities as calculated according to the following formula:

$A * B/C * D * \text{Communications Facilities Cost Responsibility Ratio for each Co-Owner}/12$

Where:

A = SCE's actual cost incurred for the operations and maintenance for all of SCE's telecommunications facilities during the prior calendar year,

B = Investment made in the Eldorado System Communication Facilities,

C = Total SCE investment made in SCE's communication facilities; and

D = Capital Utilization Factor (0.25%). The factor, assumed to be 0.25%,

which represents the extent to which the shared SCE communication facilities are utilized for the benefit of the Eldorado System.

An example of this is shown in Table 2.

4.1.3 Capital costs for the SCE Project Facilities as calculated in accordance with the following formula:

$((A * B) * C) * \text{Communications Facilities Cost Responsibility Ratio for each Co-Owner} / 12)$

Where:

A = SCE's capital investment in the SCE Project Facilities,

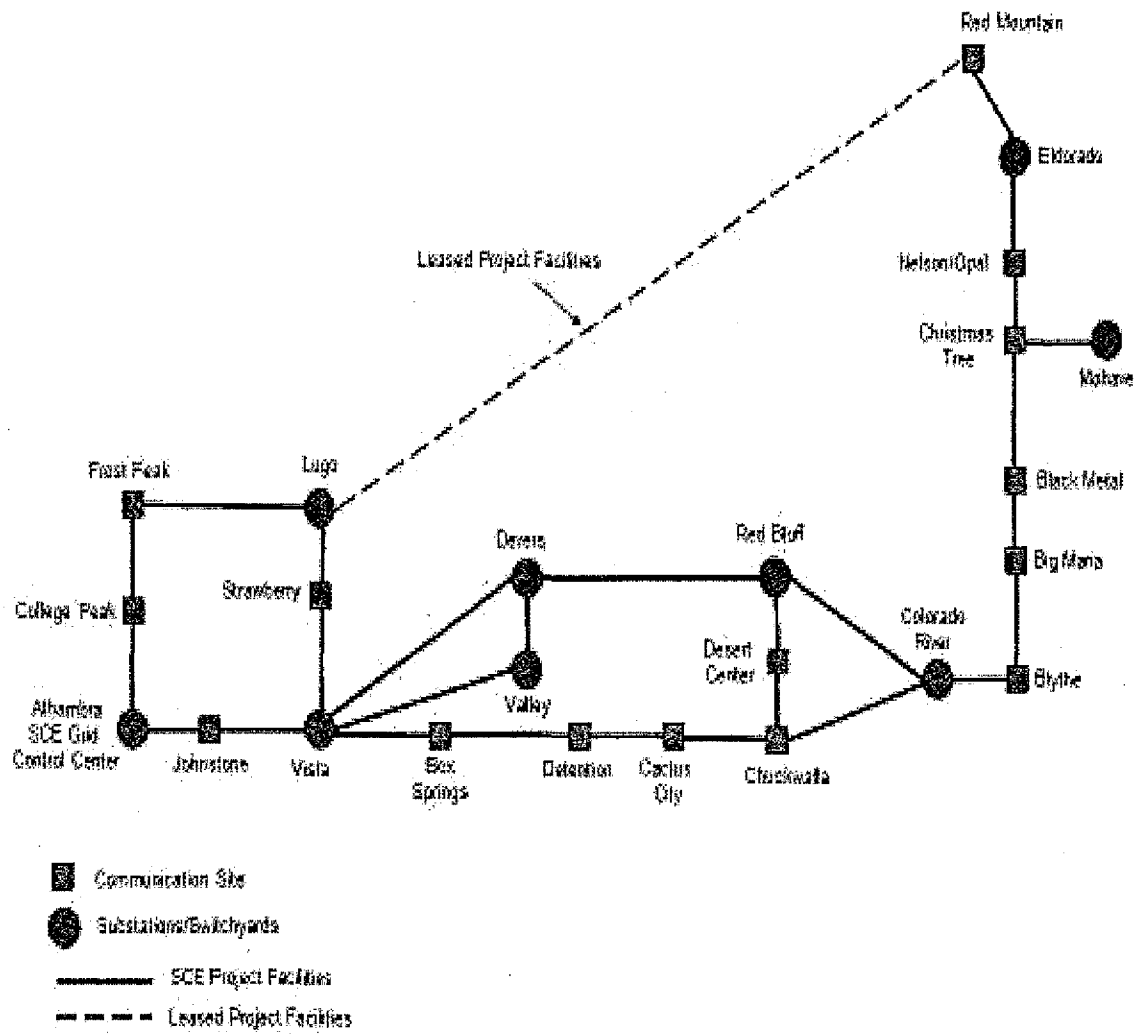
B = Capital Utilization Factor (0.25%) The factor, assumed to be 0.25%,

which represents the extent to which the shared SCE communication facilities are utilized for the benefit of the Eldorado System.,

C = Carrying charge used for general plant and for typical transmission investments of this nature.

An example of this is shown on Table 2.

Figure 1



**TABLE 1**  
**COMMUNICATIONS CIRCUITS UTILIZED FOR THE ELDERADO SYSTEM COMMUNICATIONS**  
**FACILITIES**

<b>Circuit</b>	<b>Description</b>	<b>Circuit Function</b>	<b>Line Name, EMS Name</b>
01/LB--/452959//SCE	Alhambra-Phoenix	Dispatch	SCE GCC-XMAS Tree: SCE to Phoenix circuit.
01/LB--/451098/SCE	Alhambra-Clark	Dispatch	SCE GCC-Red Mt.
01/LB--/475968/A	Eldorado-McCullough	EMS	Red Mtn.-Mohave-McCullough: McCullough leg of NV Energy LFC circuit.
01/LB--/475968/B	Eldorado-Mohave	EMS	Red Mtn.-Mohave-McCullough: Mohave leg of NV Energy LFC circuit.
01/SC--/450234	Mead-Alhambra	EMS	Mead - SCE GCC (AGC)
01/SC--/451672	Alhambra-Eldorado	EMS	Eldorado - McCullough LFC/AGC
01/SC-P/451661/001	Eldorado-McCullough-Alhambra	EMS	Eldorado-McCullough to SCE GCC. AGC/LFC: SCE GCC to Eldorado Segment
01/SC-P/468456/	Mohave-Mira Loma	EMS	Mohave-Mira Loma PMS(Lugo RDAC)
01/SC-P/450239/	Mead-Mira Loma	EMS	Mead-Mira Loma PMS (Lugo RDAC)
01/SC-P/450200/	McCullough -Mira Loma	EMS	McCullough -Mira Loma PMS (Lugo RDAC)
01/SC-P/451279/	Harry Allen-Mira Loma	EMS	Harry Allen-Mira Loma PMS (Lugo RDAC)
01/SC-P/451681/	Eldorado-Mira Loma	EMS	Eldorado-Mira Loma PMS (Lugo RDAC)
01/XR--/027922	Eldorado-Mohave	Line Protection	Eldorado-Mohave 500 kV, L90 (line diff relay)
01/XR-- /027925	Eldorado-Mohave	Line Protection	Eldorado - Mohave 500 kV D60 (Direction Comparison Pilot Relay)
01/XR--/027926	Eldorado-Mohave	Line Protection	Eldorado-Mohave 500 kV, SFL 9745, Bi-Directional Dual Channel (DTT)
01/LR /470778	Eldorado-Mohave	Line Protection	Eldorado - Mohave 500 kV (TLS)
01/LR /470126	Eldorado - Mohave	Line Protection	Eldorado - Mohave DTT
01/LR/451679	Eldorado - Mead	Line Protection	Eldorado - Mead No. 1 220 kV (TTDIR)
01/LR/451680	Eldorado - Mead	Line Protection	Eldorado - Mead No. 2 220 kV (TTDIR)

TABLE 2  
EXAMPLE OF MONTHLY SERVICE CHARGE FOR SCE PROJECT FACILITIES<sup>1</sup>

The Monthly Service Charge for the SCE Project Facilities shall be calculated according to the following formula:

(Third Party Provider Charges for Leased Communication Facilities \* Communications Facilities Cost Responsibility Ratio)/12 + A \* (B/C) \* D \* Communications Facilities Cost Responsibility Ratio for a Co-Owner/12 + (A \* B \* C) \* Communications Facilities Cost Responsibility Ratio / 12)

Where:

**Monthly Reimbursement Amounts for Leased Communication Facilities**

= \$1,625

LADWP	21.80%	= \$ 354.24
SCE	65.22%	= \$1,059.83
NV Energy	12.98%	= \$ 210.93

Total	100%	\$1,625.00
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**Monthly Reimbursement Amounts for Operations and Maintenance Charges**

$\$4,800,000 * (\$121,033,728.42 / \$866,415,972.30) * 0.25\% = 4,800,000 * 0.1397 * 0.0025 =$   
 $\$1,676.34 / 12 = \$139.70$

LADWP	21.80%	= \$ 30.45
SCE	65.22%	= \$ 91.12
NV Energy	12.98%	= \$ 18.13
Total	100%	\$139.70

**Monthly Reimbursement Amounts for Capital Costs**

$(\$121,033,728.42 * 0.25\% * 13\% = \$121,033,728.42 * 0.0025 * 0.13 = \$39,335.96 / 12 =$   
 $\$3,278.00$

LADWP	21.80%	= \$ 714.60
SCE	65.22%	= \$2,137.91
NV Energy	12.98%	= \$ 425.49
Total	100%	\$3,278.00

**Total Monthly Service Charge for each Co-Owner**

LADWP	= \$354.24 + \$30.45 + \$714.60 = \$1,099.29
SCE	= \$1,059.83 + \$91.12 + \$2,137.91 = \$3,288.86
NV Energy	= \$210.93 + \$18.13 + 425.49 = 654.55

1. Example based on 2012 actual costs



TABLE 3

<b>TERMINATIONS</b>	<b>LADWP</b>	<b>NV Energy</b>	<b>SCE</b>
220 kV Switchyard			
Eldorado-Mead No. 1	18.875	26.425	54.700
Eldorado-Mead No. 2	18.875	26.425	54.700
Cima-Eldorado-Pisgah No. 1	0.000	0.000	100.000
Cima-Eldorado-Pisgah No. 2	0.000	0.000	100.000
Transformer No. 3AA	15.100	21.140	63.760
Transformer No. 4AA	15.100	21.140	63.760
<b>Subtotal = 600.000</b>	<b>67.950</b>	<b>95.130</b>	<b>436.920</b>
500 kV Switchyard			
Eldorado-Lugo	0.000	0.000	100.000
Eldorado-McCullough	100.000	0.000	0.000
Eldorado-Moenkopi	0.000	0.000	100.000
Eldorado-Mohave	45.300	21.140	33.560
Transformer No. 3AA	15.100	21.140	63.760
Transformer No. 4AA	15.100	21.140	63.760
<b>Subtotal = 600.000</b>	<b>175.500</b>	<b>63.420</b>	<b>361.080</b>
Mohave Switchyard			
Eldorado-Mohave	45.300	21.140	33.560
Lugo-Mohave	0.000	0.000	100.000
Vacant Position 2	30.000	14.000	56.000
Vacant Position 3	30.000	14.000	56.000
<b>Subtotal = 400</b>	<b>105.300</b>	<b>49.140</b>	<b>245.560</b>
<b>TOTAL = 1600.000</b>	<b>348.75</b>	<b>207.690</b>	<b>1043.560</b>

**Sum of termination responsibilities:**

$$\text{LADWP} + \text{NV Energy} + \text{SCE} = \\ 348.750 + 207.690 + 1043.560 = 1600$$

**Calculation of Communications Cost Responsibility Ratios:**

LADWP	= 348.75/1600	= 21.80%
NV Energy	= 207.690/1600	= 12.98%
SCE	= 1043.560/1600	= 65.22%
<b>TOTAL</b>		<b>= 100%</b>

**EXHIBIT 17**

**ELDORADO SYSTEM REAL PROPERTY MAPS**

**EXHIBIT 18****TRANSMISSION INTERCONNECTION PROCEDURES****1. Definitions**

When initially capitalized in this Eldorado Transmission System Transmission Interconnection Procedures (“TIP”), the following words or phrases whether in the singular or the plural, shall have the meaning specified:

- 1.1 **Affected System** shall mean an electric system other than the Eldorado Transmission System that may be affected by or affect the Interconnection Request.
- 1.2 **Affected System Operator** shall mean the entity that operates an Affected System.
- 1.3 **Applicable Laws and Regulations** shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.
- 1.4 **Applicable Standards** shall mean any regulation, rule, order, law, standard, procedure or requirement issued by any local, state, regional or federal entity with jurisdiction over the operation and maintenance of the Eldorado System, including the Applicable Reliability Council and the North American Electric Reliability Corporation (“NERC”); applicable procedures and/ or protocols of the Balancing Authority; and any standard, procedure or other requirement adopted by the Co-Owners in writing pursuant to any provision of this Agreement and in conformance with Good Utility Practice; in each case as amended from time to time and whether now existing or hereafter imposed or arising.
- 1.5 **Balancing Authority** shall mean the responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports interconnection frequency in real time. The Balancing Authority for the Eldorado Transmission System is the CAISO.

- 1.6 **Base Case** shall mean the base case power flow, short circuit, and stability data bases used for the Interconnection Studies and shall include all (i) generation projects and (ii) transmission projects, including generation and transmission projects that are proposed for the Eldorado Transmission System for which a transmission expansion plan has been submitted and approved by the applicable authority.
- 1.7 **Breach** shall mean the failure of a Party to perform or observe any material term or condition of the TIP.
- 1.8 **Breaching Party** shall mean the Party who fails to perform or observe any material term or condition of this TIP.
- 1.9 **Business Day** shall mean Monday through Friday, excluding Federal Holidays and holidays observed by the Operating Agent.
- 1.10 **Calendar Day** shall mean any day including Saturday, Sunday and Federal Holidays.
- 1.11 **Commercially Reasonable Efforts** shall mean, with respect to an action required to be attempted or taken by a Party under this TIP, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests. Commercially Reasonable Efforts to meet the timelines specified in this TIP may be impacted by unforeseen events, or by delays and/or deficiencies of necessary technical data to be provided to the Operating Agent by the Interconnection Customer. In addition, meeting such timelines will require timely cooperation by all Parties. Insufficient timely cooperation by the Eldorado Co-Owners, WATS, and/or the Interconnection Customer shall relieve the Operating Agent from its obligation to meet such timelines. The Operating Agent shall not be liable for any cost or damage incurred by the Interconnection Customer because of any such delays.
- 1.12 **Critical Energy Infrastructure Information** ("CEII") shall mean Critical Energy Infrastructure Information, as defined by the FERC in 18 C.F.R. § 388.113(c)(1). For purposes of this TIP, CEII shall also include: (A) materials, including data concerning short circuit duty, power flow, plot plans and/or line and bus diagrams for (i) Interconnection Customer or Operating Agent

transmission facilities, existing or proposed, (ii) the Eldorado Transmission System facilities and other existing or proposed substations, and (iii) other interconnection-related data provided in accordance with this Agreement and designated to a Party as CEII; (B) any information contained in or obtained from such designated materials; (C) Notes of CEII; and (D) copies of CEII; provided that such information shall not constitute CEII hereunder unless each page is marked as “PROTECTED MATERIALS – Contains Critical Energy Infrastructure Information” or with words of similar import as long as the term “CEII” is included in that designation to indicate that they are CEII.

Notwithstanding the foregoing, the following shall not be considered CEII hereunder unless it is Critical Energy Infrastructure Information as defined by the FERC in 18 C.F.R. § 388.113(c)(1): (I) information that is or becomes publicly available other than as a result of a disclosure in violation of this TIP; (II) information that was already known to a Party on a non-confidential basis prior to being furnished to such party by the other Party; (III) information that becomes available to a Party on a non-confidential basis from a source other than the other Party; and (IV) information that is independently developed by a Party without use of or reference to CEII.

- 1.13 **Default** shall mean the failure of a Breaching Party to cure its Breach.
- 1.14 **Disputing Party** shall mean the Interconnection Customer, or the Operating Agent representing the Eldorado Co-Owners who disputes, or asserts a claim, that arises out of, or in connection with, this TIP.
- 1.15 **Eldorado Co-Owners** shall mean the owners of the Eldorado Transmission System, namely SCE, NV Energy, and LADWP.
- 1.16 **Eldorado E&O Committee** (“E&O Committee”) shall mean the Engineering and Operating Committee for the Eldorado Transmission System.
- 1.17 **Eldorado Transmission System** shall mean the jointly-owned portions of the Eldorado Substation, the Mohave 500 kV Switchyard, the Eldorado-Mohave 500 kV transmission line, and the Eldorado-Mead No. 1 and No. 2 220 kV transmission lines.

- 1.18 **Good Utility Practice** shall mean the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be any one of a number of the optimum practices, methods or acts to the exclusion of all others, but rather to be acceptable practices, methods or acts generally accepted in the region
- 1.19 **Governmental Authority** shall mean any federal, state, local or other governmental regulatory or administrative agency, including staff, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Customer, or the Eldorado Co-Owners.
- 1.20 **Initial Deposit** shall mean a deposit of \$100,000 that Interconnection Customer submits to Operating Agent upon initiating an Interconnection Request. Such deposit shall be applied toward the Eldorado Co-Owners' administrative and study work associated with the Interconnection Request.
- 1.21 **In-Service** shall mean the demonstration of reliable operation of the Interconnection Customer's Transmission Line and the Interconnection Facilities as verified by the Operating Agent.
- 1.22 **In-Service Date** shall mean the date the Interconnection Facility first becomes In-Service.
- 1.23 **Interconnection Customer** shall mean an entity, including an Eldorado Co-Owner, who submits an Interconnection Request to interconnect a transmission line to the Eldorado Transmission System.

- 1.24 **Interconnection Customer's Transmission Line** shall mean an Interconnection Customer-owned transmission line from the Source Station to the Point of Change of Ownership, but shall not include the Interconnection Facilities.
- 1.25 **Interconnection Facilities** shall mean all the facilities and equipment between the Point of Change of Ownership and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Interconnection Customer' Transmission Line to the Eldorado Transmission System.
- 1.26 **Interconnection Facilities Study** ("IFS") shall mean a study conducted by the Study Party, to; (i) determine the necessary facilities, including the Interconnection Facilities identified in the SIS report, and the physical location of such facilities, (ii) the costs associated with installing such facilities, and (iii) the time required to interconnect the Interconnection Customer's Transmission Line to the Eldorado Transmission System.
- 1.27 **Interconnection Facilities Study Agreement** ("IFS Agreement") shall mean the agreement between the Operating Agent, representing the Eldorado Co-Owners, and the Interconnection Customer for conducting the IFS.
- 1.28 **Interconnection Facilities Study Report** ("IFS Report") shall mean the report completed by the Study Party setting forth the results of the IFS.
- 1.29 **Interconnection Request** shall mean an Interconnection Customer's request, in the form of Appendix 1 to the TIP, to interconnect a new transmission line, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing transmission line that is interconnected to the Eldorado Transmission System.
- 1.30 **Interconnection System Impact Study** ("SIS") shall mean an engineering study conducted by the Study Party that evaluates the impact of the Interconnection Customer's Transmission Line interconnection on the safety and reliability of the Eldorado Transmission System and any applicable Affected System. The SIS shall identify and detail the system impacts that would result if the Interconnection Customer's Transmission Line were interconnected without project modifications or system modifications, focusing on the adverse system

impacts and potential impacts, including but not limited to those identified in the Scoping Meeting as described in this TIP.

- 1.31 **Interconnection System Impact Study Agreement** (“SIS Agreement”) shall mean the agreement between the Operating Agent, representing the Eldorado Co-Owners, and the Interconnection Customer for conducting the SIS.
- 1.32 **Interconnection System Impact Study Plan** (“SIS Plan”) shall mean the plan, jointly developed by the Parties outlining the SIS objectives, study assumptions, reliability criteria, power flow, transient and post-transient contingencies, short circuit duty analysis, and other items deemed necessary by the Parties.
- 1.33 **Interconnection System Impact Study Report** (“SIS Report”) shall mean the report completed by the Study Party setting forth the results of the SIS.
- 1.34 **Material Modification** shall mean those modifications that have a material impact on the cost or timing of any generator or transmission interconnection request submitted after the Relative Position Date for the Interconnection Customer’s Transmission Line. Any change to the Point of Interconnection within the Eldorado Transmission System shall constitute a Material Modification.
- 1.35 **Notes of CEII** shall mean memoranda, handwritten notes, or any other form of information (including electronic form) which copies or discloses CEII. Notes of CEII are subject to the same restrictions as for CEII except as specifically provided in this Agreement.
- 1.36 **Notice of Dispute** shall mean a written notice of a dispute or claim by the Disputing Party that arises out of, or in connection with the TIP or its performance.
- 1.37 **Operating Agent** shall mean the Eldorado Co-Owner exclusively responsible for Operating Work and Capital Additions to the Eldorado Transmission System. SCE is the Operating Agent for the Eldorado Transmission System.
- 1.38 **Party or Parties** shall mean the Eldorado Co-Owners and the Interconnection Customer.
- 1.39 **Point of Change of Ownership** shall mean the point where the Interconnection Customer-owned Transmission Line connects to the Interconnection Facilities.



- 1.40 **Point of Interconnection** shall mean the point where the Interconnection Facilities connect to the Eldorado Transmission System.
- 1.41 **Relative Position** shall mean the relative position of an Interconnection Request between the Balancing Authority's generator queue clusters for the purpose of determining the necessary network upgrades required to accommodate the interconnection of the Interconnection Customer's Transmission Line.
- 1.42 **Relative Position Date** shall mean the date the Operating Agent determines that the Interconnection Request is valid. The Relative Position Date of each Interconnection Request will be used to determine the order of performing the Interconnection Studies and the determination of cost responsibility for the facilities necessary to accommodate the Interconnection Request.
- 1.43 **Scoping Meeting** shall mean the meeting between representatives of the Interconnection Customer, Operating Agent, Balancing Authority, and Eldorado Co-Owners conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and existing study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.
- 1.44 **Source Station** shall mean the terminal of an Interconnection Customer's Transmission Line other than the Eldorado Transmission System.
- 1.45 **Study Party** shall mean the Party responsible for performing the SIS and/or the IFS.
- 1.46 **Transmission Interconnection Procedures ("TIP")** shall mean these Eldorado Transmission System Transmission Interconnection Procedures.
- 1.47 **Western Arizona Transmission Studies Task Force ("WATS")** shall mean the regional transmission planning committee representing the E&O Committee which provides oversight on technical studies for the E&O Committee specifically for transmission interconnections to the Eldorado Transmission System.
2. **Cost Responsibility for Interconnection Studies**

- 2.1 Neither the Eldorado Co-Owners nor the Operating Agent shall be required to advance any funds on behalf of Interconnection Customer. The costs of performing any study work, including for the IFS or SIS, or any other study, or re-study, will be borne solely by the Interconnection Customer.
- 2.2 If an Interconnection Customer withdraws, or is deemed to have withdrawn its Interconnection Request, the Operating Agent shall refund to Interconnection Customer, without interest, any portion of Interconnection Customer's Initial Deposit or additional study payments that exceed the costs that Operating Agent, Study Party, or any of the Eldorado Co-Owners have incurred in connection with the Interconnection Request.

### **3. Interconnection Requests**

- 3.1 In order to initiate the interconnection request process, an Interconnection Customer shall submit to Operating Agent: (i) an Interconnection Request in the form of Appendix 1 to this TIP, and (ii) the Initial Deposit.
  - 3.1.1 The completed Interconnection Request and Initial Deposit shall be delivered to the Chairman of the Eldorado E&O Committee by courier service as provided in Appendix 1 to this TIP
- 3.2 Operating Agent will process and analyze Interconnection Requests from an Interconnection Customer in a non-discriminatory manner irrespective of whether the Interconnection Request is submitted by an Eldorado Co-Owner or by a third party.
- 3.3 The Operating Agent shall make Commercially Reasonable Efforts to meet the time lines provided in this TIP. The Eldorado Co-Owners and the Interconnection Customer agree to work timely and cooperatively with the Operating Agent in order to ensure that the Operating Agent is able to meet such time lines.
- 3.4 To the extent practical, Operating Agent shall acknowledge receipt of the Interconnection Request from the Interconnection Customer, and shall send a copy of the Interconnection Request and receipt acknowledgement to the E&O Committee and the Balancing Authority within ten (10) Business Days of receipt of the Interconnection Request.

- 3.5 When, in its sole discretion, the Operating Agent determines that the Interconnection Request contains all of the required information, Operating Agent shall notify the Interconnection Customer in writing that such Interconnection Request shall be deemed valid and the Interconnection Request shall be assigned a Relative Position. For purposes of this TIP written notice may include notice by email.
- 3.6 As soon as practical after the assignment of a Relative Position, Operating Agent will: (i) forward the valid Interconnection Request to the E&O Committee, the Balancing Authority, and WATS, and (ii) if necessary, initiate a meeting among the Eldorado Co-Owners to review the details of the Interconnection Request.
- 3.7 If an Interconnection Request fails to meet the requirements set forth in Appendix 1, Operating Agent shall provide the Interconnection Customer with written notice that the Interconnection Request does not constitute a valid request and the reason(s) the request has been deemed deficient.
- 3.7.1 Interconnection Customer shall provide Operating Agent the additional requested information needed to constitute a valid request within ten (10) Business Days after receipt of such deficiency notice.
- 3.7.2 If the Interconnection Customer fails to comply with Section 3.6.1, Operating Agent may deem the Interconnection Request to be withdrawn and shall provide written notice to Interconnection Customer and the E&O Committee of the deemed withdrawal explaining the reasons for such deemed withdrawal.
- 3.8 Interconnection Customer may withdraw its Interconnection Request at any time by written notice of such withdrawal to Operating Agent.
- 3.8.1 Upon receipt of Interconnection Customer's written notice of withdrawal, Operating Agent shall notify the E&O Committee of such withdrawal and shall terminate all work associated with the Interconnection Customer's Interconnection Request, including any studies.
- 3.8.2 Following receipt of Interconnection Customer's written notice of withdrawal, Operating Agent shall refund to the Interconnection Customer

any unused portion of the Initial Deposit as set forth in Section 2.2 of this TIP.

- 3.9 If Interconnection Customer fails to adhere to any requirements of this TIP, except as provided in Section 10, Operating Agent may deem the Interconnection Request to be withdrawn and shall provide written notice to Interconnection Customer and the E&O Committee of the deemed withdrawal, explaining the reasons for such deemed withdrawal.
- 3.9.1 Upon receipt of such written notice of such withdrawal or deemed withdrawal, Interconnection Customer shall have fifteen (15) Business Days in which to respond with either information or actions that cure the deficiency.
- 3.9.2 Disputes related to any withdrawal may be resolved through dispute resolution procedures set forth in Section 10 of this TIP.
- 3.10 Nothing in this TIP shall constitute a request for transmission service or confer upon an Interconnection Customer any right to receive transmission service.

#### **4. Scoping Meeting**

- 4.1 Within 30 Calendar Days following determination that an Interconnection Request is valid, or as otherwise mutually agreed by the Parties, Operating Agent shall establish a date agreeable to Interconnection Customer, the Eldorado Co-Owners, and the Balancing Authority for a Scoping Meeting.
- 4.2 The Interconnection Customer, the Eldorado Co-Owners, and the Balancing Authority shall bring to the Scoping Meeting such technical data, as available, including, but not limited to: (i) general transmission data, (ii) general instability issues, (iii) general short circuit issues, (iv) general voltage issues, (v) details concerning path rating, and (vi) general reliability issues as may be reasonably required to accomplish the purpose of the meeting.
- 4.3 The Interconnection Customer and the Eldorado Co-Owners will also bring to the meeting personnel and other resources as may be reasonably required to accomplish the purpose of the Scoping Meeting in the time allocated for the meeting.

- 4.4 At the Scoping Meeting, Interconnection Customer and Operating Agent shall, among other things, agree upon (i) a Point of Interconnection within the Eldorado Transmission System, and (ii) the determination of who will serve as the Study Party, if applicable.
- 4.5 If the Operating Agent is the Study Party, Operating Agent may elect to combine the Interconnection System Impact Study and the Facilities Study as a single study. In such event, Operating Agent shall provide the combined SIS/IFS Report to the E&O Committee and to WATS for review and approval.
- 5. Critical Energy Infrastructure Information and Confidentiality**
- Operating Agent shall require that Interconnection Customer sign a non-disclosure and use agreement in the form of Appendix 4 to this TIP before it will permit the release of confidential information or CEII.
- 6. Interconnection System Impact Study Agreement**
- 6.1 Within 10 Business Days following the Scoping Meeting, or as otherwise agreed by the Operating Agent and the Interconnection Customer, Operating Agent shall tender to the Interconnection Customer an SIS Agreement, in the form of Appendix 2 to this TIP.
- 6.2 Interconnection Customer shall execute the SIS Agreement and deliver the executed SIS Agreement to Operating Agent no later than thirty (30) Calendar Days after its receipt of the SIS Agreement from the Operating Agent.
- 7. The SIS**
- 7.1 The Interconnection Customer shall be responsible for the actual cost of the SIS. The Operating Agent will draw upon the Interconnection Customer's Initial Deposit as necessary to cover such costs.
- 7.1.1 In the event that the Initial Deposit is determined by the Operating Agent to be insufficient to cover the costs of the SIS, including any restudy, the Operating Agent shall invoice Interconnection Customer for additional funds to complete the SIS, any restudy, and any subsequent studies, as

- applicable. Interconnection Customer shall submit payment to Operating Agent no later than fifteen (15) Calendar Days after it receives the invoice.
- 7.1.2 Operating Agent shall apply (i) any remaining Initial Deposit or (ii) any deposit remaining after costs set forth in Section 7.1.1 are recovered by Operating Agent, to the costs of the IFS.
- 7.1.3 If Interconnection Customer withdraws its Interconnection Request, Operating Agent shall refund the unused portion of the Initial Deposit or deposit remaining after costs set forth in Section 7.1.1 to Interconnection Customer in accordance with Section 2.2.
- 7.2 Operating Agent and Interconnection Customer shall agree upon whether the Operating Agent or the Interconnection Customer will be the Study Party for the SIS.
- 7.3 The Study Party shall use Commercially Reasonable Efforts to (i) utilize existing studies to the extent practicable and (ii) complete the SIS within one hundred and twenty (120) Calendar Days after the receipt of the executed SIS Agreement and technical data.
- 7.4 Upon request, Operating Agent and Interconnection Customer will provide each other with supporting documentation, work papers and relevant pre-Interconnection Request and post-Interconnection Request power flow, short circuit and stability databases for the SIS, subject to confidentiality arrangements identified in Section 5 of this TIP.
- 7.5 Operating Agent and Interconnection Customer will agree upon an SIS Plan, which will be submitted by Operating Agent to WATS for review and approval.
- 7.6 Following WATS approval of the SIS Plan, the Study Party shall perform the SIS.
- 7.7 Interconnection Customer may submit to Operating Agent, in writing, modifications to any information provided in the Interconnection Request. Interconnection Customer shall retain its Relative Position among the Balancing Authority queue cluster if the modifications are determined not to be Material Modifications.

- 7.7.1 Prior to making any modification, Interconnection Customer may first request that Operating Agent evaluate whether such modification is a Material Modification.
  - 7.7.2 In response to Interconnection Customer's request, Operating Agent shall evaluate the proposed modifications to determine whether said modification would constitute a Material Modification.
  - 7.7.3 Interconnection Customer may then elect to either withdraw the proposed Material Modification, or withdraw its Interconnection Request and submit a new Interconnection Request including such Material Modification.
- 7.8 Notwithstanding the above, and to the extent that it does not result in delays to other Interconnection Requests or ongoing studies, during the course of the SIS, either Interconnection Customer or Operating Agent may identify changes to the planned interconnection that may improve the costs and benefits (including reliability) of the interconnection, and the ability of the proposed change to accommodate the Interconnection Request.
- 7.9 If the Operating Agent is not the Study Party, Operating Agent shall provide Base Cases to the Study Party upon request subject to confidentiality provisions in TIP Section 5.
- 7.10 If the Operating Agent is not the Study Party, the Study Party shall, following completion of the SIS, submit a draft SIS Report to the Operating Agent for review.
- 7.10.1 Operating Agent shall review the draft SIS Report in consultation with the Balancing Authority. Following such review and approval of the draft SIS Report, Operating Agent shall submit the draft SIS Report to the E&O Committee and to WATS.
- 7.11 If the Operating Agent is the Study Party, Operating Agent, in consultation with the Balancing Authority, shall review the draft SIS Report with the Interconnection Customer.
- 7.11.1 Following review and approval of the draft SIS Report, Operating Agent shall submit the draft SIS Report to the E&O Committee and to WATS.

- 7.12 WATS will review the draft SIS Report and make recommendation(s) to the E&O Committee either approving or disapproving the SIS Report.
- 7.12.1 If the draft SIS Report is disapproved by WATS, the Study Party will make changes to the draft SIS Report as recommended by WATS and resubmit the draft SIS Report to WATS for re-review or the Interconnection Customer may withdraw its Interconnection Request.
- 7.13 Following WATS's approval of the SIS Report, the E&O Committee will vote on approval of the SIS Report. Prior to such approval, the E&O Committee may, if necessary, request that additional studies be performed. Costs of performing such additional studies will be borne solely by the Interconnection Customer.
- 7.14 Approval of the SIS Report will be documented in a written resolution signed by all members of the E&O Committee and the Operating Agent shall distribute the approved SIS Report to the Interconnection Customer and the Balancing Authority.
- 7.15 To the extent practical, within thirty (30) Calendar Days of the E&O Committee's approval of the SIS Report, Operating Agent will meet with Interconnection Customer to discuss, as necessary, the results of the SIS. Representatives of the Eldorado Co-Owners, Balancing Authority, and Affected System Operators will be invited to attend the results meeting with the Interconnection Customer.

## **8. Interconnection Facilities Study**

- 8.1 When the final SIS Report has been approved by the E&O Committee, Operating Agent shall, within 10 Business Days of such approval, tender to Interconnection Customer an IFS Agreement in the form of Appendix 3 to this TIP.
- 8.2 Unless otherwise determined by the Operating Agent, the Operating Agent shall be the Study Party for the IFS.
- 8.3 Interconnection Customer shall, within thirty (30) Calendar Days after its receipt, deliver to the Operating Agent the executed IFS Agreement together with any additional technical data requested by the Operating Agent.
- 8.4 Upon receipt of a fully executed IFS Agreement, Operating Agent shall perform, or cause to be performed, the IFS.



- 8.5 The Study Party shall use Commercially Reasonable Efforts to complete the IFS within one hundred and twenty (120) Calendar Days after the receipt of the executed IFS Agreement.
- 8.6 Requests by the Interconnection Customer to change any information or data that was used as the basis for the IFS must be submitted in writing to the Operating Agent for a determination on whether or not such requested change is considered a Material Modification. Any requests made by Interconnection Customer to change any information or data may require a re-study, or other study, be performed as determined by the Operating Agent.
- 8.7 Upon completion of the IFS, Operating Agent shall prepare a draft IFS Report and shall forward such draft IFS Report to the Balancing Authority for its review and to the E&O Committee for review and approval.
- 8.8 Upon approval of the draft IFS Report by the E&O Committee, Operating Agent shall provide the Interconnection Customer with the IFS Report and shall, if requested by the Interconnection Customer, schedule a meeting to review the results.
- 8.9 Interconnection Customer may, within thirty (30) Calendar Days after receipt of the draft IFS Report, provide written comments to Operating Agent. Operating Agent shall include changes in the IFS Report if Operating Agent, in its reasonable discretion, deems such changes appropriate.
- 8.10 Upon request, Operating Agent shall provide the Interconnection Customer supporting documentation, work papers, and databases or data developed in the preparation of the Interconnection Facilities Study, subject to confidentiality arrangements consistent with Section 5.
- 8.11 Once the IFS Report is deemed final, the Interconnection Customer and the Eldorado Co-Owners will commence negotiations for an interconnection agreement.

**9. Successor Operating Agent**

If the Eldorado Co-Owners transfer control of the Eldorado Transmission System to a successor Operating Agent during the period prior to the Interconnection Request being

deemed valid, the original Operating Agent shall transfer to the successor Operating Agent any amount of the Initial Deposits that exceeds the cost that the Operating Agent incurred thus far to evaluate the request for interconnection. The original Operating Agent shall coordinate with the successor Operating Agent to complete any Interconnection Study, as appropriate, that the Study Party has begun but has not completed. If the original Operating Agent has tendered a draft TIA to Interconnection Customer but Interconnection Customer has not executed the TIA, unless otherwise provided, Interconnection Customer must negotiate in good faith with the successor Operating Agent.

## **10. Disputes**

- 10.1 In the event a Disputing Party has a dispute, or asserts a claim, that arises out of or in connection with this TIP, or their performance, such Disputing Party shall provide the non-Disputing Party with a Notice of Dispute.
- 10.2 Such dispute or claim shall be referred to a designated senior representative of the non-Disputing Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute.
- 10.3 In the event the designated representatives are unable to resolve the claim or dispute through negotiations within thirty (30) Calendar Days of the non-Disputing Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement among the Disputing Party and the non-Disputing Party, be submitted to either non-binding or binding arbitration and resolved in accordance with the arbitration procedures set forth below.
- 10.4 In the event the Disputing Party and the non-Disputing Party do not agree to submit such claim or dispute to arbitration, each party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this TIP.
- 10.5 Any arbitration initiated under these procedures shall be conducted before a single neutral arbitrator appointed by the Disputing Party and the non-Disputing Party. If the parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each party shall choose one

arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the JAMS Arbitration Procedures; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Section 10, the terms of this Section 10 shall prevail.

- 10.6 Unless otherwise agreed by the Disputing Party and the non-Disputing Party, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this TIP and shall have no power to modify or change any provision of this TIP in any manner. If the parties have mutually agreed to binding arbitration, the decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service or Interconnection Facilities of those Eldorado Co-Owners subject to such FERC jurisdiction.
- 10.7 Each party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (i) the cost of the arbitrator chosen by the party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (ii) one half the cost of the single arbitrator jointly chosen by the parties.

**11. Compliance with Applicable Standards**

The Interconnection Customer shall comply with all Applicable Standards for the Interconnection Customer's Interconnection Facilities. If required to register with NERC, the Interconnection Customer shall be responsible for complying with all Applicable Standards for the Interconnection Customer's Transmission Line between the Point of Change of Ownership and Source Station.

**APPENDIX 1 to TIP**

**REQUEST TO INTERCONNECT A TRANSMISSION LINE  
TO THE ELDORADO TRANSMISSION SYSTEM**

1. The undersigned Interconnection Customer submits this request to interconnect the [transmission line name and voltage] transmission line to the Eldorado Transmission System pursuant to the TIP.

2. Interconnection Customer provides the following information:

2.1. General description of the facilities associated with the Interconnection Request including the proposed location of interconnection:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2.2. Proposed In-Service Date: \_\_\_\_\_ (Day, Month, and Year);

2.3. Name, address, telephone number, and e-mail address of Interconnection Customer's contact person:

2.4. Name: \_\_\_\_\_

Address: \_\_\_\_\_

Tel #: \_\_\_\_\_

2.5. Email: \_\_\_\_\_

2.6. Interconnection Customer Data (set forth in Attachment A)

3. Applicable deposit amount made payable to Operating Agent pursuant to Section 2. Send check to Operating Agent along with the:

3.1 Interconnection Request for processing

3.2 Completed Attachment A (Interconnection Customer's Transmission Line Data)

4. This Interconnection Request shall be submitted to the Operating Agent at the following address:

Chairman, Eldorado Engineering & Operating Committee  
Southern California Edison Company

2 Innovation Way  
, Pomona, CA 91768

5. Representative of Interconnection Customer to contact:

Name of Interconnection Customer: \_\_\_\_\_

Name (contact party): \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

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

Interconnection Customer hereby represents that all information is true and accurate to Interconnection Customer's knowledge and belief.

Signed: \_\_\_\_\_

Title: \_\_\_\_\_

**Attachment A to Appendix 1 of the TIP (Interconnection Request)**

**INTERCONNECTION CUSTOMER'S TRANSMISSION LINE DATA**

**APPENDIX 2 to TIP**  
**INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT**

**THIS INTERCONNECTION SYSTEM IMPACT STUDY (“SIS”) AGREEMENT** (“Agreement”) is made and entered into this \_\_\_ day of \_\_\_\_\_, 20\_\_ (“Effective Date”) by and between \_\_\_\_\_, a organized and existing under the laws of the State of \_\_\_\_\_, (“Interconnection Customer,” [or “Study Party”]) and Southern California Edison Company a corporation existing under the laws of the State of California, as Operating Agent on behalf of the Eldorado Co-Owners (“Operating Agent” [or “Study Party”]). Interconnection Customer and Operating Agent each may be referred to as a “Party,” or collectively as the “Parties.”

**WHEREAS**, Interconnection Customer is proposing to interconnect the [*insert transmission line name*] pursuant to the Interconnection Request submitted by Interconnection Customer dated \_\_\_\_\_; and

**WHEREAS**, Interconnection Customer desires to interconnect the [*insert transmission line name*] to the Eldorado Transmission System;

**WHEREAS**, [Interconnection Customer has requested Operating Agent] [Operating Agent has requested Interconnection Customer] to perform, or cause to be performed, an SIS to assess the impact of interconnecting the [*insert transmission line name*] to the Eldorado Transmission System, and of any Affected Systems;

**NOW, THEREFORE**, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1. Definitions



When used in this Agreement, the terms used herein with initial capitalization shall have the meanings indicated in the Eldorado Transmission System's TIP unless otherwise defined herein.

## 2. Performance of Study and Re-Studies

- 2.1 Study Party shall perform, or cause to be performed, an SIS consistent with this SIS Agreement and the TIP.
- 2.2 The SIS shall evaluate the impact of the Interconnection Request on the reliability of the Eldorado Transmission System and the system of the host Balancing Authority.
- 2.3 Study Party shall be responsible for coordinating additional studies, as necessary, with the Affected System Operators.
- 2.4 Study Party will include the Balancing Authority and any such Affected System Operators, when known, in all meetings related to the SIS.
- 2.5 Study Party shall produce, or cause to be produced, an SIS Report, which will include the following information:
  - 2.5.1 identification of circuit breaker short circuit capability limits exceeded as a result of the interconnection;
  - 2.5.2 identification of any thermal overload or voltage limit violations resulting from the interconnection;
  - 2.5.3 identification of any instability or inadequately damped response to system disturbances resulting from the interconnection;
  - 2.5.4 description of facilities required to interconnect the Interconnection Customer' Transmission Line to the Eldorado Transmission System and to address the identified short circuit, instability, and power flow issues;
  - 2.5.5 impact of Interconnection Request on Affected Systems; and
  - 2.5.6 non-binding, good faith estimated cost of facilities described in to Section 2.5.4

## 3. Study Assumptions

- 3.1 The scope of the SIS shall be based on the assumptions set forth in Attachment A to this Agreement.
    - 3.1.1 If the Interconnection Customer requests to change any of the study assumptions set forth in Attachment A, Interconnection Customer may, pursuant to Section 7.7 of the TIP, submit such changes to Operating Agent in writing. Operating Agent shall review such requested changes to the study assumptions to determine if such changes represent a Material Modification.
  - 3.2 [*Include only if Operating Agent is Study Party*] [Operating Agent reserves the right to request additional technical information from Interconnection Customer as may reasonably become necessary, in Operating Agent's reasonable judgment and consistent with Good Utility Practice during the course of the SIS. ]
  - 3.3 Operating Agent and Interconnection Customer shall confer with one another as necessary to exchange information that will provide for the most accurate analysis possible with the information available at the time the Study is performed.
  - 3.4 The SIS will consider the Base Case as well as all generating facilities and transmission facilities that, on the date the SIS commences: (i) are directly interconnected to the Eldorado Transmission System; (ii) are interconnected to Affected Systems; (iii) have generator interconnection requests to the Operating Agent's transmission facilities that have queue dates earlier than the Relative Position Date.
  - 3.5 The SIS will consider planned transmission interconnections that are not yet in service but for which Interconnection Customer and Eldorado Co-Owners have executed a TIA and/or for a transmission interconnection request for which a Disputing Party has initiated Dispute Resolution.
4. Cost Responsibility
    - 4.1 Interconnection Customer shall be responsible for all costs incurred in performing the SIS and completing the SIS Report.

4.2 In the event that the Initial Deposit is, in the Operating Agent's determination, insufficient to cover the costs of the SIS and SIS Report, the Operating Agent shall invoice Interconnection Customer for additional funds to complete the SIS and SIS Report.

4.3 Interconnection Customer shall submit payment to Operating Agent no later than fifteen (15) Calendar Days after it receives the invoice.

5. Schedule

5.1 Study Party shall use Commercially Reasonable Efforts to complete the SIS within one hundred and twenty (120) Calendar Days after the receipt of the executed SIS Agreement, and technical data.

5.2 If the Study Party determines that it will not meet the required timeframe for completing the SIS, it shall notify [Operating Agent] [Interconnection Customer] and provide an estimated completion date with an explanation of the reasons why additional time is required.

6. Third Party Review

Operating Agent will provide a copy of the SIS Report to WATS, the Operating Agent's Balancing Authority, and to any Affected System Operator for review.

7. Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of Nevada, without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

8. Amendment

The Parties may amend this Agreement by a written instrument duly executed by both Parties.

9. No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other

than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

10. Waiver

10.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

10.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or Default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Operating Agent. Any waiver of this Agreement shall, if requested, be provided in writing.

11. Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

12. No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

13. Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable

the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

14. Assignment

This Agreement may be assigned by a Party only with the written consent of the other Party; provided that the Interconnection Customer shall have the right to assign this Agreement, without the consent of the other Party, for collateral security purposes, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Section will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Section is void and ineffective. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

15. Uncontrollable Force

No Party shall be considered to be in default in the performance of any of its obligations under the Agreement (other than obligations of said Party to pay costs and expenses) if failure of performance shall be due to uncontrollable forces. The term "uncontrollable forces" shall mean any cause beyond the control of the Party affected, including, but not limited to, failure of or threat of failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance, labor dispute, sabotage, restraint by court order or public authority, and action or non-action by or failure to obtain authorizations or approvals from any governmental agency or authority, which by exercise of due diligence and foresight such Party could not reasonably have been expected to avoid and which by exercise of due diligence it shall be unable to overcome. Nothing contained herein shall be construed so as to require a Party to settle any strike or labor dispute in which it may be involved. Any Party rendered unable to fulfill any obligation by reason

of uncontrollable forces shall exercise due diligence to remove such inability with all reasonable dispatch.

16. Disclaimer of Warranty

Beyond the commitment to use Commercially Reasonable Efforts in preparing and/or participating in the SIS (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the SIS), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the SIS, the content of the SIS, or the conclusions of the SIS. Interconnection Customer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

17. Liability

Operating Agent shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Operating Agent in performing its obligations under this Agreement, except to the extent such act or omission by Operating Agent is found to result from its gross negligence or willful misconduct. In no event shall Operating Agent or any Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

18. Indemnification

Interconnection Customer shall at all times indemnify, defend, and save harmless Operating Agent and its respective directors, officers, members, employees and agents

from any and all damages, losses, claims and liabilities (“Losses”) by or to third parties arising out of or resulting from the performance by Operating Agent under this Agreement, except to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents. For the avoidance of doubt, this indemnity obligation may include Interconnection Customer indemnifying Operating Agent for Operating Agent’s own negligence. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability.

19. Subcontractors

19.1 Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

19.2 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Operating Agent be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

19.3 The obligations under this article will not be limited in any way by any limitation of subcontractor’s insurance.

20. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the state of Nevada without regard to any choice of laws provisions.

21. Severability

In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.

22. Counterparts

This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

23. Amendment

No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

24. Survival

All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

25. Independent Contractor

Each of the Parties shall at all times be deemed to be an independent contractor of the other Parties, and none of its employees or the employees of its subcontractors shall be considered to be employees of the other Parties as a result of this Agreement.

26. No Implied Waivers

The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect.

27. Successors and Assigns

This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition



hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

28. Due Authorization

Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

29. Reservation of Rights

The Operating Agent shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

**IN WITNESS THEREOF**, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the date identified below.

**Southern California Edison Company**  
(On behalf of the Eldorado Co-Owners)

***[Interconnection Customer]***

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

**Attachment A to Appendix 2 of TIP  
(Interconnection System Impact Study Agreement)**

**ASSUMPTIONS USED IN CONDUCTING THE INTERCONNECTION SYSTEM  
IMPACT STUDY**

**Assumptions:** The Study will be based on the following assumptions:

- 1.
- 2.
- 3.

[Above assumptions to be completed by Interconnection Customer and Operating Agent]

## APPENDIX 3 to TIP

[TRANSMISSION LINE NAME]

## INTERCONNECTION FACILITIES STUDY AGREEMENT

**THIS AGREEMENT** is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (“Effective Date”) by and between \_\_\_\_\_, a(n) \_\_\_\_\_ organized and existing under the laws of the State of [State], (“Interconnection Customer,”) and Southern California Edison Company, a corporation existing under the laws of the State of California, serving as Operating Agent, on behalf of the Eldorado Co-Owners (“Operating Agent”). Interconnection Customer and Operating Agent each may be referred to as a “Party,” or collectively as the “Parties.”

## RECITALS

**WHEREAS**, the Interconnection Customer is proposing to interconnect [*insert transmission line name*] pursuant to the Interconnection Request submitted by Interconnection Customer dated [*date*]; and

**WHEREAS**, the Interconnection Customer desires to interconnect the [*transmission line name*] to the Eldorado Transmission System;

**WHEREAS**, [*Operating Agent*] [*Interconnection Customer*] has completed an SIS and SIS Report and has provided the SIS Report to [*Interconnection Customer*] [*Operating Agent*]; and

**WHEREAS**, the Interconnection Customer has requested the Operating Agent to perform, or cause to be performed, an Interconnection Facilities Study (“IFS”) to specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions contained in the SIS Report in accordance with Good Utility Practice to physically

and electrically connect the [*insert transmission line name*] to the Eldorado Transmission System.

**NOW, THEREFORE**, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1. When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the Eldorado Transmission System Transmission Interconnection Procedures (“TIP”).
2. The Interconnection Customer elects, and the Operating Agent shall cause to be performed an IFS consistent with the terms of the TIP.
3. The scope of the IFS shall be limited to the tasks provided in Attachment A to this Agreement.
4. The IFS shall provide for, and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the results identified in the SIS Report. The IFS shall also identify (1) the electrical switching configuration of the equipment, including, without limitation, transformer, switchgear, meters, and other station equipment, (2) the nature and estimated cost of the Interconnection Facilities and Upgrades, and (3) an estimate of the time required to complete the construction and installation of the Interconnection Facilities.
5. Operating Agent shall use Commercially Reasonable Efforts to complete the IFS and issue a draft IFS report to the E&O Committee and the Balancing Authority within one hundred twenty (120) Calendar Days following the receipt of an executed IFS Agreement from the Interconnection Customer.
  - 5.1 If Operating Agent is unable to complete the IFS and issue a draft IFS report within 120 Calendar Days, it shall notify Interconnection Customer and provide an estimated completion date and an explanation of why additional time is required.
7. Once the IFS is completed, an IFS Report shall be prepared and transmitted to the Interconnection Customer.
8. Interconnection Customer shall be responsible for all costs incurred in performing the IFS

and IFS Report.

8.1 In the event that the Initial Deposit is determined by the Operating Agent to be insufficient to cover the costs of the IFS and IFS Report, including any restudy, the Operating Agent shall invoice Interconnection Customer for additional funds to complete the IFS, restudy, or any subsequent studies as applicable.

8.2 Interconnection Customer shall submit payment to Operating Agent no later than fifteen (15) Calendar Days after it receives the invoice.

9. Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of Nevada, without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

10. Amendment

The Parties may amend this Agreement by a written instrument duly executed by both Parties.

11. No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

11. Waiver

11.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

11.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement.

Termination or Default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal

rights to obtain an interconnection from the Operating Agent. Any waiver of this Agreement shall, if requested, be provided in writing.

12. Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

13. No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

14. Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

15. Assignment

This Agreement may be assigned by a Party only with the written consent of the other Party; provided that the Interconnection Customer shall have the right to assign this Agreement, without the consent of the other Party, for collateral security purposes, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Section will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Section is void and ineffective. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a

Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

16. Uncontrollable Force

No Party shall be considered to be in default in the performance of any of its obligations under the Agreement (other than obligations of said Party to pay costs and expenses) if failure of performance shall be due to uncontrollable forces. The term "uncontrollable forces" shall mean any cause beyond the control of the Party affected, including, but not limited to, failure of or threat of failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance, labor dispute, sabotage, restraint by court order or public authority, and action or non-action by or failure to obtain authorizations or approvals from any governmental agency or authority, which by exercise of due diligence and foresight such Party could not reasonably have been expected to avoid and which by exercise of due diligence it shall be unable to overcome. Nothing contained herein shall be construed so as to require a Party to settle any strike or labor dispute in which it may be involved. Any Party rendered unable to fulfill any obligation by reason of uncontrollable forces shall exercise due diligence to remove such inability with all reasonable dispatch.

17. Disclaimer of Warranty

Beyond the commitment to use Commercially Reasonable Efforts in preparing and/or participating in the Interconnection Facilities Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection Facilities Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection Facilities Study, the content of the Interconnection Facilities Study, or the conclusions of the Interconnection Facilities Study. Interconnection Customer acknowledges that it has not relied on any



representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

18. Liability

Operating Agent shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Operating Agent in performing its obligations under this Agreement, except to the extent such act or omission by Operating Agent is found to result from its gross negligence or willful misconduct. In no event shall Operating Agent or any Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

19. Indemnification

Interconnection Customer shall at all times indemnify, defend, and save harmless Operating Agent and its respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by Operating Agent under this Agreement, except to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents. For the avoidance of doubt, this indemnity obligation may include Interconnection Customer indemnifying Operating Agent for Operating Agent's own negligence. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability.

20. Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all

applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

17.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Operating Agent be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

17.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

18. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the state of Nevada without regard to any choice of laws provisions.

19. Severability

In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.

20. Counterparts

This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

21. Amendment

No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

22. Survival

All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

23. Independent Contractor

Each of the Parties shall at all times be deemed to be an independent contractor of the other Parties, and none of its employees or the employees of its subcontractors shall be considered to be employees of the other Parties as a result of this Agreement.

24. No Implied Waivers

The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect.

25. Successors and Assigns

This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

26. Due Authorization

Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

27. Reservation of Rights

The Operating Agent shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the

Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the date identified below.

**Southern California Edison Company**  
(On behalf of the Eldorado Co-Owners]

***[Interconnection Customer]***

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

**Attachment A to Appendix 3**

**INTERCONNECTION FACILITIES STUDY AGREEMENT**

**SCOPE OF THE FACILITIES STUDY**

[to be completed by Interconnection Customer and Operating Agent]

**Attachment B to Appendix 3**

**INTERCONNECTION FACILITIES STUDY AGREEMENT**

**DATA FORM TO BE PROVIDED BY INTERCONNECTION CUSTOMER WITH THE  
INTERCONNECTION FACILITIES STUDY AGREEMENT**

Provide location plan and simplified one-line diagram of the transmission line path and terminal substations.

Required Data:

- 1.
- 2.
- 3.
- 4.

## Appendix 4 to TIP

**NON-DISCLOSURE AND USE AGREEMENT**

This Non-Disclosure and Use Agreement (Agreement) is entered into between Southern California Edison Company, representing the Eldorado Co-Owners (“Operating Agent”), and \_\_\_\_\_ (“Interconnection Customer”). This Agreement shall govern the use of certain Critical Energy Infrastructure Information (“CEII”) provided by, or on behalf of one Party to the other Party.

WHEREAS, Interconnection Customer has delivered to Operating Agent a request for transmission interconnection to the Eldorado Transmission System, which is expected to cause the Parties to exchange CEII (as hereinafter defined.)

WHEREAS, the Federal Energy Regulatory Commission (“FERC”) has issued Orders 630, 630-A, 649, 662, and 683 (Orders) setting forth restrictions on the release of CEII as necessitated by the terrorist acts committed on September 11, 2001 and the ongoing terrorist threat.

WHEREAS, under the authority of the Critical Infrastructure Information Act of 2002 (CII Act), the United States Department of Homeland Security established on February 18, 2004, the Protected Critical Infrastructure Information Program, which offers safeguards for critical infrastructure information such as CEII submitted to the Federal government.

WHEREAS, the Parties are willing to provide such information under suitable contractual limits and protection concerning the disclosure and use of the CEII consistent with the FERC’s Orders.

NOW, THEREFORE, in consideration of the mutual covenants in this Agreement, Operating Agent and Interconnection Customer agree as follows:

1. The purpose of this Agreement is to permit the Parties to send, receive, and use CEII, as defined in Paragraph 2(a), for the purpose of performing and evaluating transmission interconnection technical studies.
2. Definitions.
  - a. The term “CEII” means Critical Energy Infrastructure Information as defined by the FERC in 18 C.F.R. § 388.113(c)(1). For purposes of this Agreement, CEII



shall also include: (A) materials, including data concerning short circuit duty, power flow, plot plans and/or line and bus diagrams for (i) Interconnection Customer or Operating Agent transmission facilities, existing or proposed, (ii) the Eldorado Transmission System facilities and other existing or proposed substations, and (iii) other interconnection-related data provided in accordance with this Agreement and designated to a Party as CEII; (B) any information contained in or obtained from such designated materials; (C) Notes of CEII; and (D) copies of CEII; provided that such information shall not constitute CEII hereunder unless each page is marked as "PROTECTED MATERIALS – Contains Critical Energy Infrastructure Information" or with words of similar import as long as the term "CEII" is included in that designation to indicate that they are CEII. Notwithstanding the foregoing, the following shall not be considered CEII hereunder unless it is Critical Energy Infrastructure Information as defined by the FERC in 18 C.F.R. § 388.113(c)(1): (I) information that is or becomes publicly available other than as a result of a disclosure in violation of this Agreement; (II) information that was already known to a Party on a non-confidential basis prior to being furnished to such party by the other Party; (III) information that becomes available to a Party on a non-confidential basis from a source other than the other Party; and (IV) information that is independently developed by a Party without use of or reference to CEII.

b. The term "Notes of CEII" means memoranda, handwritten notes, or any other form of information (including electronic form) which copies or discloses CEII. Notes of CEII are subject to the same restrictions as for CEII except as specifically provided in this Agreement.

c. The term "Non-Disclosure Certificate" shall mean the certificate annexed hereto by which those persons who are not direct employees with either Operating Agent or Interconnection Customer (or their affiliates) and whom have been granted access to CEII shall certify their understanding that such access to CEII is provided pursuant to the terms and restrictions of this Agreement, and that they have read the Agreement and agree to be bound by it.

d. The term "Reviewing Representative" shall mean: (1) an employee of either Party who needs access to the CEII to carry out the purpose set forth in Paragraph 1; or (2) a consultant or an employee of a consultant retained by a Party who has

signed a Non-Disclosure Certificate and needs access to the CEII for the purpose identified in Paragraph 1.

3. CEII shall be made available under the terms of this Agreement only to a Party and only through its Reviewing Representatives as provided in Paragraphs 7-9 and only for the purpose set forth in Paragraph 1.

4. In the event that a court or other governmental authority of competent jurisdiction issues an order, subpoena, or other lawful process requiring the disclosure of the CEII, the Party being ordered to disclose CEII shall notify the other Party promptly upon receipt thereof to facilitate necessary efforts to prevent such disclosure, or otherwise preserve the confidentiality of the CEII. A Party shall not be in violation of this Agreement if it complies with an order of such court or governmental authority to disclose CEII.

5. If requested to do so in writing by a Party, the other Party shall, within fifteen Calendar Days of such request, return the CEII (excluding Notes of CEII) to the requesting Party, or shall destroy the materials, except that Notes of CEII may be retained, if they are maintained in accordance with Paragraph 6, below. Within such time, a Party, if requested to do so by the other Party, shall also submit an affidavit stating that, to the best of its knowledge, all CEII and all Notes of CEII have been returned, have been destroyed, or will be maintained in accordance with Paragraph 6. To the extent CEII is not returned or destroyed, it shall remain subject to the Agreement.

6. All CEII shall be maintained in a secure place. Access to those materials shall be limited to those Reviewing Representatives specifically authorized pursuant to Paragraphs 8 and 9.

7. CEII shall be treated as confidential by the Reviewing Representative. CEII shall not be used except as necessary for the purpose set forth in Paragraph 1, nor shall it be disclosed in any manner to any person except a Reviewing Representative, who needs to know the information in order to carry out that person's responsibilities. Reviewing Representatives may make copies of CEII, but such copies become CEII. Reviewing Representatives may make notes of CEII, which shall be treated as Notes of CEII if they disclose the contents of CEII.

8. In the event that either Party wishes to designate as a Reviewing Representative a person not described in Paragraph 2(d) above, that Party shall seek agreement

from the other Party. That person shall be a Reviewing Representative pursuant to Paragraph 2(d) above with respect to those materials if an agreement is reached.

9. Any Reviewing Representative qualified as a Reviewing Representative pursuant to Paragraph 2(d)(2) of this Agreement shall not be permitted to inspect, participate in discussions regarding, or otherwise be permitted access to CEII pursuant to this Agreement unless that Reviewing Representative has first executed a Non-Disclosure Certificate provided that if an attorney qualified as a Reviewing Representative has executed such a certificate, the paralegals, secretarial and clerical personnel under the attorney's instruction, supervision or control need not do so. Attorneys qualified as Reviewing Representatives are responsible for ensuring that persons under their supervision or control comply with this order. A copy of each Non-Disclosure Certificate shall be provided to the other Party before disclosure of any CEII to such Reviewing Representative. Any Reviewing Representative qualified as a Reviewing Representative pursuant to Paragraph 2(d)(1) of this Agreement shall be permitted unrestricted access to CEII.

10. In the event that any Reviewing Representative to whom the CEII is disclosed ceases to qualify as a Reviewing Representative, or is employed or retained for a position whose occupant is not qualified to be a Reviewing Representative under Paragraph 2(d), access to CEII by that person shall be terminated. Every person who has executed a Non-Disclosure Certificate shall continue to be bound by the provisions of this Agreement and the certification.

11. All copies of all documents reflecting CEII received from the other Party shall be marked "PROTECTED MATERIALS – Contains Critical Energy Infrastructure Information" or with words of similar import as long as the term "CEII" is included in that designation to indicate that they are CEII. Both Parties shall take all reasonable precautions necessary to assure that CEII is not distributed to unauthorized persons.

12. Interconnection Customer and Operating Agent agree that the CEII provided pursuant to this Agreement is exempt from production under the California Public Records Act, Cal. Gov't Code Sections 6250, *et seq.*, under either the exemption provided in Section 6254(e) or 6255(a), or both, and each Party agrees to withhold production of such materials unless ordered to do so by a court of competent jurisdiction as provided in Paragraph 4.

13. Neither Party waives the right to pursue any other legal or equitable remedies that may be available in the event of actual or anticipated disclosure of CEII. The Parties agree that, in addition to whatever other remedies may be available to a Party under applicable law, a Party shall be entitled to obtain injunctive relief with respect to any actual or threatened violation of this Agreement by any other Party. To the extent permitted by applicable law, each party agrees that it shall bear all reasonable costs and expenses, including reasonable attorneys' fees, which may be incurred by the other Party in successfully enforcing the provisions of this Paragraph if such provisions are being breached.

14. This Agreement is made in the State of California and shall be governed by and interpreted in accordance with its laws unless those laws conflict with Federal law, in which case the Federal law shall apply.

15. Each Party shall not, and shall not purport, to assign any of such Party's rights hereunder, to delegate any of such Party's obligations hereunder, or to delegate such Party's performance in satisfaction of any conditions to any obligations of any other Party hereunder (and shall not enter into any Contract that requires any such assignment or delegation), or to merge, combine, or amalgamate with any other Person, without the prior written consent of the other Party, and any such purported assignment or delegation without obtaining such written consent will be void.

16. If any provision of this Agreement shall be held by a court of competent jurisdiction to be invalid, unenforceable, or void, the remainder of the Agreement shall remain in full force and effect.

17. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same Agreement.

**IN WITNESS WHEREOF** the Parties execute this Agreement as of the latest date set forth below.

**Southern California Edison Company**  
(On behalf of the Eldorado Co-Owners)

**[Interconnection Customer]**

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

## NON-DISCLOSURE CERTIFICATE

I hereby certify my understanding that access to Critical Energy Infrastructure Information (CEII) is provided to me for the purpose of performing or evaluating transmission interconnection technical studies and pursuant to the terms and restrictions of the attached Non-Disclosure and Use Agreement (Agreement) entered between Operating Agent and Interconnection Customer, that I have been given a copy of and have read the Agreement, and that I agree to be bound by it. I understand that the contents of the CEII, any notes or other memoranda, or any other form of information that copies or discloses CEII shall not be disclosed to anyone other than in accordance with that Agreement.

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

Title: \_\_\_\_\_

Representing: \_\_\_\_\_

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

EXHIBIT 19  
LETTER OF AGREEMENT

**LETTER OF AGREEMENT  
AMONG  
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND  
POWER DISTRICT  
NEVADA POWER COMPANY d/b/a NV Energy  
SOUTHERN CALIFORNIA EDISON COMPANY  
AND  
DEPARTMENT OF WATER AND POWER  
OF THE CITY OF LOS ANGELES  
FOR  
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND  
POWER DISTRICT'S OBLIGATIONS AND DUTIES  
ARISING OR ACCRUED AS OF OR PRIOR TO JULY 1, 2016  
WITH RESPECT TO THEIR OWNERSHIP SHARE  
OF THE ELDORADO SYSTEM**

Salt River Project Agricultural Improvement and Power District (SRP), NV Energy (NVE), Southern California Edison Company (SCE) and the Department of Water and Power of the City of Los Angeles (LADWP, individually and as successor in interest to SRP to the Eldorado System Conveyance and Co-Tenancy Agreement dated December 20, 1967 and as amended and restated and in effect on July 1, 2016, and to the related agreements identified and defined therein (collectively, the System Agreements)) (each a Party, collectively as Parties) agree as follows:

This Letter of Agreement (Agreement) shall become effective upon execution by all Parties (the Effective Date).

As of July 1, 2016, SRP sold its entire ownership interest in the Eldorado System to LADWP. The Parties agree that SRP remains fully liable and financially responsible to the Parties for its obligations and duties set forth in the System Agreements in effect as of July 1, 2016, without regard to any subsequent amendment, expiration, or termination of such, arising from or relating to such SRP ownership interest in the Eldorado System on or prior to that date (SRP Liabilities).

The Parties further agree that, respecting the SRP Liabilities, NVE, SCE, and LADWP shall notify SRP of any such potential costs and liabilities and provide SRP a written statement of the issues potentially giving rise to SRP Liabilities with available documentation in support of the SRP Liabilities. All Parties agree to meet and discuss, as needed, SRP Liabilities and cost allocation amongst the Parties. If deemed necessary in instances where confidential information will be provided, all Parties will sign a non-disclosure agreement.



This Agreement between the Parties is to memorialize the Parties' understanding of how SRP Liabilities shall be processed and handled only and is neither intended to nor may be used for any other purpose. Nothing in this Agreement will operate to expand or relieve any of the obligations and liabilities of any Party beyond any obligations and liabilities otherwise imposed by the System Agreements.

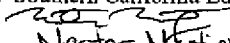
This Agreement is made under and shall be governed by the laws of the State of Nevada. This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument as if all the Parties to the aggregated counterparts had signed the same instrument. In the event that any of the terms, covenants or conditions of this Agreement, or the application of any such term, covenant or condition to any Person or circumstance, shall be held invalid by any Court having jurisdiction in the premises, the remainder of the Agreement, and the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby. This Agreement shall not be assigned without the written consent of the remaining Parties, whereas such consent may not be unreasonably withheld.

By executing this Agreement, each Party hereby acknowledges that they are bound by the terms and conditions of this Agreement.

For: Salt River Project Agricultural Improvement and Power District  
By:  
Name:  
Title:  
Date:

For: Los Angeles Department of Water and Power of the City of Los Angeles  
By:  
Name:  
Title:  
Date:

For: Nevada Power Company d/b/a NV Energy  
By: Name:  
Title:  
Date:

For: Southern California Edison Company  
By:   
Name: Nestor Martinez  
Title: Vice President of Engineering & Technical Services  
Date: September 23, 2016

**LETTER OF AGREEMENT  
AMONG  
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT  
AND POWER DISTRICT  
NEVADA POWER COMPANY d/b/a NV Energy  
SOUTHERN CALIFORNIA EDISON COMPANY  
AND  
DEPARTMENT OF WATER AND POWER  
OF THE CITY OF LOS ANGELES  
FOR  
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER  
DISTRICT'S OBLIGATIONS AND DUTIES  
ARISING OR ACCRUED AS OF OR PRIOR TO JULY 1, 2016  
WITH RESPECT TO THEIR OWNERSHIP SHARE  
OF THE ELDORADO SYSTEM**

Salt River Project Agricultural Improvement and Power District (SRP), NV Energy (NVE), Southern California Edison Company (SCE) and the Department of Water and Power of the City of Los Angeles (LADWP, individually and as successor in interest to SRP to the Eldorado System Conveyance and Co-Tenancy Agreement dated December 20, 1967 and as amended and restated and in effect on July 1, 2016, and to the related agreements identified and defined therein (collectively, the System Agreements)) (each a Party, collectively as Parties) agree as follows:

This Letter of Agreement (Agreement) shall become effective upon execution by all Parties (the Effective Date).

As of July 1, 2016, SRP sold its entire ownership interest in the Eldorado System to LADWP. The Parties agree that SRP remains fully liable and financially responsible to the Parties for its obligations and duties set forth in the System Agreements in effect as of July 1, 2016, without regard to any subsequent amendment, expiration, or termination of such, arising from or relating to such SRP ownership interest in the Eldorado System on or prior to that date (SRP Liabilities).

The Parties further agree that, respecting the SRP Liabilities, NVE, SCE, and LADWP shall notify SRP of any such potential costs and liabilities and provide SRP a written statement of the issues potentially giving rise to SRP Liabilities with available documentation in support of the SRP Liabilities. All Parties agree to meet and discuss, as needed, SRP Liabilities and cost allocation amongst the Parties. If deemed necessary in instances where confidential information will be provided, all Parties will sign a non-disclosure agreement.

This Agreement between the Parties is to memorialize the Parties' understanding of how SRP Liabilities shall be processed and handled only and is neither intended to nor may be used for any other purpose. Nothing in this Agreement will operate to expand or relieve

any of the obligations and liabilities of any Party beyond any obligations and liabilities otherwise imposed by the System Agreements.

This Agreement is made under and shall be governed by the laws of the State of Nevada. This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument as if all the Parties to the aggregated counterparts had signed the same instrument. In the event that any of the terms, covenants or conditions of this Agreement, or the application of any such term, covenant or condition to any Person or circumstance, shall be held invalid by any Court having jurisdiction in the premises, the remainder of the Agreement, and the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby. This Agreement shall not be assigned without the written consent of the remaining Parties, whereas such consent may not be unreasonably withheld.

By executing this Agreement, each Party hereby acknowledges that they are bound by the terms and conditions of this Agreement.

For: Salt River Project Agricultural Improvement and Power District

By: [Signature]  
Name: John D. Caggini  
Title: Senior Director  
Date: 10/21/16

For: Los Angeles Department of Water and Power of the City of Los Angeles

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

For: Nevada Power Company d/b/a NV Energy

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

For: Southern California Edison Company

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

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**LETTER OF AGREEMENT  
 AMONG  
 SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT  
 AND POWER DISTRICT  
 NEVADA POWER COMPANY d/b/a NV Energy  
 SOUTHERN CALIFORNIA EDISON COMPANY  
 AND  
 DEPARTMENT OF WATER AND POWER  
 OF THE CITY OF LOS ANGELES  
 FOR  
 SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER  
 DISTRICT'S OBLIGATIONS AND DUTIES  
 ARISING OR ACCRUED AS OF OR PRIOR TO JULY 1, 2016  
 WITH RESPECT TO THEIR OWNERSHIP SHARE  
 OF THE ELDORADO SYSTEM**

Salt River Project Agricultural Improvement and Power District (SRP), NV Energy (NVE), Southern California Edison Company (SCE) and the Department of Water and Power of the City of Los Angeles (LADWP, individually and as successor in interest to SRP to the Eldorado System Conveyance and Co-Tenancy Agreement dated December 20, 1967 and as amended and restated and in effect on July 1, 2016, and to the related agreements identified and defined therein (collectively, the System Agreements)) (each a Party, collectively as Parties) agree as follows:

This Letter of Agreement (Agreement) shall become effective upon execution by all Parties (the Effective Date).

As of July 1, 2016, SRP sold its entire ownership interest in the Eldorado System to LADWP. The Parties agree that SRP remains fully liable and financially responsible to the Parties for its obligations and duties set forth in the System Agreements in effect as of July 1, 2016, without regard to any subsequent amendment, expiration, or termination of such, arising from or relating to such SRP ownership interest in the Eldorado System on or prior to that date (SRP Liabilities).

The Parties further agree that, respecting the SRP Liabilities, NVE, SCE, and LADWP shall notify SRP of any such potential costs and liabilities and provide SRP a written statement of the issues potentially giving rise to SRP Liabilities with available documentation in support of the SRP Liabilities. All Parties agree to meet and discuss, as needed, SRP Liabilities and cost allocation amongst the Parties. If deemed necessary in instances where confidential information will be provided, all Parties will sign a non-disclosure agreement.

This Agreement between the Parties is to memorialize the Parties' understanding of how SRP Liabilities shall be processed and handled only and is neither intended to nor may be used for any other purpose. Nothing in this Agreement will operate to expand

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or relieve any of the obligations and liabilities of any Party beyond any obligations and liabilities otherwise imposed by the System Agreements.

This Agreement is made under and shall be governed by the laws of the State of Nevada. This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument as if all the Parties to the aggregated counterparts had signed the same instrument. In the event that any of the terms, covenants or conditions of this Agreement, or the application of any such term, covenant or condition to any Person or circumstance, shall be held invalid by any Court having jurisdiction in the premises, the remainder of the Agreement, and the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby. This Agreement shall not be assigned without the written consent of the remaining Parties, whereas such consent may not be unreasonably withheld.

By executing this Agreement, each Party hereby acknowledges that they are bound by the terms and conditions of this Agreement.

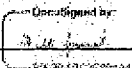
For: Salt River Project Agricultural Improvement and Power District

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

For: Los Angeles Department of Water and Power of the City of Los Angeles

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

For: Nevada Power Company d/b/a NV Energy

By:  \_\_\_\_\_  
Name: Walter Spansel  
Title: Vice President, Transmission Officer  
Date: 10/21/2016

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For: Southern California Edison Company

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

IN WITNESS WHEREOF, the Co-Owners have caused this Agreement to be executed effective as of \_\_\_\_\_, 2016.

**NEVADA POWER COMPANY d/b/a NV Energy:**

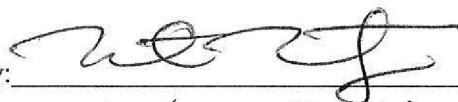
By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

**SOUTHERN CALIFORNIA EDISON  
COMPANY:**

By: 

Name: Nestor Martinez

Title: Vice President

Date Signed: August 24, 2016

**CITY OF LOS ANGELES**

**DEPARTMENT OF WATER AND POWER:**

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


General Manager

And: \_\_\_\_\_

Barbara E. Moschos, Secretary

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

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

SEP 12 2016  
BY   
SYNDI DRISCOLL  
DEPUTY CITY ATTORNEY